



# City of Seattle

## Seattle Planning Commission

December 10, 2012

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### RE: Planning Commission supports South Lake Union Rezone Proposal

The South Lake Union Rezone proposal is a once in a lifetime opportunity to realize the vision of this neighborhood as a vibrant transit rich regional hub bringing thousands of new jobs and households to the area by 2031. The Planning Commission has identified this area as a priority transit community. As such we are committed to ensuring the city leverage the investments in transit and transit access to achieve the neighborhood vision. This transformational momentum has started with the addition of a new park, the South Lake Union Streetcar, and the Mercer Corridor project and coordinated SR-99 efforts, the Thomas Street redesign project, Lake-to-Bay trail, and the buffered bike lanes on Dexter. The proposed rezone compliments and leverages these investments by working to better facilitate the evolution of an urban residential neighborhood that includes affordable housing, enhanced pedestrian environment and open space, and the possibility of a school among other features that will enhance livability for current and future residents and workers.

The Commission is excited to assist the Council in your deliberations to ensure Seattle makes the most of this unique and exciting opportunity. **The Seattle Planning Commission generally supports the rezone proposal.** Below you will find more detailed comments and recommendations.

#### 1. The plan is consistent with overarching policy documents.

As stewards of the Seattle Comprehensive Plan (Comp Plan) we find the South Lake Union rezone proposal to be consistent with its goals and objectives. We further conclude that the proposal implements the vision outlined in eight years of planning work.

The Commission has closely reviewed the current efforts at South Lake Union starting with the designation of SLU as an urban center in 2004. A clear and consistent vision for South Lake Union emerged as a result of those efforts (2007 Neighborhood Plan, the Urban Form Study, the 2010 Urban Design Framework, the 2011 Environmental Impact Statement and 2012 Public Realm Plan). It is our conclusion that the South Lake Union Rezone Proposal is consistent with the Comprehensive Plan, the adopted neighborhood plans, the Urban Design Framework (UDF), and the other planning efforts that have been developed with thorough community engagement. We have considered all of this planning work in our review and analysis of the proposed South Lake Union Rezone.

## **2. Strong market conditions call for timely review.**

Though we propose recommendations that will strengthen the legislation, we recognize that market conditions are such that development and vesting are occurring rapidly. Therefore, we pledge to work in a steadfast manner with City Council to consider and support changes that will better leverage this opportunity to the full benefit of the people of Seattle.

Development pressure and market desirability are likely to remain relatively high. Our analysis shows that a large amount of the 330 acres has either already developed or vested under current zoning. At this time there are approximately 18 projects in construction or permitting and we hear of more projects that will follow. We recognize the consequences of not moving forward with the South Lake Union rezone proposal in timely manner. Simply put, these developments will not be required to provide the public benefits prescribed in the proposed rezone legislation. Until rezone legislation is adopted, development will continue to occur under the current zoning regulations and will not take advantage of the incentives and development standards that help to provide important public benefits such as affordable housing, enhanced pedestrian environment, open space, incentive to build a school, preserving landmark property and other essential components of livability.

## **3. We strongly support changes that encourage more housing for the neighborhood.**

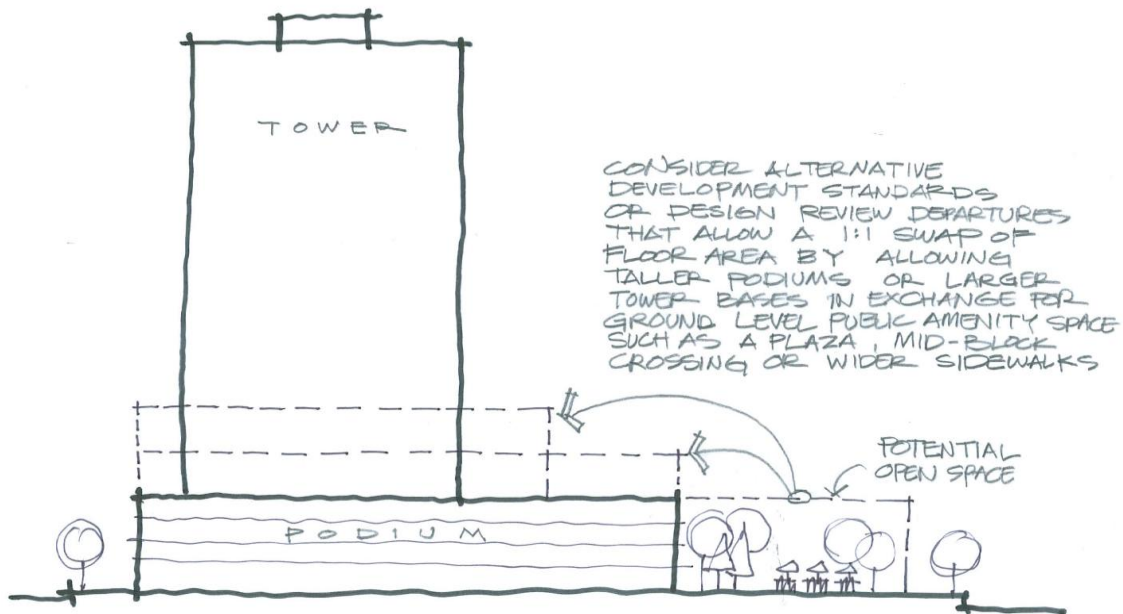
Current zoning has not been conducive to meeting the housing goals for South Lake Union. Increased height and FAR will both help to provide public benefits and meet housing goals. The proposed increases in height and floor areas provide a climate for more private investment in housing in addition to the anticipated housing that would come through the proposed incentive zoning requirements. In our 2010 *Seattle Transit Communities – Integrating Neighborhoods with Transit* report the Commission declared South Lake Union a high priority Transit Community and called for appropriate rezones and implementation strategies to promote high-density development. The proposed rezone allows for taller buildings in key locations, including towers, throughout the neighborhood.

## **4. We encourage stronger incentives for ground-floor open space.**

Towers in the South Lake Union urban center provide the positive environmental and community benefits that accrue in a transit rich mixed use center city hub. However, we are concerned that the development incentives proposed are insufficient to encourage the publically accessible, ground-floor open space as envisioned in the Urban Design Framework. The intent of this feature – to provide necessary breathing room in a dense urban environment – was articulated well in the UDF. To that end, we propose alternate development standards or design review departures to allow a swap of floor area by allowing taller podiums or larger tower bases in exchange for ground level public amenity spaces such as a plaza, midblock crossing or wider sidewalks.

We recognize that there are challenges with outright prescribing standards or incentives that favor ground-floor open space as the preferred public benefit due to the fact that the EIS concluded that existing open space in the neighborhood would be adequate to serve additional residents (and therefore could not legally be required through incentive zoning program). However, we still feel that publically accessible plaza space at street level will make this community more livable as it welcomes more jobs and housing. Implementing this exchange through design review will help to

ensure a more elegant and human scale urban form but would require a change to allow design review authority to allow exemptions to height limits set in zoning.



Furthermore, we propose that in the future, as part of the major Comp Plan update, the City establish new goals for open space by type (e.g. playgrounds, un-programmed spaces, plazas, green streets) as an important policy framework that clarifies the specific open space needs of our neighborhoods and begins to create a stronger citywide network of open space.

##### **5. We anticipate the number of towers to be less than the number outlined in the plan.**

As noted previously the development of towers will help to accommodate greater residential density while also incorporating tools and incentives for affordable housing, open space and other essential components of livability. Based on thorough review and analysis of the current development opportunity sites, in addition to tower spacing restrictions, it is likely that fewer towers would be built than envisioned by the plan. We have closely analyzed the propensity study conducted by VIA Architecture<sup>1</sup> that concludes there is likely to be about 33 towers over the course of twenty years that will add above and beyond current zoning approximately 6000 more jobs, 2600 more housing units and \$75 million in contributions to in public benefits like affordable housing, daycare and TDR programs. We believe this estimate is fairly accurate, and should temper some of the fears that have been expressed about the effects of encouraging towers through the rezone.

<sup>1</sup> VIA's study focused on the most likely 33 tower sites to develop over a 20- to 33-year time horizon (at a rate of one to one and half towers per year. The calculated differences between developing towers on those thirty three sites versus the current SM zoning (they did not analyze smaller infill non-tower sites in the district, so that possible capacity did not factor that into the equation. The analysis also assumes no more than two unconsolidated sites would be combined to make an eligible tower site. If three or more separate properties decide to consolidate to create a tower, it is not accounted for in the assumptions). The calculation for affordable housing/TDR is also a derivative of the same 33 tower propensity scenario and that assumes 100% fee in lieu option.

## 6. We support the proposed towers in the lakefront area.

There are distinct advantages to a few residential towers in this location. For example, because of significant public and private expenditures to create a beautiful in-city urban park the City should leverage this investment by enabling a dense, active residential population that will benefit by having close proximity to quality open space. An active residential neighborhood near this extraordinary investment will better ensure many urban households have access to open space that makes downtown living a more attractive option. In addition, a large residential population adjacent to Lake Union Park will both better ensure a vibrant, active space as well as facilitate community that stewardship of the park.

Options for 240-foot tall towers provide more opportunities for residents to live in an area where residential growth is planned. Limiting the tower height could mean that the market would continue to lean toward office development, missing the opportunity for additional residential development in South Lake Union. These three or four blocks could help create 24-hour activities and the natural surveillance of a nearby residential community. A mix of densities, incomes, activities, and view sheds from the buildings will help. The park at the north side of Mercer Street would be activated by the intensive residential development provided by such towers, and would benefit from connectivity to the greater neighborhood that new households can provide. 240-foot heights may also lead to less intrusive lower level floor plates as well as the benefit of additional affordable housing. The contribution to affordable housing at the higher building heights is calculated based on the market rents that could be achieved at higher heights.

The proposed structure height legislation (SMC 23.48.010 E) allows for a possible development agreement for adding 80' of height (from 160' to 240') specifically on the three waterfront Mercer Blocks proposed as SM 85/65-240. We understand that the City and the land owner are considering an agreement that may lead to the contribution of "extraordinary benefits" for affordable housing and other services beyond other incentives. We also understand that the City Council will hire an independent consultant to review this offer before making a decision. The Commission welcomes the opportunity to review these findings when they are available.

**Note:** *A few Commissioners **do not support towers at this specific location.** They are primarily concerned about impacts to viewsheds and shade on Lake Union Park. They felt that buildings stepping down in height toward the lake would provide a better urban form and would help open up the lake views and access to this area. They have stated concerns about shadows and about such a large mass of building at this terminus of the neighborhood abutting the park and lake. They contend that any tower, 160 feet or higher, feels much too tall for this specific location. Conversely, Commissioners in favor of towers in this location note that the proposed zoning already contains additional restrictions on towers on the lakefront blocks<sup>2</sup> and point out that the City SEPA policies state that it is impractical to protect private views. They also point out that the height and urban form studies and renderings reveal that a natural basin exists in this area that slopes toward the water that helps to ensure there is a natural step down to the lake from Denny triangle. They have also pointed to the EIS diagrams in appendix D which argues that there are minimal shading and shadow impacts.*

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<sup>2</sup> Tower height is limited to one per block at a maximum height of 160 feet. An additional 80 feet up to a maximum of 240 feet may be permitted if an agreement is in place to provide significant additional public benefit through the City's incentive zoning program. No commercial development is permitted above a height of 85 feet.

**7. The Eighth Avenue Residential Core is an important feature of the proposal and should be maintained and perhaps even expanded.**

This feature of the zoning proposal is critical for ensuring a better balance of residential and commercial growth. The market strongly favors commercial development. Therefore, it is only through strong policies, regulation and incentives that we will ensure residential development at the level needed to reach the proposed housing goals.

The mixed use community envisioned can be achieved. Creating a concentrated residential core has the potential to bring a more diverse mix of residents to the community, perhaps even families with children. The development standards call for generous sidewalks and other features that will make this residential core a more humane and quieter place for residents within. While the neighborhood has welcomed commercial growth in recent years, most recently 460,000 square feet being leased by Amazon, residential growth has achieved only 20 percent of the growth targets established in Seattle's Comprehensive Plan.

Our *Housing Seattle* report points out that creating residential opportunities near jobs and high quality transit service can significantly reduce household transportation for the residents living there. The South Lake Union neighborhood is rich in jobs and transit but is not achieving the envisioned residential development to create the planned mixed use center envisioned in the Comp Plan and neighborhood plan. The South Lake Union Urban Center boasts close proximity to downtown and the University of Washington, great opportunity for open space plus recent and planned transportation investments. All of these factors lay a framework for South Lake Union to be a vibrant mixed use neighborhood that achieves far greater numbers of residents and jobs. By taking an extra step to ensure increased housing development in South Lake Union the City will better achieve the full benefits of a transit community. We strongly support this and other land use strategies that focus on increasing residential development.

**8. More Affordable Housing is needed in South Lake Union.**

While the Cascade neighborhood in South Lake Union contains a good deal of housing that is affordable to a range of incomes, we support working to maximize affordable housing through incentives, development standards and by focusing subsidies and other housing tools in South Lake Union to middle and lower income households.

The incentive zoning component in the proposed rezone prioritizes both affordable housing and TDR for TIF and will certainly aid in this effort. We recognize the need for revisions as the incentive zoning provisions established through other high-rise rezone processes, as currently written, are not providing affordable housing onsite. In addition, the fee-in-lieu collections are not allowing for the creation of affordable housing at the anticipated levels. While there is some subsidized affordable housing in South Lake Union, particularly in the Cascade neighborhood, it mostly serves very low income households and will not be sufficient to provide workforce housing that should accompany development in South Lake Union.

We understand that City Council has asked DPD and Office of Housing to conduct a review of the incentive zoning program early next year. We recognize that there is a call from many housing advocates to support requiring high-rise developers to include affordable units on-site as well as requiring all developers to include affordable units whether or not they take advantage of additional

development capacity in South Lake Union. While we understand the desire to ensure more housing is available at a variety of income levels, we worry that an unintended consequence of such a program adopted only in South Lake Union, rather than in other rezone areas throughout the city, might actually provide a disincentive to building housing. Even the possibility of mandatory incentive zoning might encourage some developers to vest before the new legislation is passed. With this said, we would be happy to work with Council to further explore options and opportunities to ensure that South Lake Union has a diverse mix of residents with a variety of incomes and household sizes.

We further support the idea of looking to the multifamily tax exemption, the Housing Levy and other programs and initiatives to build more housing at a variety of income levels and for a diversity of household types and sizes in South Lake Union where residents will have great access to transit, jobs and other household essentials in close proximity.

**9. We generally support the TDR for TIF component of the proposal.**

TDR for TIF would allow County tax revenues to help fund basic neighborhood infrastructure and other essential components for livability. We recommend that the bonding capacity be focused on creating something otherwise very difficult to achieve like affordable and/or family sized housing, a school, or other important civic institutions. Focusing this opportunity on purchasing the ‘tear drop’ site, the City Light property or another otherwise difficult acquisition could provide an incredible benefit to the neighborhood and the city which may otherwise be unfeasible.

As for the prioritization of farmland over forestland, we recognize that the goal is to help balance the TDR market, which currently heavily favors preservation of forestland. With that said the Commission has had very little discussion, review or analysis of the debate over the policy decision to prioritize farmland over forestland.

**10. Block 59 is an intriguing project worthy of further review and study.**

Our reading of the rezone proposal is that a separate development agreement would be required in order to approve Block 59. We also understand Council’s desire to have more certainty and clarity on the housing affordability benefits of this project as the South Lake Union rezone proposal moves forward. We have not yet been fully briefed on all of the details of this proposal and would welcome the opportunity to advise the Council should you seek our counsel on this matter (*Refer above to bullet point 6 paragraph three*).

**11. We continue to seek opportunities to encourage, or require, larger family-size units.**

The Commission recently released *Housing Seattle*, a report which found that the market is not producing multi-family housing to accommodate larger families, particularly families with children. In recent years, virtually no multi-family 3+ bedroom units have been built in Seattle. We recognize that the tools and mechanisms for addressing this issue are very limited, but we have identified a few potential opportunities: The ground related housing along the Eighth Avenue Residential Corridor has the potential to increase market demand for larger, family-sized units. We also recognize the value that adding an elementary school to the neighborhood could have in attracting families. We’d like to also further explore whether the City could adopt a minimum number of rooms per unit

either as a standard requirement, through incentive zoning, or as part of the multifamily tax exemption program. Lastly, the City could explore modest changes to low density development in areas like the Cascade neighborhood to allow for more low scale, family-size housing opportunities. Additional analysis should be conducted to understand how to best influence three bedrooms units in market rate multifamily housing development.

## 12. We strongly support strengthening the incentive for the inclusion of a school.

We recognize that there are complicated use-separation and life safety issues that hinder the desirability of the current school incentive for a developer. We are happy to provide suggestions to make the incentive stronger or explore other opportunities. For example, it may be more likely that a school can be built in the South Lake Union neighborhood if a site can be acquired (like the teardrop site, the City Light property, for example) by a host of funding sources (TDR for TIF, private contributions, partnerships with the School District, etc.). We look forward to a continued discussion on this matter.

Thank you for the opportunity to provide you with our recommendations regarding the South Lake Union Rezone Proposal. We look forward to assisting you as the process advances. Please contact me or our Director, Barbara Wilson at (206) 684-0431 if you have further questions.

Sincerely,



David Cutler, Chair  
Seattle Planning Commission

cc: Mayor Michael McGinn  
Seattle City Councilmembers  
Darryl Smith, Julie McCoy, Ethan Raup, David Hiller, Alison Van Gorp; Mayor's Office  
Diane Sugimura, Marshall Foster, Jim Holmes, Brennon Staley, Tom Hauger, Gary Johnson, DPD  
Rick Hooper, Maureen Kostyack, Ryan Curren, Office of Housing  
Peter Hahn, Goran Sparrman, Tracy Krawczyk, SDOT  
Jorge Carrasco, Seattle City Light  
Christopher Williams, Seattle Parks Department

### SEATTLE PLANNING COMMISSION RECORD OF ABSTENTIONS, DISCLOSURES & RECUSALS:

- Commissioner Kadie Bell Sata disclosed that her employer, EnviroIssues, has done work with the City of Seattle and other potential stakeholders.
- Commissioner Catherine Benotto disclosed that her firm, Weber Thompson, is located in South Lake Union, that she, and the firm, have worked on the Urban Design Framework for SLU, the LEED ND certification for SLU, and several multi-family projects in the Neighborhood. In addition, a principal at the firm is a member of the South Lake Union Community Council.
- Commissioner Luis F. Borrero disclosed that his firm, DRiVE, has a strategic partnership with Heartland LLC, which is working in South Lake Union.
- Commissioner Josh Brower disclosed that his law firm, Veris Law Group PLLC, works on single- and multi-family projects throughout the City of Seattle.
- Commissioner David Cutler disclosed that his firm, GGLO, works on projects that may be impacted by the South Lake Union rezoning legislation

- Commissioner Colie Hough-Beck disclosed that her employer, Hough Beck & Baird Inc. has contracts with the city of Seattle for large infrastructure projects in SLU. Her firm is also working on commercial, mixed use and housing projects throughout the city as well as parks and schools. Plus she lives and works in the South Lake Union neighborhood.
- Commissioner Bradley Khouri disclosed that his firm, b9 architects, designs single-family and multifamily housing throughout Seattle.
- Commissioner Amalia Leighton disclosed that her employer, SvR Design does engineering and/or landscape architecture services for both public and private clients in the South Lake Union area that may be affected by this legislation.
- **Commissioner Chris Persons abstained from the voting on this letter.** He also disclosed that his firm Capitol Hill Housing is a Public Development Authority that designs and builds affordable housing throughout the City of Seattle. CHH is currently partnering with Vulcan Real Estate in response to the RFQ published by the Seattle Housing Authority for the redevelopment of Yesler Terrace
- **Commissioner Matt Roewe abstained from voting on this letter.** He also disclosed that his firm, Via Architecture, is involved with multiple property owners in the South Lake Union area examining the rezone legislation. He is also committee member of the Uptown Alliance and the Queen Anne Community Council, both of which may take a position on the South Lake Union rezone.
- Commissioner Morgan Shook disclosed that his firm, BERK Consulting, has worked with the City of Seattle on two projects on the South Lake Union rezone.
- Commissioner Sarah Snider disclosed that her employer, LMN Architects, does architectural and planning work in Seattle.