

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title:

AN ORDINANCE relating to land use and zoning; amending Section 23.47A.013 of the Seattle Municipal Code to implement minimum floor area ratio requirements for lots with pedestrian designations in Neighborhood Commercial zones within Urban Centers, Urban Villages, and the Station Area Overlay District; and declaring an emergency requiring a three-fourths vote of the City Council so that the ordinance may take effect immediately.

Summary of the Legislation:

The legislation would establish a minimum FAR on lots with a pedestrian designation in Neighborhood Commercial zones within Urban Centers, Urban Villages, and the Station Area Overlay District based on the height limit of the zone as follows:

Current Height Limit	30'	40'	65'	85'	125'	160'
Proposed Minimum FAR	1.5	1.5	2	2	2.5	2.5

The proposed FAR requirement would apply to any development within the specified areas that adds or removes more than 10 percent of the gross square footage currently existing on the lot, if any exists, or 1,000 square feet, whichever is less.

Other key elements of the legislation are as follows:

- Portions of the lot designated as a steep slope, wetland, riparian corridor, or shoreline habitat Environmentally Critical Area or a buffer to one of these areas would not be included in calculating lot size for the purpose of calculating the minimum FAR.
- Portions of the lot occupied by a landmark structure that is proposed to be retained would not be included in calculating lot size for the purpose of calculating the minimum FAR.
- Gross floor area below grade and gross floor area containing parking would be excluded when calculating minimum FAR.

The legislation would also establish the following tentative timeline for preparation and consideration of permanent legislation.

Task	Date
Draft legislation and environmental review (SEPA), including public outreach	January through May 2014
Publish SEPA decision	mid-May 2014
SEPA appeal period ends	June 2014
Mayor Transmits legislation to City Council (assuming no appeal)	early July 2014
Council deliberations, public hearing and vote	August 2014
Permanent regulations replace interim controls	September 2014

Background:

Under existing regulations, the City restricts the maximum FAR allowed in many zones throughout the city. However, no regulations currently exist that govern the minimum FAR that is required in any zone.

In 2013, Council and DPD received complaints on projects proposing structures that were significantly lower than the maximum FAR in pedestrian-oriented areas of the city. This phenomenon has occurred in the recent past. Common complaints regarding these low-density developments are that they:

- impact the existing and/or desired character of the neighborhood by creating an auto-oriented environment, diminishing activity adjacent to the sidewalk, and preventing a street wall that can frame the pedestrian environment,
- reduce the capacity of neighborhood business districts to provide goods and services and accommodate residents and commercial employees within a compact area,
- have a negative impact on the environment by encouraging greater use of automobiles, discouraging residents from walking to and within neighborhood centers, and making it more difficult to create transit-supportive densities and destinations, and
- conflict with Comprehensive Plan goals to create vibrant, pedestrian-oriented neighborhood centers that allow residents to satisfy their daily needs within close proximity to their homes.

Although decisions regarding development are driven by a diversity of market, financing, business strategy, and other decisions, underdevelopment of neighborhood commercial zones occur primarily due to:

- a perception that the increased costs of development will not be sufficient to justify expected increased returns;
- the increased complexity of developing mixed-use structures including different ownership types, financing approaches, and sales strategies; and
- the desire to develop a standardized store format consistent with development in other areas that may be lower density.

This third issue is particularly prevalent among large chain or retail companies, particularly convenience, grocery, fast food, and banks, which may have a formula for building that values fast expansion, single ownership, and consistency among urban and suburban stores.

Minimum FAR requirements have been used by other jurisdictions to ensure a minimum level of development in key areas, particularly where standard low-density, suburban-style development is not appropriate for a local context. The benefit of this approach is that cities can more accurately detail the type of development that they want in certain areas, helping to achieve long-term goals. A potential drawback of this approach is that it may limit redevelopment where property owners feel the real estate market is not sufficient to support higher densities. Additionally, it may disproportionately burden small-scale or low-income property owners that may not have sufficient funds to build multi-story buildings or may lack the expertise to develop mixed use buildings.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
Yes. This legislation may increase the size of development occurring on certain projects where the project might otherwise build below the minimum FAR and may limit development where property owners feel there is not a market for higher density development. These changes may result in developments that pay higher or lower permit fees or may even, in some cases, result in a property owner deciding not to build at all.
- b) **What is the financial cost of not implementing the legislation?**
None.
- c) **Does this legislation affect any departments besides the originating department?**
No.
- 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. As this legislation is proposed to be considered as emergency legislation, the City Council will hold a hearing after the legislation is passed.
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

g) Does this legislation affect a piece of property?

This legislation would affect lots with a pedestrian designation in Neighborhood Commercial zones within Urban Centers, Urban Villages, and the Station Area Overlay District.

h) Other Issues: None.

List attachments to the fiscal note below: Director's Report. September 3, 2013.