

ORDINANCE No. 114486

COUNCIL BILL No. 107253

The City

AN ORDINANCE relating to land use and zoning, amending Sections 23.49.050, 23.49.070, 23.49.100, 23.49.152, 23.84.016, and 23.84.024 of the Seattle Municipal Code to amend the provisions of the housing bonus with regard to the income groups served by the housing bonus program, to amend the definition of affordable housing, and to add a definition for low-moderate income housing.

Honorable President:

Your Committee on \_\_\_\_\_

to which was referred the within report that we have considered the

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HHS 5/2/89

DIVISION REPORT 2-2

COMPTROLLER FILE No. \_\_\_\_\_

Introduced: APR 1 0 1989	By: <u>Noland</u>
Referred: APR 1 0 1989	To: <u>Housing Home Services</u>
Referred:	To:
Referred:	To:
Reported: MAY 3 1989	Second Reading: MAY 9 1989
Third Reading: MAY 8 1989	Signed: MAY 8 1989
Presented to Mayor: MAY 3 1989	Approved: MAY 1 0 1989
Returned to City Clerk: MAY 1 0 1989	Published:
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained: <u>OK</u>

DIVISION

AYE 2 (

vote a

*Legislative Department*

# The City of Seattle--Legislative Department

## REPORT OF COMMITTEE

Date Reported  
and Adopted

President:

Committee on

was referred the within Council Bill No.

that we have considered the same and respectfully recommend that the same:

DIVIDED REPORT

AYE 2 (JN, SS) - NAY 2 (JS, PK)

Vote 4-0

Committee Chair

#17  
C.B. 107253

ORDINANCE 114486

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3 AN ORDINANCE relating to land use and zoning, amending Sections  
4 23.49.050, 23.49.070, 23.49.100, 23.49.152, 23.84.016, and 23.84.024 of  
5 the Seattle Municipal Code to amend the provisions of the housing bonus  
6 with regard to the income groups served by the housing bonus program,  
7 to amend the definition of affordable housing, and to add a definition  
8 for low-moderate income housing.

9 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

10 Section 1. That Section 23.49.050 of the Seattle Municipal Code,  
11 as last amended by Ordinance 112519, is amended to read as follows:

12 23.49.050 Downtown Office Core 1, ratios for public benefit features.

13 A. General Provisions.

14 1. No floor area beyond the base FAR shall be granted for any  
15 project which causes the destruction of any designated feature of a  
16 Landmark structure, unless authorized by the Landmarks Board.

17 2. Additional gross floor area may be permitted up to the  
18 "maximum FAR with housing" described in 23.49.048 when low or low-  
19 moderate income housing is included in the development proposal and the  
20 following criteria are met:

21 a. Gross floor area equivalent to three (3) times the area  
22 of the lot shall be earned through the provision of public benefit  
23 features other than housing or from transfer of development rights  
24 other than from low-income housing before a housing bonus may be used.

25 b. The housing bonus shall be granted by the Director based  
26 on a finding by the Director of Community Development that the proposed  
27 housing satisfies the Public Benefit Features Rule.

1  
2 3. The Director shall review the design of any public benefit  
3 feature in subsection B and determine whether the feature, as proposed  
4 for a specific project, provides a public benefit and is consistent  
5 with the definitions in Chapter 23.84 and with the Public Benefit  
6 Features Rule.

7 4. Except for housing, human services and day care, all public  
8 benefit features provided in return for a bonus shall be located on the  
9 same lot or abutting public right-of-way as the project in which the  
10 bonus floor area is used.

11 \* \* \*

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13 Section 2. That Section 23.49.070 of the Seattle Municipal Code,  
14 as last amended by Ordinance 112519, is amended to read as follows:

15  
16 23.49 070 Downtown Office Core 2, ratios for public benefit features.

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18 A. General Provisions.

19  
20 1. No floor area beyond the base FAR shall be granted for any  
21 project which causes the destruction of any designated feature of a  
22 Landmark structure, unless authorized by the Landmarks Board.

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24 2. Additional gross floor area may be permitted up to the  
25 "maximum FAR with housing: described in 23.49.068 when low or low-  
26 moderate income housing is included in the development proposal and the

1 following criteria are met:  
2

3 a. Gross floor area equivalent to three (3) times the area  
4 of the lot shall be earned through the provision of public benefit  
5 features other than housing or from transfer of development rights  
6 other than from low-income housing before a housing bonus may be used.

7 b. The housing bonus shall be granted by the Director based  
8 on a finding by the Director of Community Development that the proposed  
9 housing satisfies the Public Benefit Features Rule.

10 3. The Director shall review the design of any public benefit  
11 feature in subsection B and determine whether the feature, as proposed  
12 for a specific project, provides a public benefit and is consistent  
13 with the definitions in Chapter 23.84 and with the Public Benefit  
14 Features Rule.

15 4. Except for housing, human services and day care, all public  
16 benefit features provided in return for a bonus shall be located on the  
17 same lot or abutting public right-of-way as the project in which the  
18 bonus floor area is used.

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20 \* \* \*

21  
22 Section 3. That Section 23.49.100 of the Seattle Municipal Code,  
23 as last amended by Ordinance 112519, is amended as follows:

24  
25 23.49.100 Downtown Retail Core, ratios for public benefit features.  
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A. General Provisions.

1. No floor area beyond the base FAR shall be granted for any project which causes the destruction of any designated feature of a Landmark structure, unless authorized by the Landmarks Board.

2. Additional gross floor area may be permitted up to the "maximum FAR with public benefit features including housing" described in 23.49.098 when low or low- moderate income housing is included in the development proposal and the following criteria are met:

a. Gross floor area equivalent to two (2) times the area of the lot shall be earned through the provision of public benefit features other than housing, before a housing bonus may be used.

b. The housing shall be granted by the Director based on a finding by the Director of Community Development that the proposed housing satisfies the Public Benefit Features Rule.

3. The Director shall review the design of any public benefit feature listed in subsection B to determine whether the feature, as proposed for a specific project, provides public benefits and is consistent with the definitions in Chapter 23.84 and the Public Benefit Features Rule.

4. Except for housing, human services and day care, all public benefit features provided in return for a bonus shall be located on the same lot or abutting public right-of-way as the project in which the bonus floor area is used.

\* \* \*

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2 Section 3. That Section 23.49.152 of the Seattle Municipal Code,  
3 as last amended by Ordinance 114079, is amended to read as follows:  
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5 23.49.152 Downtown Mixed Residential, ratios for public benefit  
6 features.

7  
8 A. General Provisions.

9 1. No floor area beyond the base FAR shall be granted for any  
10 project which causes the destruction of any designated feature of a  
11 Landmark structure, unless authorized by the Landmarks Board.  
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13 2. Additional gross floor area may be permitted up to the  
14 "maximum FAR with housing" described in 23.49.150 when affordable low  
15 or low-moderate income housing is included in the development proposal  
16 and the following criteria are met:

17 a. The housing bonus shall be granted only for the ~~direct~~  
18 production of affordable low or low-moderate income housing in a new  
19 structure, or in a rehabilitated structure or portion of a  
20 rehabilitated structure which was not in residential use as of January  
21 1, 1983.

22 b. The housing shall be located in a DMR zone.

23 c. The housing bonus shall be granted by the Director based  
24 on a finding by the Director of Community Development that the proposed  
25 housing satisfies the Public Benefit Features Rule.

26 d. When the housing option as provided in Section 23.49.164  
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C is used, the housing provided shall be for low-income households for a period of at least twenty (20) years in order to receive a housing bonus, and the bonus ratio shall be six (6) square feet of commercial floor area for every square foot of housing provided.

3. The Director shall review the design of any public benefit feature listed in subsection B to determine whether the feature, as proposed for a specific project, provides public benefits and is consistent with the definitions in Chapter 23.84 and the Public Benefit Features Rule.

4. Except for housing, human services and day care, all public benefit features provided in return for a bonus shall be located on the same lot or abutting public right-of-way as the project in which the bonus floor area is used.

\* \* \*

Section 4. That Section 23.84.016 of the Seattle Municipal Code, as last amended by Ordinance 113658, is amended to read as follows:

23.84.016 "H"

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"Housing, affordable: means low or low-moderate income housing."

"Housing, low-moderate." See "low-moderate income housing."

\* \* \*

Section 5. That Section 23.84.024 of the Seattle Municipal Code, as last amended by Ordinance 114046, is amended to read as follows:

23.84.024 "L"

\* \* \*

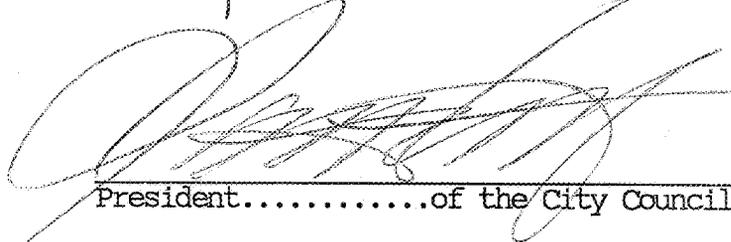
"Low-moderate income household" means any household whose total household income is between fifty percent (50%) and eighty percent (80%) of the median income for comparably sized households in the Seattle-Everett Standard Metropolitan Statistical Area as defined by the United States Department of Housing and Urban Development.

"Low-moderate income housing" means any housing unit which is rented to a low-moderate income household at rents not to exceed thirty percent (30%) of eighty percent (80%) of the median income for comparably sized households in the Seattle-Everett Standard Metropolitan Statistical Area as defined by the United States Department of Housing and Urban Development.

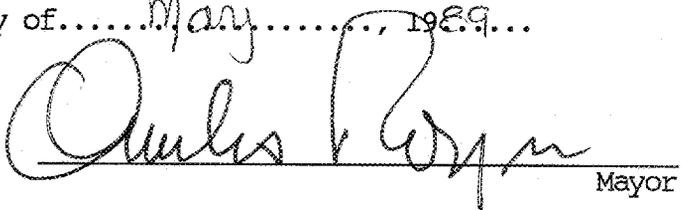
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Section 6. This ordinance shall take effect and be in force thirty days from and after its passage and approval by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the City Charter.

Passed by the City Council the 8<sup>th</sup> day of May, 1989, and signed by me in open session in authentication of its passage this 8<sup>th</sup> day of May, 1989.

  
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President.....of the City Council

Approved by me this 18<sup>th</sup> day of May, 1989...

  
\_\_\_\_\_  
Mayor

Filed by me this 18<sup>th</sup> day of May, 1989...

Attest: Norman J. Brooks  
\_\_\_\_\_  
City Comptroller and City Clerk

(SEAL)

Published \_\_\_\_\_ By Theresa Dunbar  
\_\_\_\_\_  
Deputy Clerk

#17  
C.B. 107253

May 4, 1989

All Councilmembers

Heather Worthley, Council Staff

Divided Report on Affordability Level Changes for the  
Housing Bonus Program

Two companion pieces of legislation are involved:

RESOLUTION 27961

Amending the Land Use and Transportation Plan for Downtown Seattle adopted by Resolution 27281, lowering the maximum affordability level for housing produced under the housing bonus program, and directing amendments to housing bonus program-related Director's Rules be developed.

C.B. 107253

Relating to land use and zoning, amending Sections 23.49.050, 23.49.070, 23.49.100, 23.49.152, 23.84.016, and 23.84.024 of the Seattle Municipal Code to amend the provisions of the housing bonus with regard to the income groups served by the housing bonus program, to amend the definition of affordable housing, and to add a definition for low-moderate income housing.

Background

The 1985 Land Use and Transportation Plan for Downtown Seattle ("Downtown Plan") established a tiered bonus system which allowed developers to exceed established height or floor-area ratio (FAR) limits in exchange for providing public benefits. Housing was optional in the second tier in the bonus system, and required in the third tier; only buildings which far exceeded the base FAR were thus required to provide housing through the bonus program.

The affordability level specified for housing provided through the bonus program was 150% of median income, based on the Seattle Standard Metropolitan Statistical Area. Affordable rent is set at 30% of the designated income level.

In January 1988, the Mayor and the Council imposed a moratorium on low-income housing demolition downtown. In February 1988, the Council directed the Executive to pursue a work program for remedies to the low-income housing crisis during the course of the moratorium. In July 1988, the Council specified 14 alternatives which the Office of Long-range Planning was directed to develop, analyze, and make recommendations on.

Three of these alternatives related to the bonus program, and one of these is the basis for this legislation. Specifically, Alternative 9 suggests a revision of the bonus system to encourage or require low-income housing production. Alternative 10, which suggests revising the bonus tiering system to increase low-income housing production, has already been accomplished. Both in the Citizen's Alternative Plan (CAP) and in the Interim Controls, the bonus tier system will require housing as the first bonus tier. After May 16, any building which exceeds the Base FAR will be required to produce housing.

The Committee considered three alternative proposals to revise the income guidelines for the housing bonus program:

o **Councilmember Noland's proposal:**

Lower the upper limit to 80% of median income, with 50% of units affordable to households at 50% of median income.

o **Allied Arts Proposal:**

Lower the upper limit to 100% of median income, with 50% of units affordable to households at 50% of median income.

o **Mayor's Proposal:**

Lower the upper limit to 120% of median income, with 50% of units affordable to households at 80% of median income.

Both pieces of legislation contain Councilmember Noland's proposed income guidelines. In addition, the legislation contains Councilmember Noland's proposal to amend the buy-out option, so that developers would be required to either replace units on a one-for-one basis, or pay sufficient funds to enable the City to do the same, if they wished to opt out of the program after year ten. This proposal would also allow replacement units to be built in the expanded downtown area defined in the Growth-Related Housing Fund ordinance.

Divided Report: On revising income guidelines for the housing bonus program, to require that all housing produced under the bonus program be affordable to households earning below 80% of median income, with half of the units affordable to households earning 50% of median income.

The full Housing and Human Services Committee voted to accept Councilmember Noland's proposal restricting the buyout option, but split evenly (2-2) on revising the income guidelines. The FOR position would support an upper limit of 80% of median income for the housing bonus program, while the AGAINST position would support an upper limit of 100% of median income.

**FOR Position:** Lower upper limit of income guidelines to 80% of median income, with half of the units affordable to households earning 50% of median income. (Noland, Smith)

Arguments supporting the For position:

- o The moratorium on demolition was a response to the loss of 1,500 units of low-income housing in four years, and the work program for the moratorium was designed to produce solutions to the low-income housing crisis. This is one solution.
- o The City's ability to require preservation and production of low-income housing was severely curtailed by State Supreme Court rulings that struck down crucial portions of the Housing Preservation Ordinance and the Downtown Housing Maintenance Ordinance. As a consequence, we have very few tools available to address the loss of low-income housing. the housing bonus program needs to be used for this purpose, and not for the subsidy of moderate income households.
- o The upper limit of 80% of median income is significantly higher than the income limit for all other City-subsidized housing programs, and should thus be viewed as bridging a gap that current City subsidy does not serve.
- o The increase in homelessness in the City is a strong argument that City subsidy dollars should be targeted to the lowest possible income bracket.

Arguments supporting the Against position:

- o The Downtown Plan had broad support in the City, and when it was passed the housing bonus program was viewed as filling a housing gap that existed at a level affordable below 150% of median income.
- o A recent inventory of all downtown housing shows a preponderance of low-income housing downtown, with 5,800 low-income units vs. 2,423 moderate, middle and upper income units. Growth projections for Seattle demonstrate that a vibrant, "24-hour" downtown is critical to the City's economic viability. We need to encourage a balance of all income levels in the downtown housing stock, in order to avoid a downtown which houses only the very rich and the very poor.
- o Preliminary data from the Office of Long-Range Planning show that the current downtown housing market is producing middle-income housing which is affordable only to households earning between 100-120% or more of median income. A gap in the downtown housing stock thus exists which could be critical to the future of the City, and that gap appears to be at an affordability level between 50% and 100% of median income.

- o The income levels specified in the Allied Arts proposal would help to fill this gap, and are significantly lower than both the current levels and the Mayor's proposal.



TIME AND DATE STAMP

**SPONSORSHIP**

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

*Jane Board*

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**FOR CITY COUNCIL PRESIDENT USE ONLY**

COMMITTEE(S) REFERRED TO:

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PRESIDENT'S SIGNATURE

AM ORDINANCE 112519, amending Sections 23.49.050, 23.49.070, 23.49.100, 23.49.152, 23.49.153, and 23.49.154 of the Seattle Municipal Code to add the provisions of the housing bonus with regard to the income groups served by the housing bonus program, to amend the definition of affordable housing, and to add a definition for low-moderate income housing.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. That Section 23.49.050 of the Seattle Municipal Code, as last amended by Ordinance 112519, is amended to read as follows:

23.49.050 Downtown Office Core 1, ratios for public benefit features.

A. General Provisions.

1. No floor area beyond the base FAR shall be granted for any project which causes the destruction of any designated feature of a Landmark structure, unless authorized by the Landmarks Board.

2. Additional gross floor area may be permitted up to the "maximum FAR with housing" described in 23.49.048 when low or low-moderate income housing is included in the development proposal and the following criteria are met:

a. Gross floor area equivalent to three (3) times the area of the lot shall be earned through the provision of public benefit features other than housing or from transfer of development rights other than from low-income housing before a housing bonus may be used.

b. The housing bonus shall be granted by the Director based on a finding by the Director of Community Development that the proposed housing satisfies the Public Benefit Features Rule.

3. The Director shall review the design of any public benefit feature in subsection B and determine whether the feature, as proposed for a specific project, provides a public benefit and is consistent with the definitions in Chapter 23.84 and with the Public Benefit Features Rule.

4. Except for housing, human services and day care, all public benefit features provided in return for a bonus shall be located on the same lot or abutting public right-of-way as the project in which the bonus floor area is used.

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Section 2. That Section 23.49.070 of the Seattle Municipal Code, as last amended by Ordinance 112519, is amended to read as follows:

23.49.070 Downtown Office Core 2, ratios for public benefit features.

A. General Provisions.

1. No floor area beyond the base FAR shall be granted for any project which causes the destruction of any designated feature of a Landmark structure, unless authorized by the Landmarks Board.

2. Additional gross floor area may be permitted up to the "maximum FAR with housing" described in 23.49.068 when low or low-moderate income housing is included in the development proposal and the following criteria are met:

a. Gross floor area equivalent to three (3) times the area of the lot shall be earned through the provision of public benefit features other than housing or from transfer of development rights other than from low-income housing before a housing bonus may be used.

4. Except for housing, human services and day care, all public benefit features provided in return for a bonus shall be located on the same lot or abutting public right-of-way as the project in which the bonus floor area is used.

\*\*\*

Section 3. That Section 23.49.100 of the Seattle Municipal Code, as last amended by Ordinance 112519, is amended as follows:

23.49.100 Downtown Retail Core, ratios for public benefit features.

A. General Provisions.

1. No floor area beyond the base FAR shall be granted for any project which causes the destruction of any designated feature of a Landmark structure, unless authorized by the Landmarks Board.

2. Additional gross floor area may be permitted up to the "maximum FAR with public benefit features including housing" described in 23.49.098 when low or low-moderate income housing is included in the development proposal and the following criteria are met:

a. Gross floor area equivalent to two (2) times the area of the lot shall be earned through the provision of public benefit features other than housing, before a housing bonus may be used.

b. The housing shall be granted by the Director based on a finding by the Director of Community Development that the proposed housing satisfies the Public Benefit Features Rule.

3. The Director shall review the design of any public benefit feature listed in subsection B to determine whether the feature, as proposed for a specific project, provides public benefits and is consistent with the definitions in Chapter 23.84 and the Public Benefit Features Rule.

4. Except for housing, human services and day care, all public benefit features provided in return for a bonus shall be located on the same lot or abutting public right-of-way as the project in which the bonus floor area is used.

Section 3. That Section 23.49.152 of the Seattle Municipal Code, as last amended by Ordinance 114078, is amended to read as follows:

23.49.152 Downtown Mixed Residential, ratios for public benefit features.

A. General Provisions.

1. No floor area beyond the base FAR shall be granted for any project which causes the destruction of any designated feature of a Landmark structure, unless authorized by the Landmarks Board.

2. Additional gross floor area may be permitted up to the "maximum FAR with housing" described in 23.49.150 when affordable low or low-moderate income housing is included in the development proposal and the following criteria are met:

a. The housing bonus shall be granted only for the direct production of affordable low or low-moderate income housing in a new structure, or in a rehabilitated structure or portion of a rehabilitated structure which was not in residential use as of January 1, 1983.

b. The housing shall be located in a DMR zone.

c. The housing bonus shall be granted by the Director based