

CITY OF SEATTLE
ORDINANCE _____
COUNCIL BILL 117908

AN ORDINANCE related to land use and zoning; amending Section 23.49.012 and 23.49.015 to change the contribution amounts for downtown affordable housing and childcare incentive programs and to establish automatic inflationary adjustments.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 23.49.012 of the Seattle Municipal Code, last amended by Ordinance 122990, is amended as follows:

23.49.012 - Bonus floor area for voluntary agreements for housing and child care.

B. Voluntary Agreements for Housing and Child Care. The voluntary agreement shall commit the developer to provide or contribute to the following facilities in the following amounts:

1. Housing.

a. Housing serving low-income households equal to at least 15.6 percent of each gross square foot of bonus floor area obtained through the performance option must be provided. A cash contribution for each gross square foot of bonus floor area obtained through the payment option, as an alternative to the performance option, for housing to serve low-income households must be provided. The alternative cash contribution is \$18.75 per gross square foot of bonus floor area obtained through the payment option, subject to adjustment under this ((s)) Section 23.49.012.B.1.a. From the effective date of the ordinance introduced as Council Bill 117908 to June 30, 2014, the alternative cash contribution is \$22.88 per gross square foot of bonus floor area obtained through the payment option. From July 1, 2014 to

1 June 30, 2015, the alternative cash contribution is \$24.95 per gross square foot of bonus floor
2 area obtained through the payment option plus the product of \$24.95 times the 2013 annual
3 average change in the Consumer Price Index, All Urban Consumers, Seattle Tacoma
4 metropolitan area, All Items (1982-84 = 100), as determined by the U.S. Department of Labor,
5 Bureau of Labor Statistics, or successor index. ((The Director of Housing may adjust the
6 alternative cash contribution, no more frequently than annually, approximately in proportion to
7 the change in the Consumer Price Index, All Urban Consumers, Seattle Tacoma Bremerton
8 metropolitan area, All Items (1982-84=100), as determined by the U.S. Department of Labor,
9 Bureau of Labor Statistics, or successor index, or any other cost index that the Director of
10 Housing may deem appropriate.)) On July 1, 2015 and on the same day annually thereafter the
11 alternative cash contribution amount in this subsection 23.49.012.B.1.a shall automatically
12 adjust in proportion to the change in the Consumer Price Index, All Urban Consumers, Seattle-
13 Tacoma metropolitan area, All Items (1982-84 = 100), as determined by the U.S. Department
14 of Labor, Bureau of Labor Statistics, or successor index, from January 1, 2014 or the time the
15 alternative cash contribution was last adjusted, whichever is later. ((The base year for the first
16 adjustment shall be 2001. In the alternative, the Director of Housing may adjust the cash
17 contribution amount based on changes to commercial and/or housing development costs
18 estimated in a manner as the Director of Housing deems appropriate. Any adjustment to the
19 cash contribution amount may be implemented through a rule-making process.)) The amount
20 of the alternative cash contribution made at the time specified in subsection 23.49.012.C shall
21 be based on the alternative cash contribution amount that is in effect when vesting of a Master
22 Use Permit occurs under Section 23.76.026.

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24 2. Child Care.
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1 a. For each square foot of bonus floor area allowed under this section, in
2 addition to providing housing or an alternative cash contribution pursuant to subsection
3 23.49.012.B.1, the applicant shall provide fully improved child care facility space sufficient for
4 0.000127 of a child care slot, or a cash contribution to the City of \$3.25 to be administered by
5 the Human Services Department. From the effective date of the ordinance introduced as
6 Council Bill 117908 to June 30, 2014, the alternative cash contribution is \$3.97 per gross
7 square foot of bonus floor area obtained through the payment option. From July 1, 2014 to
8 June 30, 2015, the alternative cash contribution is \$4.32 per gross square foot of bonus floor
9 area obtained through the payment option plus the product of \$4.32 times the 2013 annual
10 average change in the Consumer Price Index, All Urban Consumers, Seattle Tacoma
11 metropolitan area, All Items (1982-84 = 100), as determined by the U.S. Department of Labor,
12 Bureau of Labor Statistics, or successor index. ((The Director of the Human Services
13 Department may adjust the alternative cash contribution, no more frequently than annually,
14 approximately in proportion to the change in the Consumer Price Index, All Urban Consumers,
15 Seattle-Tacoma metropolitan area, All Items (1982-84=100), as determined by the U.S.
16 Department of Labor, Bureau of Labor Statistics, or successor index, or any other cost index
17 that such Director may deem appropriate. The base year for the first such adjustment shall be
18 2001.)) On July 1, 2015 and on the same day annually thereafter the alternative cash
19 contribution amount in this subsection 23.49.012.B.2.a shall automatically adjust in proportion
20 to the change in the Consumer Price Index, All Urban Consumers, Seattle-Tacoma
21 metropolitan area, All Items (1982-84 = 100), as determined by the U.S. Department of Labor,
22 Bureau of Labor Statistics, or successor index, from January 1, 2014 or the time the alternative
23 cash contribution was last adjusted, whichever is later. The amount of the alternative cash
24 contribution made at the time specified in subsection 23.49.012.C shall be based on the
25 alternative cash contribution amount that is in effect when vesting of a Master Use Permit
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1 occurs under Section 23.76.026. The minimum interior space in the child care facility for each
2 child care slot shall comply with all applicable state and local regulations governing the
3 operation of licensed childcare providers. Child care facility space shall be deemed provided
4 only if the applicant causes the space to be newly constructed or newly placed in child care use
5 after the submission of a permit application for the project intended to use the bonus floor area,
6 except as provided in subsection 23.49.012.B.2.b.6. If any contribution or subsidy in any form
7 is made by any public entity to the acquisition, development, financing or improvement of any
8 child care facility, then any portion of the space in such facility determined by the Director of
9 the Human Services Department to be attributable to such contribution or subsidy shall not be
10 considered as provided by any applicant other than that public entity.

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12 Section 2. Section 23.49.015 of the Seattle Municipal Code, last amended by
13 Ordinance 123589, is amended as follows:

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15 **23.49.015 - Bonus residential floor area in DOC1, DOC2 and DMC zones outside South**
16 **Downtown for voluntary agreements for low-income housing and moderate-income**
17 **housing**

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20 B. Voluntary Agreements for Housing.

21 1. The voluntary agreement shall commit the applicant to provide or contribute to
22 low-income housing or moderate-income housing, or both, in an amount as set forth in this
23 subsection B. The quantities in this subsection are based on findings of an analysis that
24 quantifies the linkages between new market-rate units in high-rise residential structures in
25 DOC1, DOC2, and DMC zones and the demand that residents of such units generate for low-
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1 income housing and moderate-income housing. The amount of such housing and income levels
2 served, and the amount of any cash payment, shall be determined as follows:

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4 b. For the payment option, the applicant shall pay the lesser of the
5 following:

6 (1) an amount that equals the approximate cost of developing the same
7 number and quality of housing units that would be developed under the performance option, as
8 determined by the Director; or

9 (2) (i) ~~(a)~~ in DMC zones, ~~((Ten Dollars (10)))~~ \$8.00 per square foot of
10 ~~((net))~~ gross residential floor area sought as bonus development between the height of ~~((eighty-~~
11 ~~five))~~ ~~((85))~~ feet and the base height limit for residential use under Section 23.49.008,
12 ~~((Fifteen Dollars (\$15)))~~ \$12.00 per square foot of the ~~((net))~~ gross residential floor area of the
13 first four ~~((4))~~ stories above the base height limit for residential use, ~~((Twenty Dollars (\$20)))~~
14 \$16.00 per square foot of ~~((net))~~ gross residential floor area of the next three ~~((3))~~ stories, and
15 ~~((Twenty-five Dollars (\$25)))~~ \$20.00 per square foot of ~~((net))~~ gross residential floor area of
16 the higher stories, not to exceed an average of ~~((Eighteen Dollars and Ninety-four Cents~~
17 ~~(\$18.94)))~~ \$15.15 per square foot of ~~((net))~~ gross residential floor area sought as bonus
18 development;

19 (b) in DMC zones after the effective date of the ordinance introduced as
20 Council Bill 117908, \$11.45 per square foot of gross residential floor area sought as bonus
21 development between the height of 85 feet and the base height limit for residential use under
22 Section 23.49.008, \$17.17 per square foot of the gross residential floor area of the first four
23 stories above the base height limit for residential use, \$22.89 per square foot of gross
24 residential floor area of the next three stories, and \$28.62 per square foot of gross residential
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1 floor area of the higher stories, not to exceed an average of \$21.68 per square foot of gross
2 residential floor area sought as bonus development; and

3 (ii) (a) in DOC1 and DOC2 zones, ~~((Eighteen Dollars and Ninety-four~~
4 ~~Cents (\$18.94))~~ \$15.15 per square foot of ~~((net))~~ gross residential floor area sought as bonus
5 development above the base height limit for residential use under Section 23.49.008~~((Net~~
6 ~~residential floor area shall be computed by multiplying the total gross floor area sought as~~
7 ~~bonus development by an efficiency factor of eighty (80) percent.))~~;

8 (b) in DOC1 and DOC2 zones after the effective date of the ordinance
9 introduced as Council Bill 117908, \$21.68 per square foot of gross residential floor area sought
10 as bonus development above the base height limit for residential use under Section 23.49.008.
11 ~~((Net residential floor area shall be computed by multiplying the total gross floor area sought~~
12 ~~as bonus development by an efficiency factor of eighty (80) percent.))~~

13 The amount of the alternative cash contribution, as provided in this subsection
14 23.49.015.B.1.b and made at the time specified in subsection 23.49.015.C, shall be based on
15 the amount that is in effect when vesting of a Master Use Permit occurs under 23.76.026. The
16 full amount must be paid to the City in cash, except that if the City shall approve by ordinance
17 the acceptance of specific real property in lieu of all or part of the cash payment, the Housing
18 Director may accept such real property.

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21 C. Cash Option Payments.

22 1. ~~((The Director of the Office of Housing may adjust the alternative cash contribution,~~
23 ~~no more frequently than annually, approximately in proportion to the change in the Consumer~~
24 ~~Price Index, All Urban Consumers, Seattle-Tacoma metropolitan area, All Items (1982-84 =~~
25 ~~100), as determined by the U.S. Department of Labor, Bureau of Labor Statistics, or successor~~

1 ~~index, or any other relevant and appropriate index that such Director may deem appropriate.~~
2 ~~Any such adjustment to the cash contribution amounts may be implemented through a rule-~~
3 ~~making process.))~~ On July 1, 2014 and on the same day annually thereafter the alternative cash
4 contribution amount in subsection 23.49.015.B.1.b shall automatically adjust in proportion to
5 the change in the Consumer Price Index, All Urban Consumers, Seattle-Tacoma metropolitan
6 area, All Items (1982-84 = 100), as determined by the U.S. Department of Labor, Bureau of
7 Labor Statistics, or successor index, from December 31, 2013 or the time the alternative cash
8 contribution was last adjusted, whichever is later.

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11 Section 3. This ordinance shall take effect and be in force 30 days after its approval by
12 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
13 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

14 Passed by the City Council the ____ day of _____, 2013, and
15 signed by me in open session in authentication of its passage this
16 ____ day of _____, 2013.

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18 _____
19 President _____ of the City Council

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21 Approved by me this ____ day of _____, 2013.

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23 _____
24 Michael McGinn, Mayor

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Filed by me this _____ day of _____, 2013.

Monica Martinez Simmons, City Clerk

(Seal)

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative	Ketil Freeman/4.8178	NA

Legislation Title:

AN ORDINANCE related to land use and zoning; amending Section 23.49.012 and 23.49.015 to change the contribution amounts for downtown affordable housing and childcare incentive programs and to establish automatic inflationary adjustments.

Summary of the Legislation:

This ordinance raises in-lieu fee payment amounts for the Affordable Housing Incentive Program that operates in the Downtown Urban Center. Developers choosing to build above a base floor area ratio or height for commercial and residential development, respectively, can make an in-lieu payment as an alternative to building affordable housing. In-lieu fee adjustments for commercial development reflect inflationary increases since the program was first adopted in 2001. In-lieu fee adjustments for residential development reflect inflationary increases since the program was first adopted in 2006 plus a 20% premium intended to encourage construction of units in new buildings, as opposed to in-lieu payment. Approximately 15% of the commercial in-lieu fee provides revenue for childcare.

Background:

This legislation would make changes to in-lieu fees charged for downtown development to make them commensurate with fees established for development in the South Lake Union Urban Center through Council Bill 117603.

Please check one of the following:

- This legislation does not have any financial implications.
- This legislation has financial implications.

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

Changes to fees will likely lead to increased appropriations to the Office of Housing Low-income Housing Fund and the Office of Housing Operating Fund. Appropriations would occur only to the extent that the Affordable Housing Incentive Program is utilized for downtown development. Appropriation would be offset by revenue from the fee increases.

While it is difficult to predict how much development might occur downtown over the next twenty years, the Department of Planning and Development (DPD) has estimated that up to 11.4 million square feet of residential development and 12.6 million square feet of commercial development could occur over the 2031 planning horizon. A portion of future development that exceeds base heights or base FARs established by zone would be subject to the increased fees.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
TOTAL				

Revenue/Reimbursement Notes:

While it is difficult to predict how much development might occur downtown over the next twenty years, DPD has estimated that up to 11.4 million square feet of residential development and 12.6 million square feet of commercial development could occur over the 2031 planning horizon. A portion of future development that exceeds base heights or base FARs established by zone would be subject to the increased fees. This would result in revenue to the Office of Housing and the Human Services Department to develop affordable housing and childcare.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
TOTAL							

* 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.

Position Notes:

None.

Do positions sunset in the future?

Not applicable.

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
TOTAL				

* See budget book to obtain the appropriate Budget Control Level for your department.

Spending/Cash Flow Notes:

None.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

A portion of bonus program fees may be utilized by the Office of Housing for program administration. Increased fees could offset the need for some future General Subfund support to the Office of Housing.

b) What is the financial cost of not implementing the legislation?

Not increasing the fees could result in foregone revenue equal to the difference between existing fees and proposed in-lieu fees.

c) Does this legislation affect any departments besides the originating department?

This legislation could generate additional revenue for the Office of Housing and the Human Services Department.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

None.

e) Is a public hearing required for this legislation?

Yes.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle*

Times required for this legislation?

Yes.

g) Does this legislation affect a piece of property?

This legislation affects the Downtown Urban Center.

h) Other Issues: None.

List attachments to the fiscal note below: None.