Housing Innovations Technical Report

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Existing Conditions: Housing Study

DOWNTOWN REGIONAL CENTER PLAN | OCTOBER 2024

PREPARED BY: SEVA WORKSHOP

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INTRODUCTION

Downtown Seattle is the workplace for 188,000 employees from across the region and, in recent decades, has expanded its role as a residential center as well. Today, Downtown is home to more than 47,000 residents (2023), and the 2024 One Seattle Comprehensive Plan anticipates that Downtown will become the city's largest residential center by 2044.[1] This transition from a commercial center to a thriving mixed-use heart for the region means that Downtown neighborhoods need to adapt their infrastructure, policies, and institutions to better support residents alongside workers.

Public engagement from this Regional Center planning process has revealed that housing unaffordability is one of the biggest challenges facing the Downtown community, and many current residents are at risk of displacement. Some Seattleites are reluctant to consider living Downtown due to safety concerns, poor overall neighborhood quality, and a lack of nearby services for families. Local developers in the project's stakeholder outreach series also identified barriers to residential projects Downtown, with the high costs of land acquisition and development making building anything other than luxury housing Downtown seem unrealistic in the current financial climate.

Today, 7% of Downtown households are considered low-income, 9% very low-income, and 24% extremely low-income. In addition, 34% of all households—regardless of income bracket—are cost burdened from housing.[2] Development costs are passed down to residents, so high acquisition and construction costs result in homes with high rent or sale prices. By investing in more housing options Downtown, the City of Seattle wants to expand affordable housing choices for current and future residents and ensure that the Downtown community is an epicenter of diversity in the region.

Living Downtown is a lifestyle choice and the residential population of Seattle's Downtown has increased significantly in recent decades.[3] This study explores three housing types that reflect community needs but are not found in the current pipeline of market-rate development for the area. Because these types typically require substantial subsidy or incentives to attain feasibility, the report also explores various

[1] OFM Population Estimates, 2023; Draft "One Seattle Comprehensive Plan, 2024.
[2] HUD data, 2016-2020. Low-income households are those with incomes > 50% ≤ 80% HAMFI (HUD-Area Median Family Income), Very low-income households are > 30% ≤ 50% HAMFI, and Extremely low-income households are ≤ 30% HAMFI. Cost burdened is defined as spending 30% or more of household income toward housing costs.
[3] See the Downtown Land Use report for figures, 35% increase in housing units across 7 years.

supports that could be provided by public agencies and community partners could provide to achieve the vision of a more inclusive Downtown.

Downtown neighborhoods hold valuable potential to meet future decades' housing needs. Current zoning allows for concentrated development that meet growth targets, but financial barriers and supportive neighborhood investments are needed to round out a vision of Downtown as a fully mixed-use center, offering a high quality of life to all current and future residents.

This study uses case study research and interviews to demonstrate the creative structures that can diversify and expand housing in Downtown Seattle. The three types of housing explored in this report are:

1) High Density Multifamily Transit-Oriented Development (TOD)
2) Live/Work Units in a Historic District
3) Midrise Multifamily for Multigenerational Living

Project Interviews

The individuals listed below participated in interviews with Seva Workshop staff to better explain their projects, challenges, and potential connections to the Downtown Regional Center Plan. Their comments are integrated throughout this report, and we thank them for their valuable insights.

- Kaitlin Boyce, Associate Principal at Spectrum Development Solutions
- Grace Kim, Principal at Schemata Workshop
- Wendy Holmes and Jessi Fett at Artspace
- Wendy Gilmore, Office Manager and Resident at Project Artaud

Policy Landscape

The below policies summarize the most recent and relevant policy updates in Seattle, relevant to housing development Downtown.

City Ordinance 126854 – Shortening Design Review Process for Affordable Housing

In July 2023, the Seattle City Council approved legislation to streamline the Design Review process and reduce the amount of time it takes for new affordable housing projects to get approved. Developers who comply with the Mandatory Housing Affordability (MHA) performance option of building affordable units onsite can choose the shorter Administrative Design Review rather than the full Design Review.[4] This policy was in place during the pandemic and proved successful at reducing barriers to building affordable housing, and this ordinance extended the policy for another two years.

In the Washington State Legislature, two bills passed that complement the city ordinance. HB 1293 shortens design review processes statewide and SB 5412 exempts new housing from the SEPA process. The Mayor's Office estimates that these policies combined could save affordable housing developers 12-15 months of regulatory process time.[5]

City Ordinance 126917 – 3rd Ave Residential Upzoning

In October 2023, the Seattle City Council changed zoning along a portion of 3rd Avenue from Downtown Retail Core (DRC) to Downtown Mixed Commercial (DMC) to encourage more residential units.[6] The changes apply to 11 parcels along 3rd Avenue between Stewart and Union Streets, as shown in Exhibit 1. Under the new zoning, buildings that were previously limited to 170 feet tall now have a maximum height limit of up to 440 feet, as shown in Exhibit 2. The area is subject to MHA requirements, so any commercial or residential development built will need to include affordable units (performance option) or contribute to the City's fund to build affordable housing citywide (payment option).

The goals of the rezone are to encourage more high-rise development and incentivize a new school Downtown.[7] Building an elementary school Downtown has been a topic of conversation for years, but recent budget shortages and school closures may delay this vision. However, the rezone could allow for the future potential for a school thanks to podium height and residential tower height bonuses.

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[4] CB 126854, July 2023

[5] Housen, Jamie, "Mayor Harrell Advances Design Review Process Changes to Boost Long-Term Production of Affordable Housing," Office of the Mayor, 2023.

[6] CB 120632, September 2023

[7] Trumm, Doug, "Seattle Council Approves Batch of Harrell's Downtown Activation Plan Rezones," The Urbanist, 2023.

Exhibit 1: Downtown Rezone Allows for More Housing

Image source: The Seattle Times, from Seattle OPCD, 2023.

Exhibit 2: Zoning Change Comparison

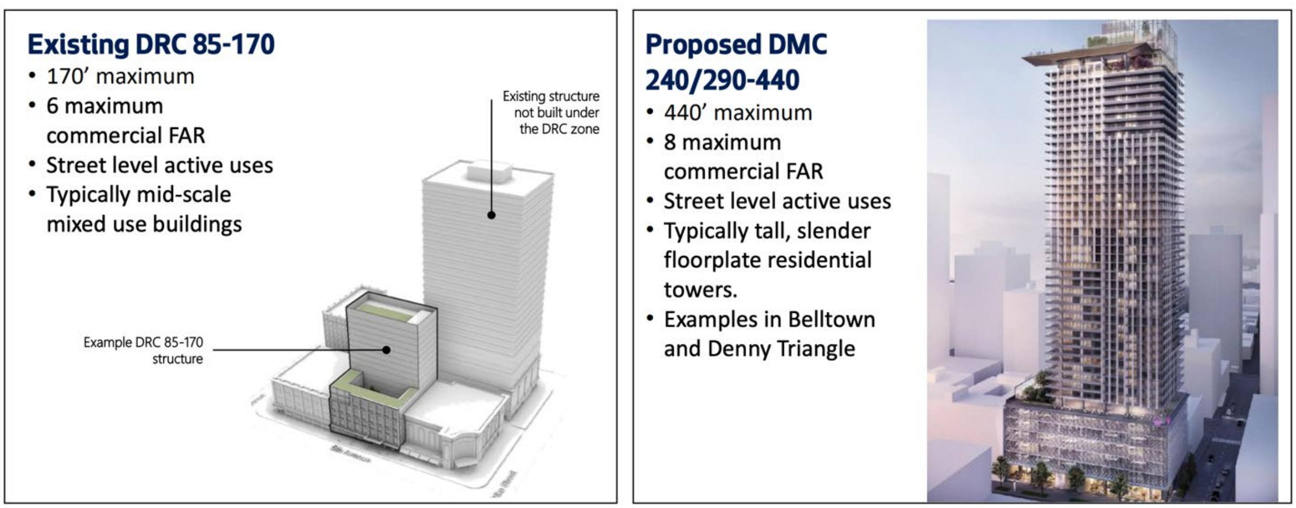

Image Source: The Urbanist, 2023.

City Ordinance 127054 – Office-to-residential Conversion

In July 2024, the Seattle City Council approved legislation to support the conversion of existing office buildings to residential use. Downtown Seattle has experienced high vacancy rates, estimated at 25.6% in the fourth quarter of 2023, and this legislation reduces regulatory barriers in hopes of creating more housing in currently vacant office space.[8]

This new legislation applies in all Downtown zones, all Commercial (C) and Neighborhood Commercial (NC) zones, and all Seattle Mixed (SM) zones. To encourage development, conversion projects are exempt from Design Review standards and MHA requirements. The ordinance language anticipates that 12 projects will be converted into housing Downtown over the next seven years; the City will monitor their success and consider adjustments or expansions to the program, as appropriate.[9]

TYPE 1: HIGH-DENSITY MULTIFAMILY TOD

This project type addresses the need for additional family-oriented housing Downtown. These units should aim to hit a range of affordability levels and are most likely to be rentals, although a mix of ownership and rental projects could be beneficial. Integration of mixed uses would also allow for maximized community benefit. Implementation of projects that meet this description would be expected at light rail station areas or along the 3rd Avenue bus corridor.

Key Characteristics:

- High-rise multifamily project near a Downtown transit hub
- Inclusive of larger units, with at least 2 or 3 bedrooms
- Example residents: Family who wants a car-free lifestyle with access to Downtown's employment opportunities and urban amenities

Case study examples:

- Orenda at Othello Square
- Station House in Capitol Hill

8 Office Vacancy Rate from Colliers Seattle Office Report, Q4 2023
9 CB 120761, July 2024

Case Study 1.1: Orenda at Othello Square

Completed in 2021

176 rental units
40% income-restricted

49,000 SF
Healthcare/Childcare

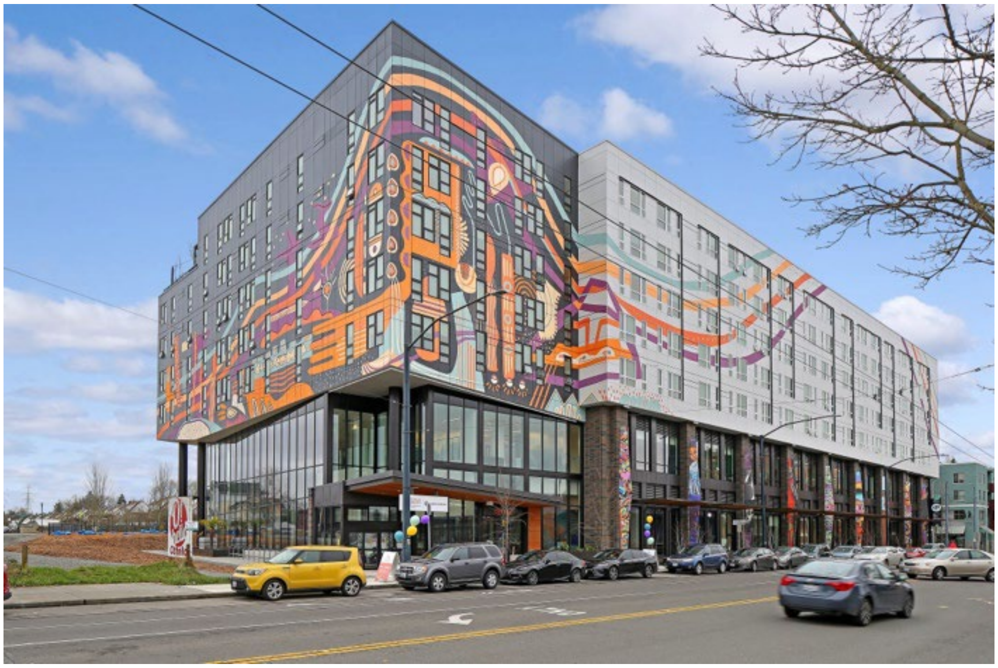

Image Source: Spectrum Development Solutions

Project Description

Orenda at Othello Square is a mixed-use, mixed-income TOD building near the Othello light rail station in South Seattle. Orenda offers 176 rental units across seven floors that range from studios to 3-bedroom apartments, accommodating a range of family sizes. Seventy-two units are affordable for households between 65-80% AMI and will remain affordable for at least 20 years, made possible through the Multifamily Tax Exemption (MFTE) and an impact equity investment from Seattle Children's Hospital.

The project was partially financed through a HUD 221(d)(4) loan program which offers a 40-year fixed-rate loan that bridges from construction through occupancy.[10] Traditionally, construction loans convert to permanent financing, so this HUD loan was essential for securing a guaranteed long-term repayment rate from the onset of the project. This ended up having an outsized benefit for project finances, given the fluctuation in interest rates that happened between 2021 and 2023.

The building's development was part of a master planning process for the Othello station area which has included extensive community engagement. Community feedback led to the inclusion of more family-sized units and a suite of amenities in this project and on adjacent sites that offer supportive services for youth. The ground floor of this building houses the Odessa Brown Children's Clinic, part of the Seattle Children's network of providers. It includes both a primary care clinic and a dental office. There is also a Tiny Tots childcare center offering onsite daycare for residents or employees. Next to the Orenda site is the Salish Sea Elementary School, which opened in 2021.

Challenges and Takeaways:

In our interview, Spectrum Development Solutions identified several project challenges for this unique development:

- **Mixed-use properties present unique complexities in design and operation**. This project has experienced extra challenges with maintaining safe and convenient access for both residents and the healthcare/childcare uses. Fire separation between these uses is also an issue, and there has been at least one instance where a small kitchen fire in a residential unit led to sprinkler deployment in the clinic, causing damage to expensive medical equipment. Another area of conflict has been parking – securing spaces that meet the needs of both tenants and employees required extra negotiations and trial and error to establish a workable routine. **Spectrum notes that a key to the project's ongoing success was a lengthy but clear delineation of ownership and**

[10] https://www.hud.gov/program_offices/housing/mfh/progdesc/rentcoophsg221d3n4

responsibilities between the building owners and commercial space owners (Seattle Children's) at the project's onset.

- **Inclusion of larger rental units does not ensure that families will occupy them**. Fair housing laws restrict how much a building's owner can "choose" their tenants, provided the applicant meets qualifications. Despite affirmative marketing campaigns and the inclusion of family-oriented amenities, Spectrum notes that many of their larger units are occupied by adult roommates rather than families with children. They report some success with the vision that employees at the healthcare clinic could live in the building. **The units are still meeting a need for housing that exists in the community, but it isn't precisely matching the intention of the build.**
- **The property was built as part of a master planned development site, but other projects from the coordinated vision are stalled.** The Orenda project was intended to couple with the school site (built), an "Opportunity Center" combining community serving commercial space and affordable rental units (stalled), an affordable homeownership project (stalled), and a shared plaza for community gathering (stalled).[11] The construction timeline for the unrealized buildings in the development is unclear at the time of this report due to administrative complications, environmental cleanup, and pandemic cost increases,[12] leaving the residents of Orenda on a block that feels unfinished for the foreseeable future. HomeSight reports that financing challenges have also contributed to their delay, as appetite for risk associated with unconventional project profiles impacted their plans during the pandemic. They have restructured the financing plans and continue moving forward but have also found the HUD financing partnership to be administratively onerous. **Monthly meetings between these development partners continue, but ultimately the owners of Orenda do not have the power to realize the full vision of the site.**

[11] Homesight, "Othello Square," 2024.
[12] South Seattle Emerald, 2021.

Case Study 1.2: Station House in Capitol Hill

Completed in 2020

110 rental units
100% income-restricted

Offers a 1,400-square-foot community room for rent

Image Source: Community Roots Housing

Project Description

Station House is an affordable housing development directly adjacent to the Capitol Hill light rail station. Spread across seven floors, all 110 units are affordable to households with incomes of 30-60% AMI and range in size from studios to 3-bedroom apartments. Sound Transit sold land adjacent to the station to Community Roots Housing, a local affordable housing developer. Residents enjoy direct access to the light rail, along with shared amenities such as a rooftop lounge, BBQ space, garden area/pea patch, bike storage, and 1,400 square foot ground level community room.

> ***"In Seattle, low-wage workers and communities of color are pushed out to suburbs where bus service is often reliable and infrequent. They're forced to absorb the costs of car ownership, or they have to spend hours commuting to work by transit. That's why we need transit agencies like Sound Transit to do everything in their power to site affordable housing near transit hubs." - Katie Wilson, General Secretary of the Transit Riders Union***[13]

The collection of four TOD buildings around the station, including Station House, were funded through the Seattle Housing Levy ($8.7 million), King County ($4.7 million for construction), and pre-development funding from Impact Capital and KeyBank.[14] While this building is not mixed use in its program, it is located directly adjacent to many commercial spaces offering walkability to restaurants and grocery stores for tenants.

Challenges and Takeaways:

- **Capitol Hill's station area development process led to the development of Washington's 80-80-80 policy, which requires transit agencies to support affordable housing development at new station areas by land donation**. [15] For Station House, Community Roots Housing purchase land without discount, although it can be noted that the market-rate developers for Connection on Broadway (the remaining 3 of 4 TOD sites in Capitol Hill) were only offered land leases rather than an option to purchase. Today, Sound Transit must transfer 80% of land used for light rail construction staging to developers who will make at least 80% of new units on the TOD site affordable to households at or below 80% AMI. **With this policy in place the potential/tentative new light rail stations from the Ballard Link Extension project proposed in Denny, the CID, and Midtown will result in significant affordable housing development and offer the opportunity for a coordinated station area program.**[16]

[13] "This Seattle Affordable Housing Project Is a Transit Rider's Dream," July 2021
[14] Edlen & Co., "Capitol Hill Station Development," 2021.
[15] RCW 81.112.350
[16] https://www.soundtransit.org/system-expansion/ballard-link-extension

- **Schemata staff echoed concerns heard from the Orenda project, that larger unit sizes do not guarantee family tenants.** As experienced in Othello, the 3-bedroom units in Station House, though very popular, are often occupied by individuals living as roommates rather than the intended family occupants. Schemata staff also mentioned that the use of units as short-term rentals (e.g. Airbnb) has been a concern. Lease agreements should cite the Seattle regulations for short-term rentals, which restrict operators to a maximum of two properties if one is their primary residence. **Ensuring affordable housing units relieve cost burden for low-income households should be the top priority for unit design and lease structure, regardless of the makeup of the household(s) in the unit.**

TYPE 2: LIVE/WORK UNITS IN A HISTORIC DISTRICT

Downtown neighborhoods like Pioneer Square and the CID have galleries and creative space centered around the arts, but affordable housing is scarce. Live/work units provide flexible and affordable space for artists to support their livelihoods and build community with other artists. This section describes examples of live/work developments in historic districts, taking into account building retrofits and historic preservation regulations.

Key Characteristics:

- Adaptive reuse of an existing historic building for a residential purpose, with a focus on either Pioneer Square or the CID
- Units are designed as live/work spaces for artists
- Example residents: a local artist with a child and partner who shows in multiple nearby galleries and teaches at Pratt

Case study examples:

- Tashiro Kaplan Artist Lofts in Pioneer Square
- Project Artaud in San Francisco

Case Study 2.1: Tashiro Kaplan Artist Lofts in Pioneer Square

Completed in 2004

50 live/work rental units 100% income-restricted

28 commercial arts-related entities on ground floor

Tashiro-Kaplan building in early 1900s
Image source: Artspace, 2024.

Present-day building with 6 stories of housing for artists and their families, gallery space, and studios.
Image source: Art&Seek, 2014.

Project Description

The Tashiro Kaplan Artist Lofts houses 50 artists and their families in the historic district of Pioneer Square. The building was previously two separate structures and was formerly occupied by a hardware shop, farmers market, social services, and was used as a staging ground for the 3rd Ave bus tunnel. Community activism and an initiative of the City of Seattle Office of Planning and Community Development led to the site's redevelopment as a 6-story building with 1-, 2-, and 3-bedroom units. The project was designed to address an identified need to preserve housing Downtown for the artist community.

Given the site's age, the conversion to housing included upgraded ADA accessibility, seismic retrofits, and life safety systems. Following historic preservation regulations, the bronze pivot windows, stucco beams, and columns of the original façade were replicated with modern materials to mimic the original external aesthetics.[17] All 50 units are income-restricted affordable housing, available to households with incomes of 30-60% AMI. When prospective renters apply for housing, they are asked to describe their art form, identify how this type of live/work space would benefit their practice, and confirm expectations about common living and shared areas. This process allows the building to maintain its preference for artist tenants. On the ground floor, 28 commercial arts-related entities operate, including 15 independent galleries. Many of the galleries are open to the public on certain days and participate in the First Thursday Art Walk in Pioneer Square every month, providing cultural anchors for the arts community and visitors alike.

> ***"Artists stabilize neighborhoods, add people on the street—a huge public safety factor—and bring in new businesses to cater to those artists and the visitors they attract. There's growing awareness nationally of the ways in which artists make neighborhoods vibrant."***
> ***- Jim Kelley, former Executive Director of 4Culture[18]***

The Tashiro Kaplan Artist Lofts project was developed by Artspace, an organization whose mission is to "create, foster, and preserve space for the creative sector." They respond to community requests for project support in 23 states across the country. Outside of Minneapolis, where Artspace is headquartered, all units are rentals. In addition to creating affordable housing, they provide technical assistance and help artists fill out paperwork, a burden common to artists because of their varied sources of income. Their work is grassroots-oriented – they operate in communities where they are invited rather than seeking out properties for redevelopment.

[17] Berkman, Madeline, The Tashiro Kaplan Building: A Case Study, 2021.
[18] Lefevre, Camille, "Is affordable artist live/work housing the new normal?", 2016

Artspace leverages a range of funding sources and incentive programs to make their projects feasible. While not all were used in the Tashiro development, funding sources that can be used for live/work developments include the Washington State Department of Commerce Housing Trust Fund and their HOME Rental Development Program, City and County Economic Development Funds, Federal Home Loan Banks, LIHTC, Tax Increment Financing, and Historic Tax Credits (for historic buildings). Philanthropic funding sources contributed 5-15% of project costs and include 4Culture, Paul G. Allen Family Foundation, Building for the Arts, Raynier Institute & Foundation, Seattle Foundation, South Downtown Foundation, U.S. Bancorp Foundation, and Washington Mutual Foundation.[19]

Challenges and Takeaways:

- **Land acquisition costs is a key barrier to development in high-cost markets like Downtown Seattle.** Artspace staff note that land donation or discounted transfers is key to their work in expensive areas, and this was integral for the Tashiro project.[20] This concept is reflected in workforce housing projects, when employers will secure housing for their employees at rates that are better matched to their income than can be found in private markets. A development in Downtown Denver is spearheading an urban model for this concept, pairing a large commercial office site with income-restricted workforce housing on a centrally located Downtown site. [21] **Creative development models provide inspiration for offering permanently affordable housing for specific groups, like artists.**
- **Federal legislation has paved the way to make artist-specific housing possible**. Fair housing legislation restricts a building owner from discriminating against tenants based on a number of factors, such as race and disability status. A special exception, however, has been included in this policy language that allows for projects to have a special focus on creative sectors. Section 42 of the U.S. Tax Code states that "a project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants who are involved in artistic or literary activities."[22] **Because of this exemption, it is legal to give housing preference to people who take part in creative pursuits.**

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[19] Artspace, Tashiro Kaplan Artist Lofts, 2024.
[20] King County previously owned the property site and sold it to Artspace for $1.2 million, despite valuation for $3 million at the time.
[21] https://www.denverurbanspectrum.com/2024/07/31/new-workforce-housing-development-coming-to-downtown-denver/
[22] Cornell Law School, U.S. Tax Code, 2024.

Case Study 2.2: Project Artaud in San Francisco

Completed in 1971

79 live/work rental units

4 performance spaces and 10 creative non-profits on-site

American Can Company factory in 1929
Image source: San Francisco Public Library

Present-day Project Artaud
Image source: Project Artaud

Project Description

Project Artaud is San Francisco's first live/work project, developed in the city's Mission District in the historic American Can Company factory building, now home to over 100 artists of all disciplines. The core of Project Artaud's identity originated in the theater community, but now has equal representation from all the arts. The 79 live/work units occupy 3 floors of the historic and commercial space is occupied by performance and rehearsal spaces, as well as a flexible space for short- and long-term artistic residencies. The residential units are priced well below market rate, but renting at Project Artaud is not income restricted.

A non-profit organization, also called Project Artaud, runs the building and raises money through grants, member dues, and rental income. The building itself was originally purchased through a loan made possible by a down payment from a private individual, which Project Artaud paid off over the course of a decade. Building management is composed of a board of directors who also live in the building. Member dues create a self-sustaining model where residents contribute to a fund to cover general expenses. Decisions are built on consensus, with changes to bylaws and house rules determined by a collective vote.

Because Project Artaud is resident-driven, there are many admin and maintenance tasks that resident volunteers take on. Rents in the building are about one quarter to one half of neighboring rates for comparable unit sizes because residents do most of the building upkeep themselves.

> ***"Giving people agency and control over their lives makes them more invested."***
> ***- Wendy Gilmore, office manager and resident at Project Artaud***

A unique aspect of Project Artaud's financials is the passing along of home repair costs to the next tenant. Residents are not able to make money from improving their unit, but they can recoup the costs. If a resident replaces a toilet, for example, they pay out of pocket and get reimbursed by the incoming tenant for the toilet when they leave. As such, each unit is unique in its design and price, based upon the previous tenants' upgrades.

As a non-profit, Project Artaud is allowed to host income-generating activities in its building, so they rent out four performing arts spaces and a sculpture studio to non-residents. They offer short and long-term residencies for these spaces, which individuals and partner organizations use for studio space, shows, workshops, and events. Rents here are higher than in the residential spaces, yet not as high as prevailing market rates in San Francisco in keeping with their mission to serve the arts community. This expands the ways in which the building offers community benefits and acts as a creative stronghold in the neighborhood.

Challenges and Takeaways:

- **Project Artaud's status as a non-profit entity allows more flexibility in project design and function**. The building was originally purchased by a philanthropic funder and operation as a non-profit means that they do not have to follow predetermined income thresholds or tenant selection processes. They can operate their commercial spaces for a profit that, in turn, benefits the non-profit entity. **This building was purchased in 1971, however, and replication of this model is challenging with the cost of buildings in today's financial climate.**
- **Rents are reduced in exchange for a high level of participation from residents in the maintenance and care of the building.** Not all tenants are interested in playing this role, however, leading to friction among the Board and its members. Even for those willing to put in the time, it can be a challenge to expertly maintain and care for historic structures. **Running a highly involved, tenant-run building program is difficult and requires a strong collective of invested individuals.**

TYPE 3: MIDRISE MULTIFAMILY FOR MULTIGENERATIONAL LIVING

Most new housing units built in Seattle have been studios and one-bedroom units, which doesn’t accommodate multigenerational families. This third housing type creates opportunities for families to live together Downtown. Particularly in neighborhoods like the CID that have large elder populations, multigenerational housing is essential for keeping residents and families in place. Another aspect of this model is long-term rentals or homeownership to improve stability and resist displacement.

Key Characteristics:

- Midrise buildings with a range of unit sizes
- Creative ownership opportunities or management structures that encourage longevity within the neighborhood for tenants
- Focus on application in the CID neighborhood
- Example residents: multigenerational households with longstanding ties to the CID looking to live in the neighborhood, but facing displacement risk

Case study examples:

- Capitol Hill Urban Cohousing
- Columbus United Cooperative in San Francisco

Case Study 3.1: Capitol Hill Urban Cohousing

Completed in 2016

9 long-term rental units

Shared rooftop garden, community kitchen, and courtyard

View of shared interior courtyard and units that face each other

Image source: Architizer

Shared rooftop garden overlooking Downtown Seattle

Image source: Berger Partnership

Project Description

Capitol Hill Urban Cohousing (CHUC) is a 9-unit, 5-story development with a shared management model, where building decisions are participatory and made through resident consensus. The family-sized units (2- and 3-bedrooms) encourage multigenerational living in an urban setting. Many cohousing communities are lower density, suburban, and include expensive ownership housing units. CHUC, however, is only 9 units, located in an urban setting, and under a long-term rental model that aims keep its pricing at lower-than-market rates. Project architect and resident, Grace Kim, said that this size of building is a good fit for cohousing projects and is well-sized for many of Seattle's lowrise or midrise density zones.

CHUC is an example of a successful cohousing community that fits within a denser urban fabric. Residents enjoy shared access to a rooftop farm, outdoor seating area, central courtyard, bike parking, and a common area with a large kitchen and dining room. The open space and courtyards make the building attractive for families because children can play in shared spaces with neighborly supervision. Compared to single-family neighborhoods with fences and private yards, this multifamily cohousing model allows for an expansion of the nuclear household where neighbors offer community support.

The property was originally purchased and developed by Schemata Workshop and operates under a long-term rental model. The long-term rental model, in contrast to an ownership building, allowed the project to take advantage of the MFTE program where 2 of the 9 units are dedicated as income-restricted affordable. However, at the time it was built the City did not require the provision of affordable housing—Schemata chose this model because of their values.

> ***"The City should get out of the way, cut down on unnecessary regulations, and make it easier for developers to create sustainable and affordable housing."***
> ***-Grace Kim, Schemata Workshop***

Challenges and Takeaways:

- **The design review process added time and complexity to the development process**. Schemata staff describe the design review process as "onerous." They were required to fight for the ability to include a higher percentage of shared open spaces, lengthening their review and approval cycle. **Discretionary review cycles can be tough for projects that are making decisions outside of the norm and feel punitive toward those pursuing creativity and innovation in housing development.**
- **When developed, there was no requirement for affordable housing in the zoning code.** This led Schemata down a challenging and cumbersome process of

understanding the regulations and incentive programs that were available to help align with their vision of providing affordability in an expensive area. The decision to include affordable units and larger unit sizes do not fit development norms in Seattle and reduce the profit margin of multifamily buildings, but the larger units in CHUC remain in high demand. The integration of MHA policy in this neighborhood addresses the need for inclusionary housing policy, although a building as small as CHUC today is only required to include 1 affordable unit – or can forego inclusion by paying a fee. **Without policy and financial support, relying on developer initiative is unlikely to result in the creation of a large number of projects that resemble this multifamily cohousing model.**

Case Study 3.2: Columbus United Cooperative in San Francisco

Completed in 2006

21 ownership units

Preserved in historic Chinatown through community activism

21 housing units above the Asian Law Caucus

Image source: San Francisco Community Land Trust

Chinese residents enjoy their renovated apartments at 53 Columbus Avenue

Image source: SFGATE, 2009

Project Description

The Columbus United Cooperative is a 21-unit, 3-story mixed-use building in San Francisco's historic Chinatown neighborhood. The building was at risk of demolition in the early 2000s as a nearby local college looked to expand its campus.[23] The building's low-income Chinese American tenants organized with the Asian Law Caucus and Chinatown Community Development Center to fight eviction. They won, and the property is now owned by the San Francisco Community Land Trust (SFCLT) who commissioned seismic retrofits and other needed renovations through city-funded programs and private financing. The Asian Law Caucus occupies the ground floor, and the building still houses original residents.[24]

The building operates under a limited equity co-op model, which offers homeownership opportunities that maintain an income-restricted status in perpetuity, while SFCLT owns the land. When a resident moves out, they resell their unit up to a pre-determined price ceiling to retain affordability for the next owner. Price ceilings reflect changes to the market, so owners will never lose money by living in the co-op (although their financial gains are capped, in contrast to ownership in a traditional condominium). Residents also pay monthly fees to cover building costs such as property taxes, maintenance, and insurance.

The land trust model is one approach to offering homeownership opportunities for low-income households. In an urban area such as San Francisco which has experienced widespread gentrification and displacement, ownership offers residents the opportunity to benefit from the value increases they help create as members of the community. In San Francisco's Chinatown, where many residents are immigrants with limited English proficiency, access to property ownership is a big challenge.

> ***"We have very stable, very secure housing for low-income people. They're free to use their money in other ways, like to educate children or start a small business."***
> ***– Amy Beinart, former Organizational Director at SFCLT[25]***

The Columbus United Cooperative is an excellent example of successful community organizing combatting displacement pressure in an urban neighborhood. Without intervention, the long-term Chinese tenants would have been displaced. Now, thanks to the limited equity co-op model, residents can remain in place for an affordable price and benefit from community land value increases over time.

[23] Paul, Cory, "Chinatown land trust helps low-income housing," SFGATE, 2009.
[24] San Francisco Community Land Trust, 2024.
[25] Paul, Cory, "Chinatown land trust helps low-income housing," SFGATE, 2009.

Challenges and Takeaways:

- **Displacement of the cultural communities that define a neighborhood's identity creates harmful ripple effects that can be challenging to quantify**. Fighting the redevelopment of property and displacement of long-term residents in urban neighborhoods is expensive and requires a depth of legal understanding that many immigrant communities do not have access to. Retrofitting older buildings to meet seismic codes is also expensive and difficult. Those who build and manage low-income housing within neighborhoods defined by immigrant identities, such as Seattle's CID, are limited in their ability to ensure that tenants reflect the area's cultural communities of origin. **Affirmative marketing strategies and right to return policies are examples of approaches that help address the desire to maintain the cultural identity of a neighborhood.**
- **Without community partnerships, vulnerable residents are more susceptible to displacement.** Partnerships were a big reason for the success of this project. The Asian Law Caucus and Chinatown Community Development Center supported low-income residents and used their advocacy expertise to keep their neighbors in place. Additionally, SFCLT played an influential role in acquiring the property so it could remain permanently affordable. **Community land trusts are a proven strategy for integrating affordable homeownership within a historic district.**

CONCLUSIONS AND TAKEAWAYS

It is challenging to maintain affordability and inclusivity in residential housing when it's located in an attractive and successful Downtown neighborhood. These areas are often among a city's most expensive properties and interventions are needed to ensure that the heart of a city is accessible to families, artists, and a wide and diverse range of cultural communities. The case studies outlined in this report highlight three different models for housing that can accommodate these groups within Seattle's Downtown fabric. A few overarching takeaways include:

- Many of these projects are described by their developers as unique "unicorns," defying conventional models for residential projects. One-off projects can serve important purposes but are limited in their scale of impact. The City will have to weigh the cost and benefit of financial support for niche projects (such as midrise artist lofts and culturally specific co-ops) and broader policy initiatives (such as affordable housing legislation and high-density TOD funding).
- Fair housing legislation protects tenant rights and makes it challenging to predetermine desired tenant types. Units that may be intended for family households or members of a certain cultural community cannot be legally

designated as such. A policy exemption for creative sectors does help allow for housing specifically for artists.

- Design review is seen as a barrier to success for innovative projects. Atypical design choices can lead to lengthy design reviews, even if the choices support broader citywide goals such as long-term rentals and affordable housing. Reducing legislative and administrative barriers can help encourage innovation, as seen in recent policy making these changes for office to residential conversion projects. The City of Seattle is currently undergoing study and engagement related to its design review program, with aims to reduce barriers in the development process across the city.[26]
- Coordinated efforts between public agencies, non-profit partners, and values-aligned developers is the key to success for many of the identified case studies. Active effort on the part of government institutions helped make several of the identified case studies possible, such as the Kaplan Tashiro Lofts in Pioneer Square and Orenda in Othello. In other cases, like Project Artaud and Columbus United, grassroots efforts by community organizations and activists were key. In all cases, dedication, funding, and high levels of support were needed to realize the vision of the initiative.

[26] https://www.theurbanist.org/2024/08/26/seattle-inches-to-design-review-overhaul/