

INCENTIVE ZONING

Presented by City of Seattle Staff to the
Seattle Planning Commission

August 14, 2014

Agenda

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- Overview
- Washington State Law
- Seattle's Incentive Zoning
 - Where
 - General Framework
 - Current Developer Options
- Housing Needs
- Outcomes to Date
- 2014 Income Limits

Overview

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- Property owners may gain ***extra floor area*** beyond the ***base development limit*** up to a ***maximum development limit*** by providing ***public benefits***
- Base development is limited by:
 - ▣ Height, and/or
 - ▣ Floor Area Ratio (FAR) - number that when multiplied by lot size indicates maximum amount of non-exempt floor area allowed

Washington State Law

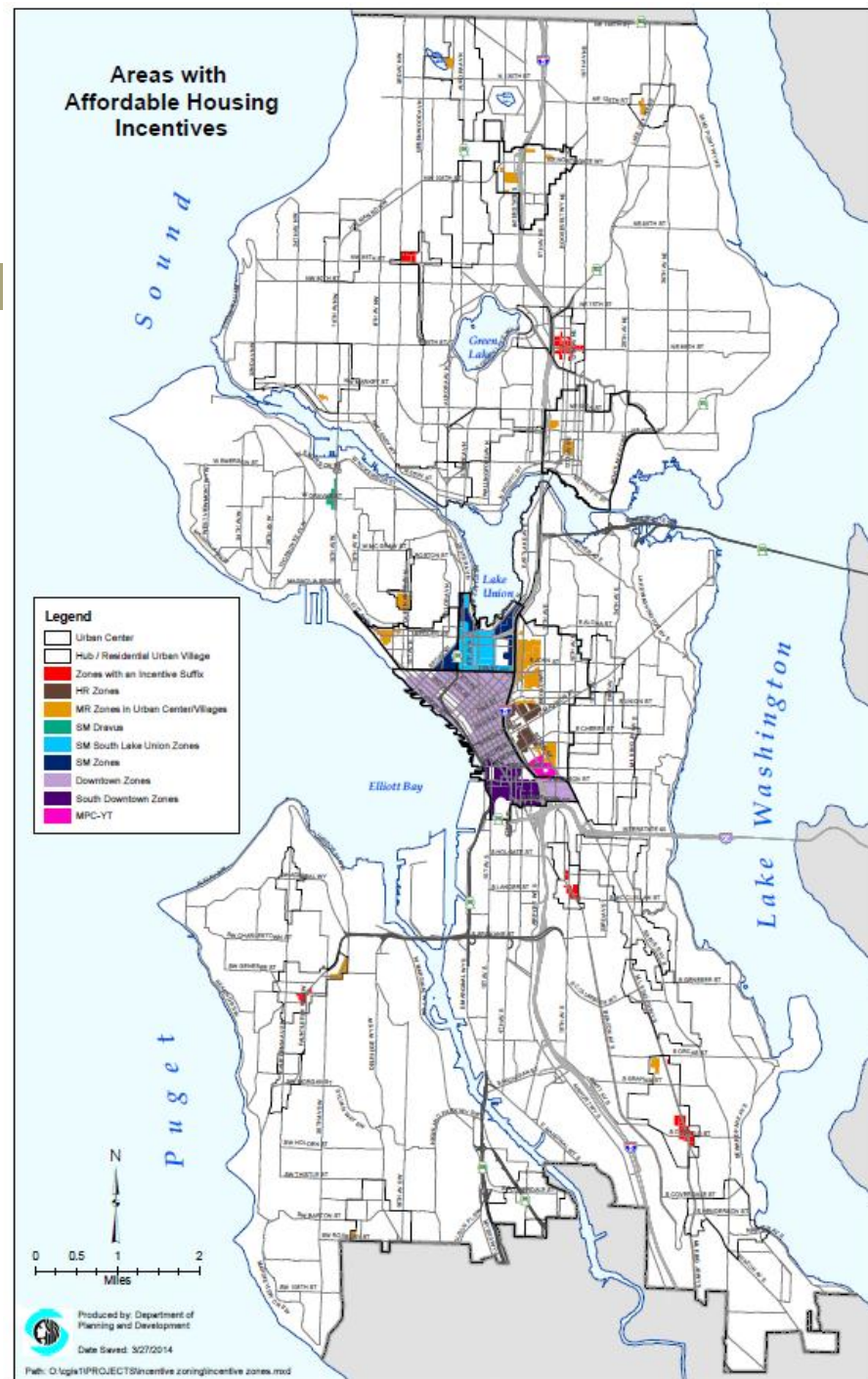
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- RCW 82.02.020
 - Authorizes voluntary agreements to mitigate a direct impact that has been identified as a consequence of a proposed development
 - Payments may only be expended to fund an agreed upon capital improvement to mitigate the identified, direct impact
 - Payments must be expended within 5 years of collection
- RCW 36.70A.540
 - Specifically incentives for affordable housing
 - Affordable housing must meet income and occupancy requirements (80% of AMI for rental and 100% of AMI for owner)
 - Minimum 50 year affordability term
 - Payment option must achieve result equal or better than on-site affordable housing, but not exceed cost of on-site affordable housing
 - Authorizes jurisdictions to establish a minimum amount of affordable housing that all residential developments being built under “revised regulations” must provide

Where

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- Downtown
- South Downtown
- South Lake Union
- Yesler Terrace
- Dravus (in SM/D/40-85 zones)
- First Hill (in HR zone)
- Urban Villages, Urban Centers, and Station Overlay District (e.g. MR zones)
- Other up-zoned areas



General Framework

- Ordinance 122882 (2008) established general incentive zoning framework, Chapter 23.58A (outside of Downtown and Yesler Terrace)
- Zones with height of 85 feet or less, public benefit is affordable housing
- Zones with height greater than 85 feet,
 - Commercial: 75% affordable housing/childcare, 25% other public benefits
 - Residential: 60% affordable housing, 40% other public benefits
- Exceptions
 - Lowrise: green building incentive only
 - Pike/Pine: preservation incentive only
 - Downtown residential: affordable housing incentive only
 - Yesler Terrace: unique program
 - SM/D/40-85: housing payment and performance – both options

Current Developer Options

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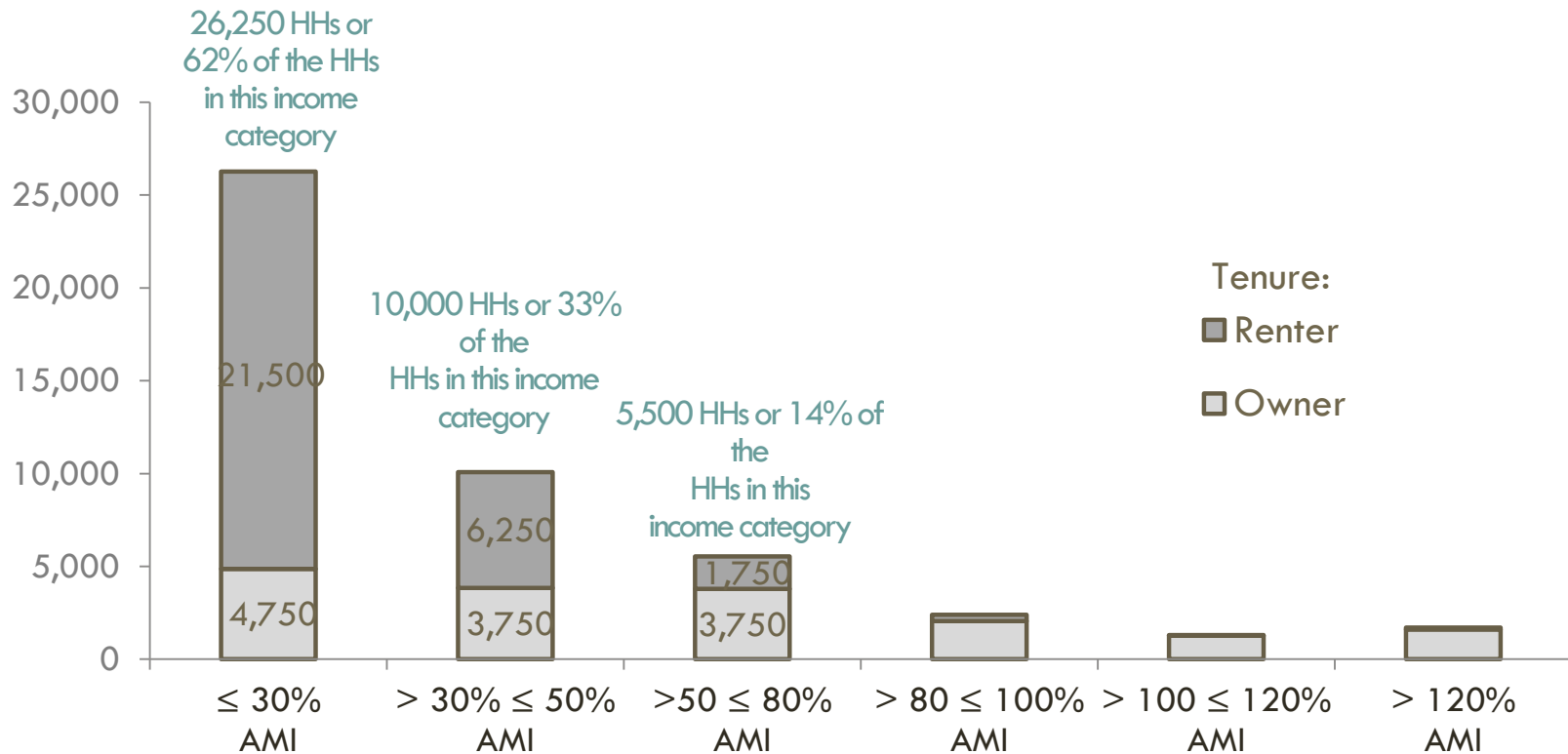
Housing & Childcare

- Housing/Childcare Bonus
 - ▣ Payment
 - ▣ Performance (required for residential development using IZ in zones $\leq 85'$)
 - On-Site
 - Off-Site
- Development Rights
 - ▣ Housing (option for non-residential development only)

Other Public Benefits

- Development Rights
 - ▣ Rural Development Credits
 - ▣ Landmark
 - ▣ South Downtown Historic
 - ▣ Open Space
- Amenity Bonus
 - ▣ Open Space (DT: urban plaza, parcel parks; Outside DT: neighborhood open space, mid-block corridor; All highrise IZ areas: green street improvements & setbacks; hillside terrace)
 - ▣ Hillclimb assists (DT)
 - ▣ Shopping corridors (DT)
 - ▣ Human services (DT)
 - ▣ Public restrooms (DT)
 - ▣ Landmark performing arts theaters (DT)
 - ▣ Transit station access for fixed rail facilities (DT)

Housing Needs – Severe Cost Burden

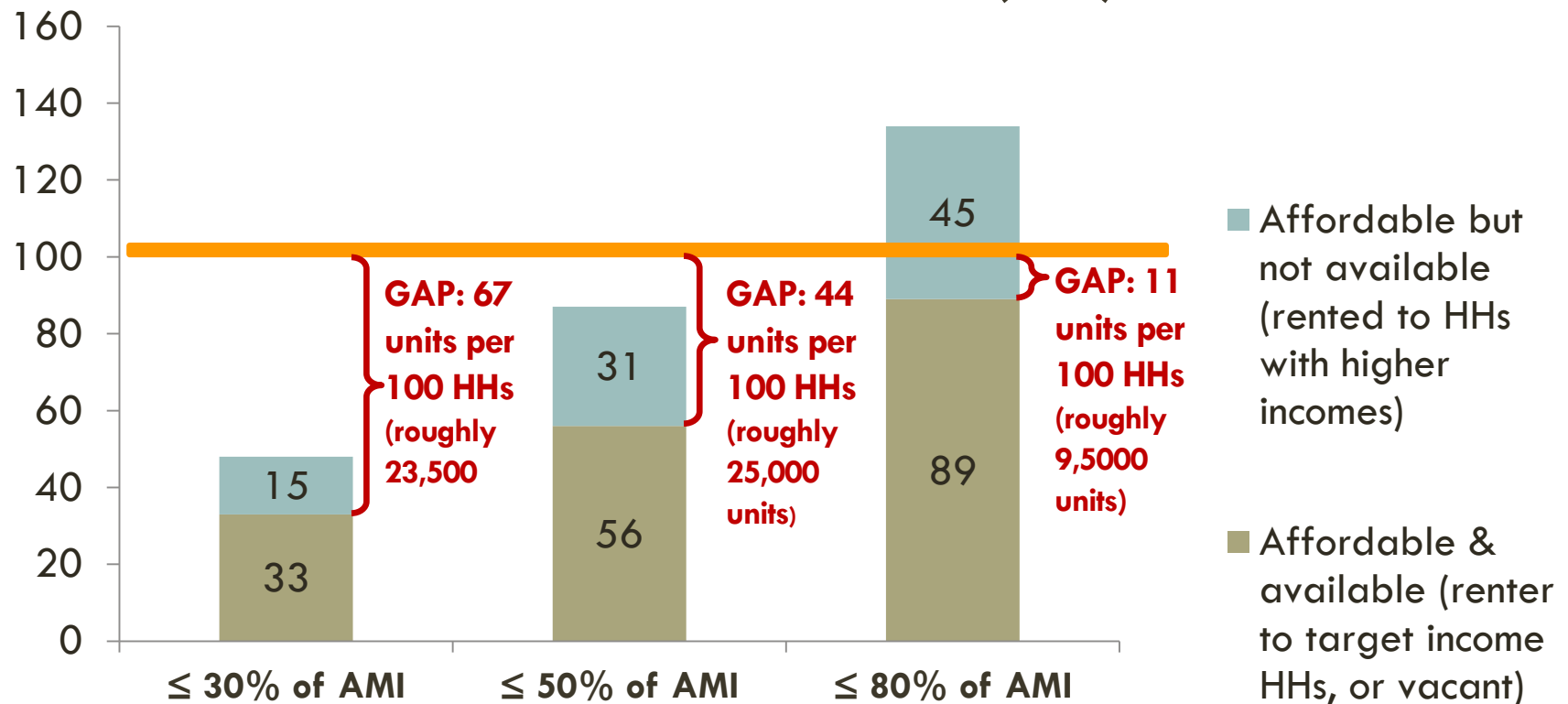


Source: HUD CHAS ACS 5-Year Estimates 2006-2010, Seattle city

Housing Needs – Affordability and Availability

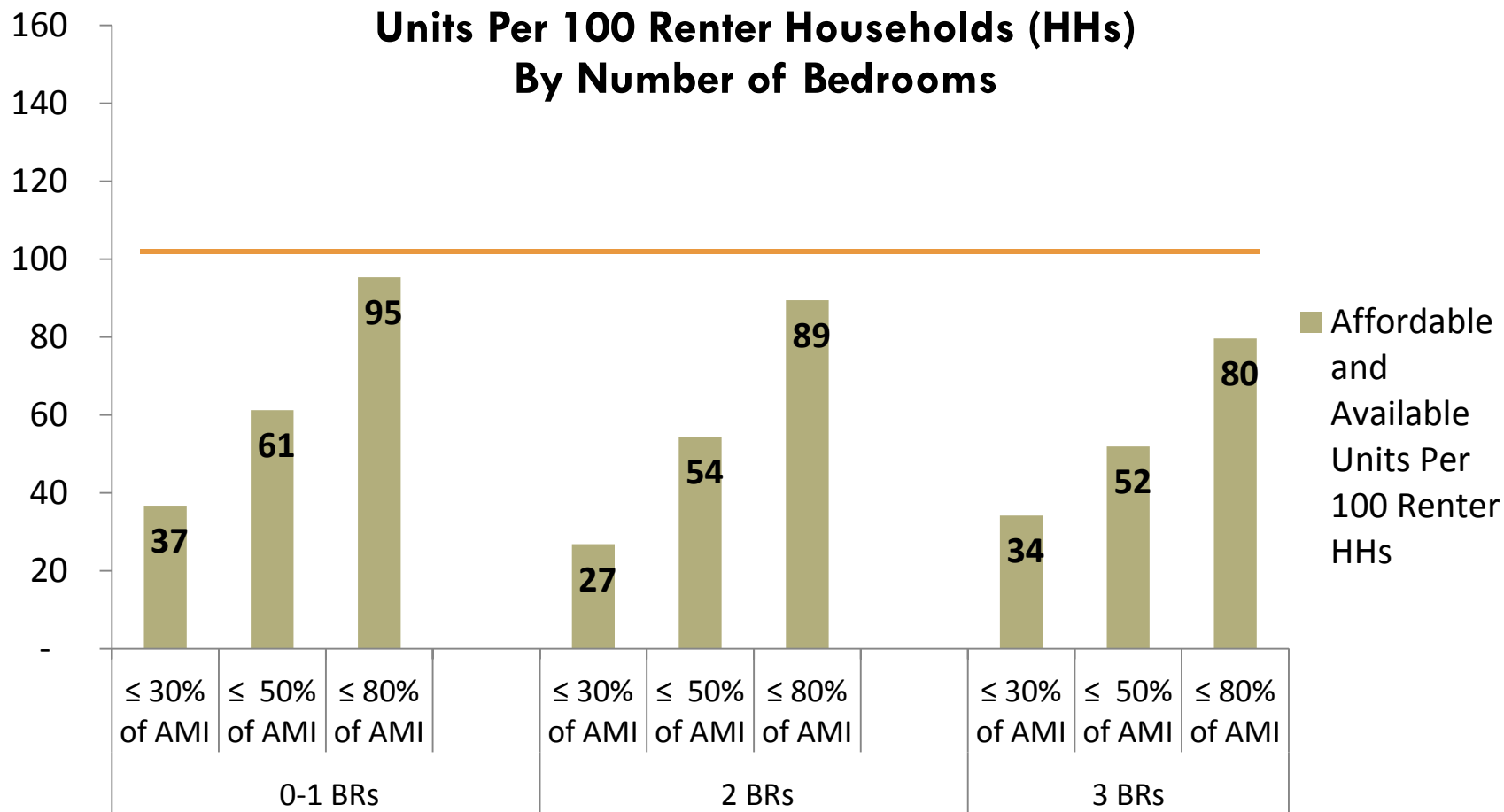
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Units Per 100 Renter Households (HHs)



Source: HUD CHAS ACS 5-Year Estimates 2006-2010, Seattle city

Housing Needs – Affordability and Availability



Source: HUD CHAS ACS 5-Year Estimates 2006-2010, Seattle city
(Estimates exclude rental units without complete facilities)

Outcomes – Housing Payment

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- Total = \$45.5M as of August 2014 (\$13.8M paid since January 2014)
 - Commercial bonus - \$41.0M
 - 15 downtown projects vested since July 2001
 - 2 SLU IC-zone projects vested since January 2008
 - 3 SLU SM-zone projects vested since June 2013
 - Residential bonus - \$4.4M
 - 3 downtown projects vested since May 2006
- Total Production
 - Committed/expended (capital & admin) = \$32.3M
 - 1,535 rental and owner units, including leverage

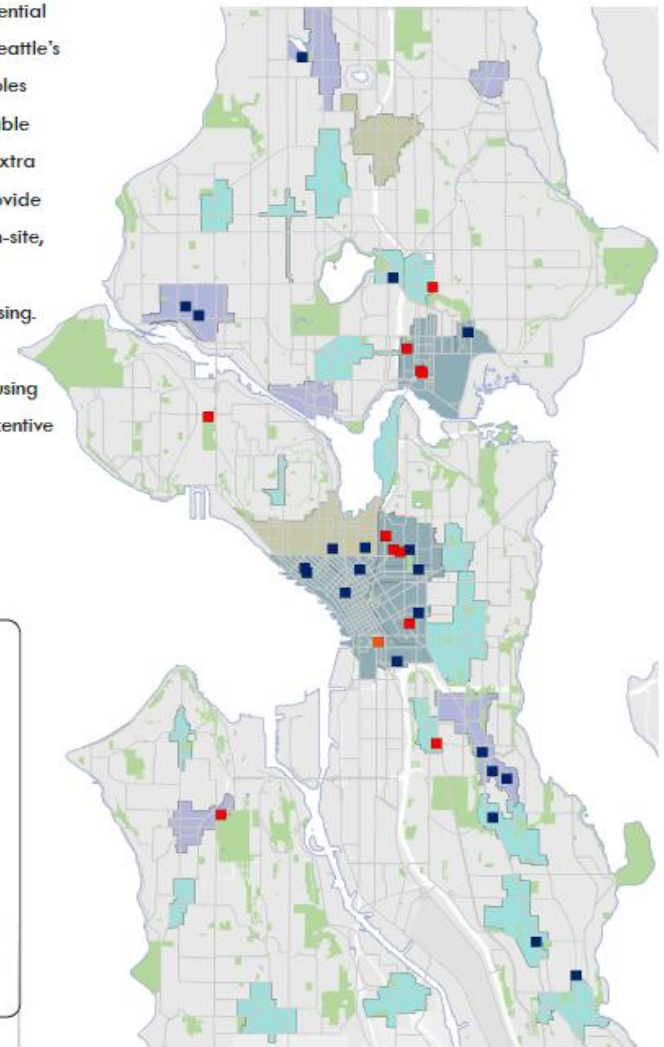
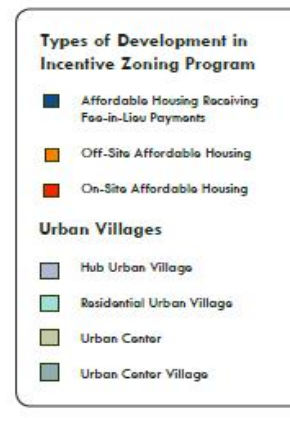
Outcomes – Housing Payment

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Developers' payments for affordable housing are awarded competitively by the Office of Housing. Highest priority locations are neighborhoods where the funds are generated and other growth areas, with special attention to sites near high-frequency transit.

The Residential and Non-Residential Bonus element of the City of Seattle's incentive zoning program enables developers to provide affordable housing units in exchange for extra floor area. Developers can provide the affordable housing units on-site, off-site, or through fee-in-lieu payments to the Office of Housing.

This map shows affordable housing produced through the City's incentive zoning since 2001.



Outcomes – Housing Performance

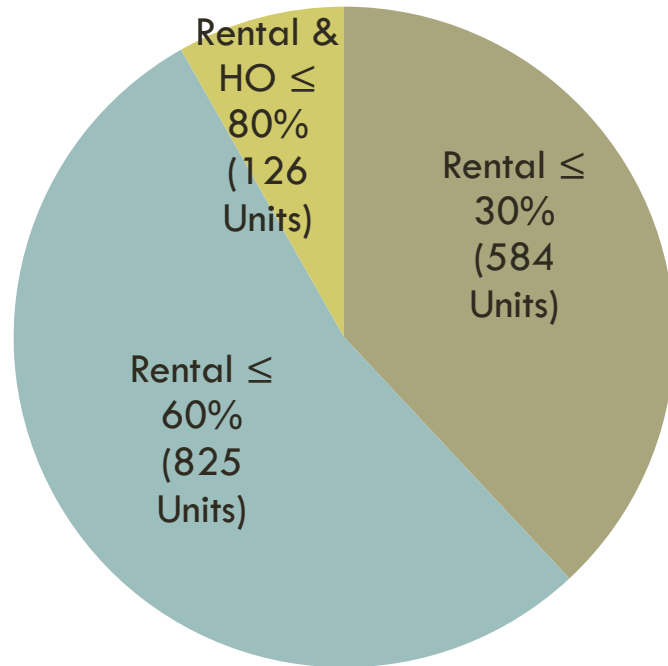
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- Required Performance
 - Off-site – \$4.5M for 15 units in 86-unit low-income housing development
 - Linkage between Stadium Place and Hirabayashi
 - On-site
 - 14 developments totaling 1,131 housing units
 - 46 affordable units
 - Average set-aside of 4.1% of total units, or 3 units per project
- Optional Performance (SM/D/40-85 zone)
 - On-site – 1 development totaling 268 housing units including 21 affordable units (8.9% of total)

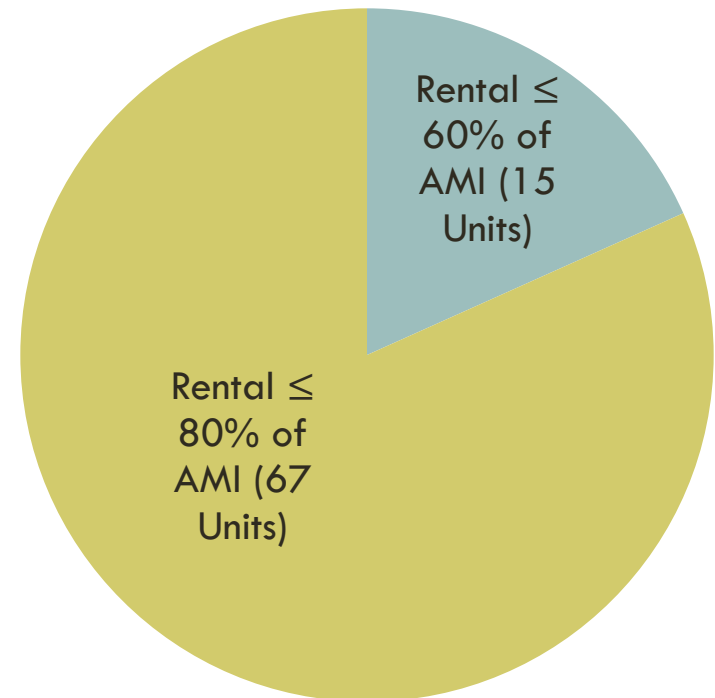
Housing – Incomes Served

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Payment

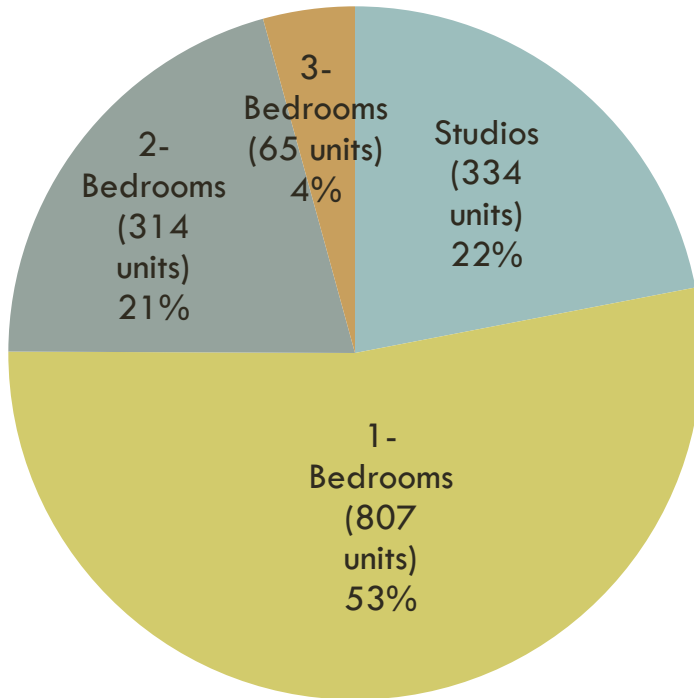


Performance

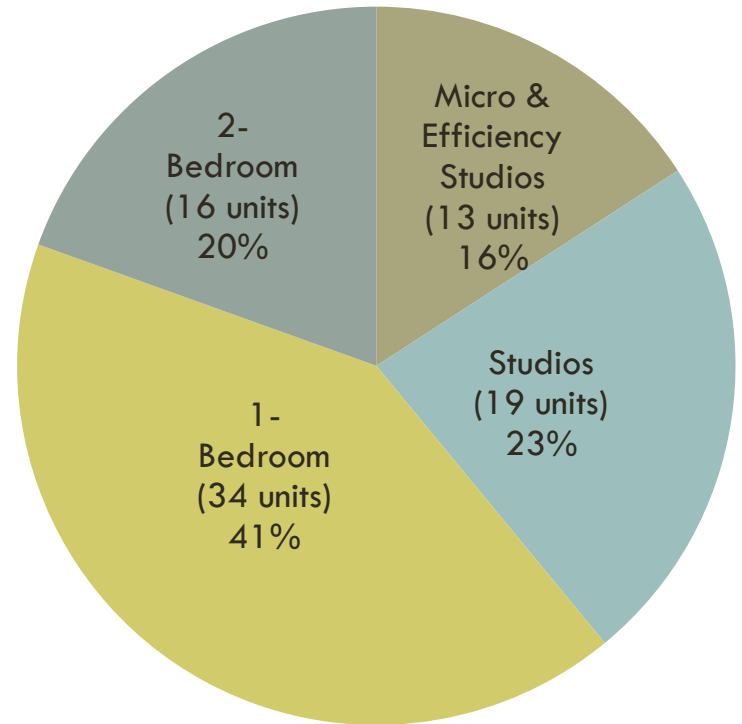


Housing – Unit Sizes Produced

Payment



Performance



2014 Income Limits

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80% of AMI

- 1 person = \$49,440
- 2 people = \$56,480
- 3 people = \$63,520
- 4 people = \$70,560
- 5 people = \$76,240

100% of AMI (owner housing, performance only)

- 1 person = \$61,800
- 2 people = \$70,600
- 3 people = \$79,400
- 4 people = \$88,200
- 5 people = \$95,300

IZ & Mitigation Fee Considerations

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- Amount of Affordable Housing
- Geographic Span
- Impact on Development Costs
- Impact on Use of Development Capacity