

February 14, 2022

MEMORANDUM

To: Land Use Committee
From: Lish Whitson, Analyst
Subject: Council Bill 120266: First Hill Landmark Bill

On February 23, 2022, the Land Use Committee (Committee) will hold a public hearing on [Council Bill \(CB\) 120266](#), which would amend the Land Use Code (Seattle Municipal Code (SMC) [Chapter 23.47A](#)) to provide opportunities for transfers of development rights (TDR) and transfers of development potential (TDP) from City landmarks in the Neighborhood Commercial 3-200 (NC3-200 and NC3P-200¹) zones. The bill would allow development in this zone to exceed the maximum height and floor area ratio limits if the developer acquires TDR or TDP from a landmark site on the same block.

This memorandum provides background on TDR and TDP programs in Seattle, the NC3-200 zone, and landmarks within the NC3-200 zone. It also provides a brief description on the provisions in CB 120266.

Background

Transfer of Development Rights (TDR) and Transfer of Development Potential (TDP)

The City uses two related zoning tools to support the preservation of important public resources in dense neighborhoods, in particular landmarks in the City's Urban Centers where the economic pressure to redevelop a site with a relatively small building may be strong. TDR and TDP allow property owners to voluntarily agree not to add floor area to their property and to maintain their property. In exchange, the owner receives the ability to sell the floor area that they could have used to a different development site.

The property selling the TDR or TDP is called a "sending site" and the property acquiring the TDR or TDP is called a "receiving site." The owner of the "receiving site" is then able to build a larger building than zoning would otherwise allow. TDP is used for the transfer of residential floor area and TDR is used for the transfer of non-residential floor area. Standards for TDR and TDP are included in [SMC 23.58A.042](#). In Commercial zones, TDR or TDP are currently only allowed for sending sites in the University Community Urban Center. TDR and TDP are more widely used in Downtown and Seattle Mixed zones.

¹ Sections of Madison Street, starting on the southeast corner of 9th Avenue and Madison Street and running east to Broadway are zoned Neighborhood Commercial 3-200 with a Pedestrian designation (NC3P-200). Neighborhood Commercial 3 zones to the west of 9th Avenue do not have a Pedestrian designation. There is no difference between the FAR or height limits in the NC3-200 and NC3P-200 zones, and consequently, the effect of CB 120266 is the same throughout the NC3-200 zones.

TDR and TDP are each calculated by taking the floor area ratio (FAR) permitted on a sending site (without applying bonuses or other requirements that would allow extra density on the lot) and subtracting the floor area existing on the lot. If any TDR or TDP has already been transferred from a sending site, that is added to the floor area existing on the sending site, reducing the amount of floor area available to transfer. The receiving site is then able to increase its floor area by the amount of TDR or TDP it has acquired up to maximums laid out in the Land Use Code. The effect is to maintain the planned density of an area while preserving a landmark or other important structure or open space.

A landmark sending site that transfers development rights or development potential must be rehabilitated and maintained. Participation in the Mandatory Housing Affordability program is not required for floor area transferred through TDR and TDP programs.

Neighborhood Commercial 3-200 Zone

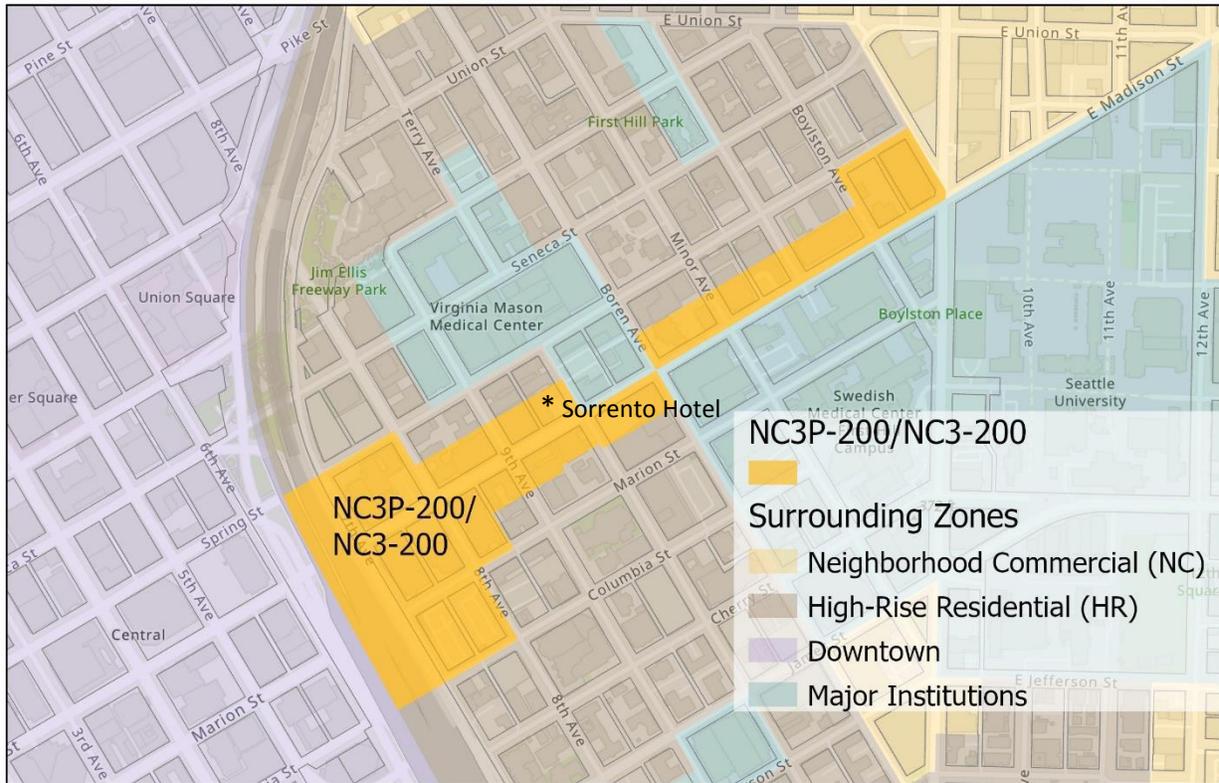
Zoning on First Hill allows some of the tallest buildings in the City outside of Downtown. The zoning supports the development of a mix of predominantly residential towers, hospitals, and medical office buildings. The commercial area along Madison Avenue is the only area in the City mapped with the NC3-200 zone (see Figure 1). This Neighborhood Commercial zoning allows for a retail spine through the middle of the neighborhood along with a mix of non-residential and residential uses. Among the non-residential uses in the NC3-200 zone are medical office buildings, churches, restaurants, and the Sorrento Hotel, a City landmark.

The NC3-200 zone allows development up to 200 feet in height, or approximately 20 stories. The maximum Floor Area Ratio (FAR) is 8.25 for nonresidential structures and 12 for structures with at least 4 FAR in residential use. This combination of height limit and FAR limit would allow a 20-story office building that covers 41 percent of its lot on average or a 20-story residential building that covers 60 percent of its lot on average.

Areas to the north and south and south of the NC3-200 zone are zoned Highrise, a multi-family zone that allows residential towers up to 440 feet, approximately 44 stories. East of Boren Avenue, the Swedish First Hill Campus Major Institution Overlay (MIO)² includes a 70 foot height limit along Madison Street, with higher heights allowed off Madison. The Virginia Mason Hospital MIO, west of Boren Avenue, includes a 240 foot height limit along Madison Street. To the west, across I-5, the zoning is Downtown Office Core 1 Unlimited/450-Unlimited, which has no height limit for some development.

² Major Institution Overlays control the development of hospitals and universities pursuant to a master plan that is developed by the institution and approved by the City Council.

Figure 1: First Hill NC3P-200/NC3-200 Zones



Landmarks in the NC3-200 Zone

The Sorrento Hotel is the only City landmark in the NC3-200 district. The seven-story hotel is located at the northwest corner of 10th Avenue and Madison Street. Built in 1909, it was designated a landmark in 2008. The Council approved controls and incentives for the landmark through [Ordinance 123293](#) in 2010. The controls require a Certificate of Approval from the Landmarks Preservation Board prior to changes to the exterior of the building, the entry lobby, the reception desk, the elevator lobby, the Fireside Room, or the parcel. The incentives provide for flexibility for use of the landmark, waivers of some code requirements, and special tax valuation for historic preservation. The Sorrento owns a two-story parking garage on the same block to the west.

Council Bill 120266

CB 120266 would amend [Chapter 23.47A](#) of the Seattle Municipal Code to allow for TDR and TDP within the NC3-200 and NC3P-200 zones from sending sites that include a City landmark to receiving sites meeting the following conditions:

- The receiving site must be on the same block as the sending site;
- Development on the receiving site has a 350 foot height limit;
- Only TDR or TDP floor area may be used on floors above 200 feet; and
- The total amount of floor area gained by a receiving site may be no more than 110,526 square feet.

Currently, the only sites that could use the provisions of CB 120266 are the Sorrento Hotel and its adjacent parking garage. However, there are other structures within the NC3-200 district that could potentially be eligible for designation as a City landmark. If any of those structures were designated as a landmark, those structures could also transfer TDR or TDP to another site zoned NC3-200 on their block.

Next Steps

The Committee will hold a public hearing on CB 120266 during its meeting on Wednesday, February 23, 2022, at 2:00 p.m. It may consider and vote on the bill as early as its March 9 meeting.

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Yolanda Ho, Lead Legislative Analyst