

## **Director’s Report and Recommendation Downtown Activation Plan – Design Review Exemption June 18, 2024**

### **Proposal Summary**

Like many other cities, Seattle is experiencing economic challenges in the post-pandemic period. Mayor Harrell’s Downtown Activation Plan (DAP) aims to revitalize Seattle’s downtown core neighborhoods as a safe and vibrant shopping, cultural/entertainment, employment, and residential destination. See the Downtown Activation Plan webpage ([www.downtownisyou.com](http://www.downtownisyou.com)) for more information. SDCI’s Design Review Exemption proposal is one of the actions proposed to help carry out the Mayor’s plan.

Also, with respect to DAP, the Design Review exemption proposal would help new development that is anticipated to make use of recent zoning changes adopted by the City Council along Third Avenue (Ordinance 126917) and in the Belltown (Ordinance 126914) part of Downtown. The zoning changes and this proposal would work together to help residential and hotel development be constructed to help activate these important parts of the center city area. In addition, research and development (R&D) laboratories have been an important part of the jobs mix available in the downtown core urban centers, and are likely to have economic viability in the coming years. R&D laboratories are included in the proposal.

This legislation would:

1. Provide a design review exemption for development projects:
  - Located in the center city area of Seattle designated in the Comprehensive Plan as Urban Centers: Downtown,<sup>1</sup> South Lake Union, Uptown, and First Hill; in a portion of the Greater Duwamish Manufacturing and Industrial Center (MIC); and in a subarea adjacent and north of the Uptown Urban Center, if such area is adopted at a later date by the One Seattle Plan comprehensive plan update.<sup>2</sup>
  - Occupied largely by residential and hotel uses, which may or may not include other uses allowed in the zone;
  - Occupied by research and development laboratories; and
  - Require public notice for all permit applications for eligible development proposals.
2. Allow the SDCI Director to waive or modify certain Land Use Code development standards for these projects as a Type I decision (not appealable to the City’s Hearing Examiner);

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<sup>1</sup> The proposal would not apply to the Pike Place Market Historical District; and also not in the Chinatown/International District and Pioneer Square neighborhoods, where development projects are already exempt from Design Review and may elect to go through the process to seek flexibility in a manner that fits with their historic districts’ character.

<sup>2</sup> See page 22, Growth Strategy Element, of the public review draft of the One Seattle Plan comprehensive plan update.

3. Allow applicants to vest to the Land Use Code when SDCI accepts a completed MUP or building permit application;
4. Maintain current allowances for applicants to opt for Design Review; and
5. Be effective for an interim period of three years.

Adopting this legislation will allow more efficient and/or flexible permit review of development to address an urgent need for more activity and vitality in Seattle's center city. In addition, residential and hotel uses are active for long periods of the day and week. The proposal is intended to help promote more housing and jobs to be produced at lower permit cost and a shorter time in permit review.

The legislation continues the trend of City efforts to assist in the production of housing by exempting certain housing projects, including affordable housing (see Ordinances 126287, 126854), from Design Review. The legislation should accelerate the permitting of housing, hotel, and research and development laboratory projects throughout center city, thereby reducing costs and decreasing the time needed for important new development to be available for occupancy.

### **Proposal and Analysis**

The proposal would amend various provisions of the Land Use Code, on an interim basis. The proposal would apply for an interim three-year period that would forego the Design Review process for proposals that include housing, hotels, or research and development laboratories, within the Downtown, Uptown, South Lake Union Urban Centers, the First Hill portion of the First Hill/Capitol Hill Urban Center, and two other adjacent areas (see the map at the end of this report). This is intended to encourage new development in these urban centers where the City's comprehensive plan supports increasing density and vibrant mixed-use urban environments.

During the effective period, an applicant would not be required to undergo Design Review for an eligible development, with residential, hotel, and/or research and development laboratory uses. The potential make-up of the uses in eligible projects is summarized in the table below.

Development proposals, such as office towers, not meeting the proposed eligibility requirements would not participate in this exemption and would remain subject to the City's Design Review program.

### Projects Eligible Under the Proposal

|  | <b>Mixed-use<br/>(If all<br/>nonresidential<br/>uses)</b>   | <b>Mixed-use<br/>(If residential and<br/>nonresidential uses)</b>   | <b>Residential</b>   | <b>Research and<br/>Development<br/>Laboratory</b>  |
|--|---|---|--|---|
| <b>How the floor area in the proposed development must be used to be eligible under the proposal</b> | At least 50% of the floor area must be in hotel use, the remainder may be a mix of any nonresidential use allowed in the zone | At least 50% of the floor area must be in residential use, the remainder may be a mix of any nonresidential use allowed in the zone | Up to 100% of the floor area in residential use                              | Up to 100% of the floor area in research and development laboratory use                                     |
| <b>Most likely use mix</b>   | Hotel, office, retail and entertainment uses  | Housing and hotel   | Housing, including buildings with street-level retail and entertainment uses | Laboratory uses may include accessory office use and may include street-level retail and entertainment uses |

Exempted development proposals would still be reviewed according to other Land Use Code requirements (and other applicable codes), and be subject to Master Use Permits (MUPs) and/or building permits. The zoning designations in the proposal area include a wide variety of Downtown classifications that allow for tower-scale development including in the densest office core zones, retail, and mixed-use zones. Development in the special review districts in the Pioneer Square, Chinatown/I.D. and Pike Place Market neighborhoods are not part of the proposal. Projects in these areas are already not required to go through Design Review. South Lake Union and Uptown include several Seattle Mixed zones that accommodate relatively dense non-residential and residential development. Other zones in Uptown and First Hill include neighborhood commercial (NC) zones, Highrise (HR), Midrise or Lowrise (MR, LR) multifamily zones, and Yesler Terrace zones (MPC-YT) that accommodate a mix of residential and non-residential development. The portion of the Greater Duwamish MIC proposed for this exemption is zoned Industry and Innovation (II). The subarea adjacent and north of the Uptown Urban Center that may at a future date receive this exemption is within Midrise and Lowrise 3 (MR, LR3) multifamily zones.

#### Design Review

Currently, Design Review is required for mid- and large-sized commercial and residential development projects such as:

- An office building, research and development laboratory, or apartment building
- Commercial or multifamily development; not a single-family home
- Large projects that meet the size thresholds in certain zones

For Full Design Review projects, SDCI holds public meetings where the Design Review Boards review development projects during the early design guidance and recommendation phases. The review process includes an opportunity for public comment and involvement before SDCI approves the design. Permit applicants may request "departures" from the Land Use Code as part of Design Review.

There are currently three paths for design review in the city:

- Streamlined Design Review (SDR): Type I Decision (not appealable to the Seattle Hearing Examiner) reviewed by SDCI staff. Includes Early Design Guidance (EDG) only and then straight to Construction permit. Includes public comment but not a design review public meeting.
- Administrative Design Review (ADR): Type II Decision (appealable to the Seattle Hearing Examiner) reviewed by SDCI staff. Includes Early Design Guidance, Master Use Permit (MUP) / Recommendation, Construction permit. Reviews completed by city staff. Includes public comment but not a design review public meeting.
- Full Design Review (FDR): Type II Decision (appealable to the Seattle Hearing Examiner) reviewed by Design Review Boards. Includes Early Design Guidance, Master Use Permit / Recommendation, Construction permit. Reviews completed by city staff using recommendations from the Design Review Board. Includes public comment and public meeting(s).

The scale of the development in these urban centers predominantly requires FDR under current requirements.

### Design Review – Process Time

SDCI recently produced a report in January 2023 that summarizes permit turnaround times for Design Review projects. The data show that for commercial and multi-family development going through Design Review (ADR and FDR) from July 2018 to December 2022, overall calendar time of all steps from EDG through MUP issuance takes 739 days (24.3 months).

Recent state legislation in 2023 (Senate Bill 5412) exempted housing from environmental (SEPA) review until September 30, 2025. While this exemption is in place, projects that are eligible for the Design Review exemption would undergo a review for a building permit with a zoning review using the extensive development standards in the zones that make up the center city area. While permits that include a SEPA review generally take the same amount of review time as Design Review, the median time required to undergo residential building permit review is 300 – 750 days (10 – 25 months) as of 2023, depending on size of the development.

Reported time periods for review of projects do not include projects subject to an appeal to the City's Hearing Examiner or other legal action.

### Number of Projects

The number of center city projects that would be eligible under the proposal is estimated after examining permit records in the area. The recent projects included five hotel-residential, mixed-use development proposals among 44 developments tallied with residential uses. Two other stand-

alone hotel development proposals are also noted, bringing the total to 46 residential and hotel-related development proposals. In addition, approximately 9 non-residential development proposals included laboratory components. This means approximately 55 development proposals involving Design Review in the last 5 years were consistent with the development types that would be affected by this proposal.

For the proposed interim period of 3 years going forward, if this recent pace is maintained, it would translate to an estimated 30 to 42 residential and mixed-use developments that might occur throughout the proposed exemption area.<sup>3</sup> This estimate encompasses mixed-use developments that may include a combination of residential and hotel uses, stand-alone hotel developments, and non-residential developments that include either hotels or R&D laboratories. Residential and hotel combinations may be most likely in the zones allowing high-rise towers, where these uses may be complementary. Stand-alone hotel developments may be most likely in mid-scaled height and density zones, such as in the Belltown Neighborhood.

*Authority for the SDCI Director to Grant Flexibility in Meeting Standards*

Data from the recent development proposals with residential uses or hotel uses in the affected area yield the following observations about topics related to Land Use Code departures granted during the Design Review process under existing codes and practices.

1. The 46 residential and hotel-related development proposals received approximately:
  - 40 departures from Land Use Code requirements involving development standards that manage the location of the building on the site, such as setbacks between structures or from lot lines; and
  - 48 departures from Land Use Code requirements involving standards related to features of new development, such as ground-level uses, landscaping, the amount of wall area with windows or blank spaces, or adjustments in automobile access, parking, or weather protection;
2. For the 9 non-residential development proposals that included laboratory components:
  - 42 total departures were proposed, which averages out to 4-5 departures per development.
  - Most of these were for building-siting departures, in proportions similar to other non-residential developments.

Some development proposals needed no departures, while others received more than one departure of the kinds summarized above. The proposals involving residential or hotel uses sought an average of two departures, typically one related to siting or building shape, and one for other design reasons like landscaping, ground floor features, or automobile access.

In comparison, the full range of non-residential development proposals sought an average of four

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<sup>3</sup> This includes the Greater Duwamish Industrial Center's proposed exemption area just south of S. Charles Street, where the presence of a few vacant or underused properties may increase the chances for development proposals to use the design review exemption.

departures, of which typically three related to siting or building shape, and one was for other design reasons. This may suggest that architects for non-residential developments sought to design varied building forms that “pushed the envelope” more often than architects designing residential and hotel developments.

During the effective period of this proposal, flexibility in meeting Land Use Code development standards would be considered and decided administratively by the SDCI Director as part of the permit review process. The proposal limits the Director’s authority to grant waivers and modifications to be comparable to the design topics for which departures have been granted in recent years through Design Review. Therefore, the outcome of permit approvals under the proposal is anticipated to be similar to that experienced in the center city area.

### *Development Standard Departures Routinely Granted*

Departures from Land Use Code development standards accommodate flexibility for different design solutions responding to unique site circumstances or constraints. For example:

- A development may relate better to adjacent existing building patterns on its block if it is allowed a larger or smaller front or side setback than the code standards otherwise require.
- A limited-size property may necessitate a different mix of indoor and outdoor recreational amenity spaces or different preferable locations for landscaping, including ground floor or upper floor locations, than required by code standards.
- A site may have an adjacent feature such as a bus stop zone or an above-ground power pole, that necessitates a greater setback than otherwise allowed by the code, or alternative layouts of landscaping.
- A requirement for certain categories of retail commercial use to be at ground floor levels may significantly hinder the ability of a development to fully meet its intended purpose such as efficiently providing housing.

Permit applications reviewed show that one or more of the following kinds of departures from Land Use Code development standards have been approved and are proposed to be allowed using the Director’s authority during the interim period of this proposal:

1. Upper-level setback and modulation requirements
2. Ground-level setback requirements
3. Minimum building podium facade heights
4. Rooftop coverage limits in relation to mechanical or energy features, mechanical penthouses and/or top-of-building form
5. Site coverage limits (ground floor or upper)
6. Building width limits
7. Minimum required percent presence of street-level uses along building facade(s)
8. Minimum required depth of street-level uses

9. Required street-level use types
10. Minimum percent transparency and maximum blank façade requirements, which may address constraining situations such as sloping sites
11. Slope, width, location of garage/vehicle entry
12. Overhead weather protection
13. Minimum amount of open space amenity and/or landscaping, ground level
14. Maximum percent of outdoor open space amenity that is covered by overhead building features
15. Percent of required amenity/open space area provided indoors vs. outdoors
16. Locations for and accessibility to utility spaces such as solid waste storage space.

In recently reviewed examples from the urban centers affected by this proposal, alternate designs accommodated by departures tend to be designed to enhance the local setting, and are typically supportive of achieving net benefits in urban design outcomes, such as an improved overall sidewalk environment through provision of aesthetic amenities or greater widths of walkable areas.

Also, certain departures may accommodate design solutions to overcome a significant site-related constraint to meeting a minimum requirement. These can be caused by lots' size, dimensions, or access difficulties. All of these factors can affect floor layouts of buildings and practicalities for access. Similarly, ground-level commercial use spaces like cafes may be difficult or impossible to locate along a building façade due to physical limitations at the site, such as sloping topography; thus, relief from provision of some building features that would otherwise be minimum requirements can occur.

#### *Timing of Projects' Vesting to Land Use Code*

The proposal is to set a Land Use Code vesting date upon the date SDCI accepts a letter of eligibility from a development proponent, provided a permit application for the development proposal is submitted and accepted by SDCI within 90 days of receipt of the letter of eligibility. This is intended to provide a low-barrier application process for applicants while helping ensure that sufficient permit application details and materials are provided to SDCI. The proposed permit process is similar to that used in the current Design Review process, which uses the date of an application for the Early Design Guidance process to set the vesting date provided a MUP application is filed in a timely manner.

#### *Public Notice for Eligible Development Projects*

Most development proposals receiving a Design Review exemption would be Type II MUP decisions like many development proposals today, which require the posting of a large white sign and mailed notice within a certain distance of the development proposal. Some of the affected development proposals, such as residential-only developments, could require only Type I reviews for building permits and Land Use Code consistency review. This would be the case for proposals that are not subject to SEPA environmental review or Design Review, for example. The proposal extends the current noticing requirements for Type II proposals to include all new Type I-only

proposals with Design Review exemptions, which would require installation of a large white sign, notice of application in the Land Use Information Bulletin, and mailed notice to property owners, lessees, building managers, and residents of properties within 300 feet of the boundaries of a specific site.

## Comprehensive Plan Goals and Policies

The proposal is consistent with relevant goals and policies in the *Seattle 2035* Comprehensive Plan including:

- **Goal H G2** - Help meet current and projected regional housing needs of all economic and demographic groups by increasing Seattle’s housing supply.
- **Goal H G5** - Make it possible for households of all income levels to live affordably in Seattle, and reduce over time the unmet housing needs of lower-income households in Seattle.
- **Goal LU G9** - Create and maintain successful commercial/mixed-use areas that provide focus for the surrounding neighborhood and that encourage new businesses, provide stability and expansion opportunities for existing businesses, and promote neighborhood vitality, while also accommodating residential development in livable environments.
- **Policy LU 9.2** - Encourage the development of compact, concentrated commercial/mixed-use areas, in urban centers and urban villages, where pedestrians can easily access transit and a variety of businesses.
- **Policy LU 9.6** - Encourage housing in mixed-use developments in pedestrian-oriented commercial/mixed-use areas to provide additional opportunities for residents to live in neighborhoods where they can walk to transit, services, and employment.
- **Policy LU 9.15** - Allow limited exceptions to the height limit in order to accommodate ground-floor commercial uses or special rooftop features, encourage development of mixed-use structures, enable structures to function appropriately, accommodate special features consistent with the special character or function of an area, or support innovative design that furthers the goals of this Plan.
- **Policy B-P14 (Belltown) Land Use** – Promote pedestrian activity through such methods as eliminating “dead spots” of street-level activity.
- **Policy QA-P1 (Queen Anne Uptown) Streetscape** – Seek to create and maintain attractive pedestrian-oriented streetscapes and enhance Queen Anne’s community character with open space, street trees, and other vegetation.
- **Goal LU G11 (Downtown Areas)** -- Promote Downtown Seattle as an urban center with the densest mix of residential and commercial development in the region, with a vital and attractive environment that supports employment and residential activities and is inviting to visitors.



- **Downtown Neighborhood Plan – Commercial Core, Goal COM-G1** Maintain the Commercial Core as a major employment center, tourist and convention attraction, shopping magnet, residential neighborhood, and regional hub of cultural and entertainment activities.
- **Economic Development Policy ED 1.1** -- Enhance the Downtown core as the economic center of the city and the region and strengthen its appeal as home to many of Seattle’s vital professional service firms, high technology companies, and regional retailers, as well as cultural, historic, entertainment, convention, and tourist facilities.
- **Economic Development Goal ED G2** -- Enhance strategic industry clusters that build on Seattle’s competitive advantages.
- **Economic Development Policy ED 2.1** -- Improve linkages between industry clusters and research institutions, hospitals, educational institutions, and other technology-based businesses.
- **Economic Development Policy ED 2.2** -- Encourage collaboration among businesses within and across industry clusters in the areas of marketing, research, capital and talent acquisition, job training, and expansion of highly skilled jobs.
- **Economic Development Policy ED 2.3** -- Improve the ability of industry clusters to transfer technology in cooperation with other jurisdictions and with major education and research institutions.

### **Recommendation**

The Director of SDCI recommends that the City Council adopt the proposed legislation to help facilitate development in the center city area of Seattle, to help produce more activity and vitality to this important part of the city, and to promote more badly needed housing and jobs.

### Map of the proposed area eligible for interim design review exemption

