

## **Northgate Transit Oriented Development (TOD) Area**

### **Rezone and Mandatory Housing Affordability (MHA) Implementation**

#### Director's Report and Recommendation

## I. Summary

This proposed legislation would rezone an area directly adjacent to the future Northgate Light Rail Station to facilitate Transit Oriented Development (TOD) and create affordable housing. The legislation would implement Mandatory Housing Affordability (MHA) in the rezone area and support the partnership between City of Seattle and King County to directly fund at least 200 units of rent- and income-restricted housing on the current site of the King County Transit Center. The proposed zoning changes complement a Request for Proposals (RFP) issued by King County and the Seattle Office of Housing (OH) in November 2017 inviting developers to submit proposals for development that would create a mix of affordable and market-rate housing and open space on the current transit center site. The legislation is also a key piece of the Housing Affordability and Livability Agenda (HALA), a multi-pronged comprehensive approach to address the housing affordability crisis in Seattle, since it activates MHA requirements in the Northgate TOD area. MHA would apply to private development throughout the proposed rezone area and would result in additional affordable homes beyond those proposed for the King County Transit Center site.

MHA requires that commercial and multifamily developers address housing affordability by providing affordable homes or making a payment to OH to support development of affordable housing throughout the city. When fully implemented, MHA will create 6,000 affordable housing units by 2025, a significant portion of the City's overall goal of 20,000 affordable housing units.

MHA requirements take effect when the City Council adopts new zoning that adds development capacity. By enacting affordable housing requirements and increasing development capacity at the same time, MHA is consistent with a state-approved approach used in other Washington cities. In 2017, the Council unanimously passed legislation to put MHA in place in six Seattle neighborhoods. The Council is currently considering legislation separate from this proposal that would implement MHA throughout the city in urban villages designated in the [Seattle 2035 Comprehensive Plan](#) and other areas with existing commercial and multifamily zoning. The legislation described in this Director's Report would rezone an area of two and a half blocks within the Northgate Urban Center as shown in Figure 1. The rezone for the Northgate TOD area is proposed separately from the MHA citywide legislation to allow the potential for faster implementation of transit oriented development and affordable housing in the area.

The proposed rezone would create a new Seattle Mixed-Northgate zone (SM-NG) with height limits of 240 feet for the King County-owned property and 145 feet for other blocks in the rezone area. Under the proposal, residential and commercial towers would be allowed for the first time in Northgate. Sound Transit expects to begin operating light rail at Northgate in 2021. The proposed SM-NG zone includes specific requirements for public open space, a pedestrian through-block corridor, and streetscape improvements. It also includes urban design and livability standards that reflect the outcomes of a multi-year community planning process for the Northgate TOD area.

Figure 1. Map of Northgate TOD Rezone Area



## II. Background

Several previous planning process and policy actions inform the proposed legislation:

- In 2012, after about two years of community engagement, the City released the Northgate Transit Oriented Development (TOD) Urban Design Framework. The proposed rezone would implement the vision and many of the recommendations in the study.
- In 2016, King County and the City entered into a Cooperative Agreement for redevelopment of the King County-owned TOD site. The County and City agreed that OH and King County Department of Community and Health Services (DCHS) will each commit \$10 million to create at least 200 units of affordable housing at the TOD site. They also agreed to apply MHA in the rezone area along with new zoning with a maximum height limit of 240 feet and open space requirements, among other provisions.
- The City evaluated potential environmental impacts of the proposed rezone as part of the Environmental Impact Statement (EIS) for MHA citywide implementation. The EIS studied the proposed SM-NG zones. Accordingly, the City Council cannot vote to approve the Northgate TOD rezone until the pending appeal of the MHA citywide EIS is complete.
- In November 2017, King County and OH issued an RFP for redevelopment of the King County-owned TOD site. The RFP invited developers to submit proposals to redevelop the site with residential and commercial development and partner with King County and OH to construct at least 200 units of affordable housing. The deadline for RFP responses was originally December 21, 2017, but was extended to January 18, 2018. The RFP assumes the rezone proposed in this legislation will occur in 2018.
- To provide transparency to stakeholders and the public, the complete draft Ordinance showing the zoning changes proposed in this legislation was posted on the City's website in December 2017.

The timing of adoption of the proposed rezone is important. King County has indicated that if the rezone is not adopted by the end of 2018, it would allow the selected developer to proceed with a proposal that vests to existing zoning, in which case the development would not be subject to MHA requirements or new development standards that address urban design considerations. The King County Executive has communicated a preference that the first phase of the TOD project be completed close to when Link Light Rail opens in 2021.

## III. MHA Requirements

Where MHA requirements apply, new multifamily and commercial developments will be required to contribute to affordable housing by including rent- and income-restricted affordable units (performance option) or paying into a City fund for development and preservation of affordable housing throughout Seattle (payment option). Specific standards for the payment and performance options are in Seattle Municipal Code [Chapter 23.58B](#) for commercial development and [Chapter 23.58C](#) for residential development.



Under the performance option, requirements for rent- and income-restricted affordable housing are calculated as a percentage of total units (for residential development) or gross floor area (for commercial development). Under the payment option, a development’s MHA contribution is calculated by multiplying the payment requirement (in dollars per square foot) by the total gross floor area in residential and commercial use, excluding portions of buildings that are underground and commercial area exempt from floor area ratio (FAR) calculations, such as certain ground-floor retail. Payment amounts will adjust annually in proportion to changes in the Consumer Price Index (CPI).

MHA requirements across the city vary in two ways. Three [geographic areas](#) (low, medium, and high) correspond to variations in market strength. Stronger market areas have higher MHA requirements. Northgate is in a medium MHA area. MHA requirements also vary by the scale of the zoning change. Larger capacity increases have higher MHA requirements, to maintain proportionality between the value of the capacity increase and the cost of the affordable housing requirement. Figure 2 shows the proposed performance and payment amounts for the SM-NG zones. MHA requirements are greater for the SM-NG 240 zone than for the SM-NG 145 zone because the 240-foot height limit provides greater capacity facilitating more economical construction of tower structures.

**Figure 2. MHA Requirements in SM-NG Zones**

| SM-NG 145     |                      | SM-NG 240     |                      |
|---------------|----------------------|---------------|----------------------|
| % Performance | \$ / sq. ft. Payment | % Performance | \$ / sq. ft. Payment |
| 6%            | \$13.25              | 9%            | \$20.00              |

The proposed MHA requirements in Northgate are consistent with the policy context for MHA implementation elsewhere. For the SM-NG 240 zone, the requirement for residential development would be the same as the Seattle Mixed University District (SM-UD) zones that the City Council approved in 2016. Like Northgate, the University District is a Medium MHA area and would allow tower development close to the future U District Light Rail Station. For the SM-NG 145 zone, MHA requirements would be the same as other zones throughout the city proposed to have an (M) suffix in the zone name, which represents the lowest of three tiers of capacity increases. The RFP issued by King County and OH for redevelopment on the County-owned TOD site specifies that private development on the site must satisfy the MHA requirement through the performance option by reserving nine percent of residential units at affordable rents for income-eligible households.

For further information on our methods for establishing the performance and payment amounts and specific MHA program requirements for performance and payment, refer to the [Director’s Report](#) for Citywide MHA Implementation.

#### IV. Development Capacity Increases

This section summarizes the zone changes and development capacity increases proposed to implement MHA in the Northgate TOD area. As described above, the zoning changes are consistent with the [Northgate Transit Oriented Development Urban Design Framework](#) and support the urban form it

envisions for the Northgate TOD area along with implementing MHA. Figure 3 summarizes the proposed floor area ratio (FAR) and height limit increases.

**Figure 3. Summary of Development Capacity Increases in SM-NG Rezones**

| Zone     |           | FAR Limit                      |          | Height Limit |          |
|----------|-----------|--------------------------------|----------|--------------|----------|
| Existing | Proposed  | Existing                       | Proposed | Existing     | Proposed |
| NC3-85   | SM-NG 145 | 4.5 single use<br>6.0 all uses | 7.0      | 85 feet      | 145 feet |
| NC3-125  | SM-NG 240 | 5.0 single use<br>6.0 all uses | 7.0      | 125 feet     | 240 feet |

The zoning changes would encourage future construction of residential and commercial tower structures in an area currently occupied by large surface parking areas and four- to six-story commercial office structures built during the 1960s and 1970s. Introducing tower structures would allow the area near the light rail station to transition over time to denser commercial and multifamily residential uses while also reserving open spaces and pedestrian corridors at ground level. For further description of the urban design and livability standards integrated into the zoning proposal see section 5.

Under existing zoning, the area zoned NC3-85 generally encourages six- or seven-story mixed-use buildings. The proposed SM-NG 145 zoning for this area would instead allow commercial office towers with 9-12 stories or residential towers with 12-14 stories. The maximum FAR limit would increase 17 percent from 6.0 under the existing NC3-85 zone to 7.0 in the proposed SM-NG zone.

Today, the King County TOD site is occupied by surface parking and the King County Transit Center. Under current NC3-125 zoning, redevelopment is likely to be in the form of mixed-use structures with one or two stories of concrete construction at ground level below, and five or six stories of wood-framed residential construction above. Given today’s economic conditions, mixed-use development rarely exceeds seven stories in medium-strength market areas such as Northgate. The existing 125-foot height limit could also accommodate seven- to nine-story commercial office structures.

The proposed SM-NG 240 zone for this area would allow residential towers with 20-22 stories and commercial towers with 9-14 stories. Commercial towers would have fewer stories than residential towers because maximum floor plate limits for commercial uses are larger than for residential uses, and floor plates are limited to 10,500 gross square feet above 160’ in height. The maximum FAR limit would increase 17 percent from 6.0 under the existing NC3-125 zone to 7.0 in the proposed SM-NG-240 zone. Increasing the maximum height limit from 125 feet to 240 feet plays a role in the development capacity increase by making residential tower development more viable. For buildings exceeding 75 feet in height the Building Code requires more expensive steel or concrete construction materials and other fire protection features. Increasing the maximum height to 240’ would allow significantly more stories to be built in high-rise construction types, which provides an economy of scale that would balance for the cost of using high-rise construction methods.

**Potential Buildout**

For several reasons, estimating the specific type, quantity, and timing of future development in the rezone area is difficult. First, the proposed SM-NG zones would allow a broad mix of commercial and

multifamily uses and various potential future building configurations on sites in the rezone area. It is also very difficult to predict when redevelopment would occur across the entire rezone area. However, while we do not expect it to occur during a typical 20-year planning horizon, we can provide hypothetical estimates of a full buildout scenario for the SM-NG 240 and SM-NG 145 rezone areas.

The King County TOD site is approximately 256,000 (5.9 acres) square feet in area. Assuming a mix of commercial and residential uses, one scenario of a full buildout on the site under the proposed SM-NG 240 zone could produce as many as 1,700 total housing units and 400,000 square feet of commercial development. This full buildout scenario would generate over 140 rent- and income-restricted performance units and \$8 million in payment, in addition to the 200 affordable homes directly funded by King County and OH.

The proposed SM-NG 145 rezone area contains seven parcels and 574,557 square feet (13.2 acres) of site area. The nine existing structures in the rezone area are all in commercial use as offices, including several medical offices and some retail. Though unlikely during a 20-year planning horizon, full buildout of the SM-NG 145 rezone area would produce more than four million total square feet development, generating more than \$50 million for affordable housing through MHA in an all-commercial scenario. Most of this development capacity is available under the current NC3-85 zoning, but development under existing zoning provides no contribution towards affordable housing.

In total, the rezone area is estimated to generate over 400 MHA affordable homes. This estimate considers market rate development on the TOD site yielding 140 performance units plus \$8M in payment, and approximately 200 units from the proposed SM-NG 145 zone using a conservative estimate that about a third of the development capacity in the area is used.

## V. Urban Design and Livability Standards

This section summarizes several key development standards included in the proposed legislation to improve urban design and livability. Many standards directly respond to topics of public input. These standards would not increase development capacity. However, our analysis and models show that the proposed standards would not prevent developments from achieving the additional capacity granted to implement MHA discussed in Section 4. Several urban design and livability standards would apply specifically to the Northgate TOD site.

### Required Through-Block Corridor

As envisioned in the Northgate TOD Urban Design Framework, construction of a through-block corridor would be required as a part of new development on the King County Transit Center site. The corridor would extend from 3rd Avenue NE to the future light rail station. Development abutting the corridor would be required to provide space for it and make improvements to construct it. The corridor would have a minimum width of 40 feet and include a pedestrian pathway, landscaping, and public space improvements. The corridor would be open to the public during all hours that light rail is operating.

### Required Useable Open Space

Any new development containing 10,000 square feet of floor area in the SM-NG zones would be required to provide useable open space. Two square feet of useable open space would be required for every 100 gross square feet of development. The useable open space must be accessible from street level, open to the public, and at least 4,500 square feet in size. The useable open space is intended to be

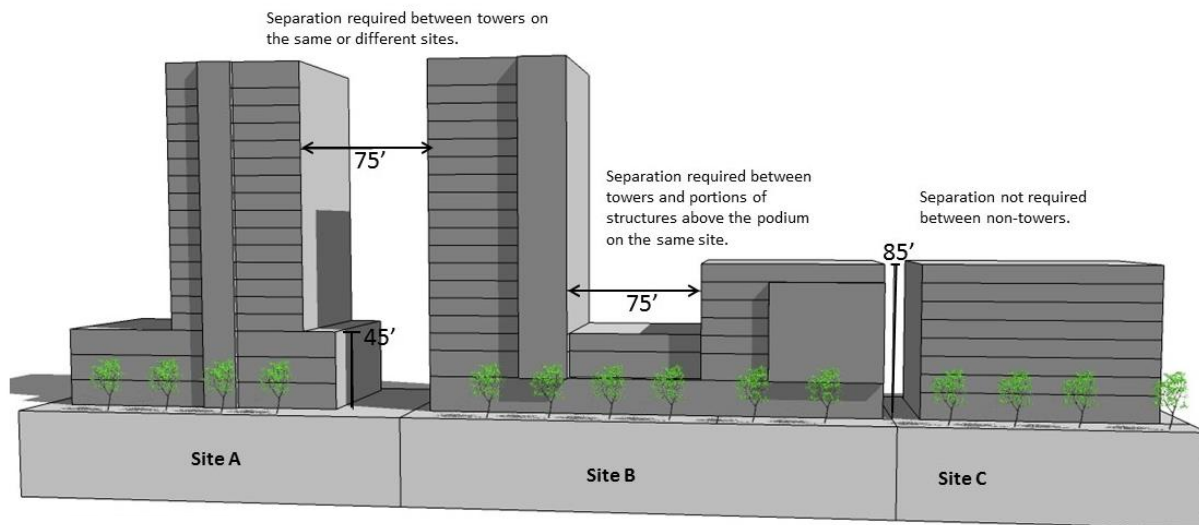
a public plaza, park, or gathering space and can be within or adjacent to the mid-block corridor. To facilitate larger, consolidated open spaces, developments could provide required useable open space off-site within the SM-NG area.

### Tower Separation Requirements and Floor Plate Limits

Tower separation requirements and floor plate limits would apply to all buildings greater than 85 feet in height. For these buildings, all portions of the structure above a "podium" height of 45 feet would be considered towers and would have to meet the following standards:

- A minimum horizontal separation of 75 feet is required between towers and between towers and portions of other structures greater than 45 feet in height.
- For residential uses, the average floor plate size in towers could not exceed 12,000 square feet for towers up to 160 feet in height and 10,500 square feet for towers above 160 feet.
- For commercial uses up to 160 feet, the average floor plate size in towers could not exceed 20,000 square feet.

**Figure 4. Tower Separation Requirements in Proposed SM-NG Zones**



### Upper-Level Setbacks

The proposal includes upper-level setback requirements for the SM-NG zones:

- An upper-level setback of 15 feet from all street lot lines and the required mid-block corridor is required for towers above the podium height limit.
- An average upper-level setback of 10 feet from a required mid-block corridor is required for any portion of a structure that exceeds 45 feet in height.
- An average upper-level setback of 10 feet from all street lot lines is required for any portion of a structure that exceeds 65 feet in height.



### **Setbacks and Street-Level Development Standards and Use Requirements**

To ensure that development in the rezone area contributes to a livable, walkable place, the legislation includes various development standards and allowable use requirements for the ground level of new buildings in the SM-NG zones. Many of these standards resemble those adopted for SM zones in the University District and Uptown Urban Centers. Setbacks from street lot lines would be required as follows:

- NE 100th Street: 5 feet minimum, 7 feet average
- 3rd Avenue NE: 3 feet minimum, 5 feet average
- 4th Avenue NE: 3 feet minimum, 5 feet average
- NE 103rd Street: 3 feet minimum, 5 feet average

Continuous overhead weather protection would be required along at least 60 percent of street frontages and at least 75 percent of the mid-block corridor. Active ground-level uses, such as restaurants, retail, and child care, would be required along street frontages in the SM-NG zone and the mid-block corridor. Ground-level residential uses would also be allowed along frontages if well designed with individual entries and stoops or porches.

**Figure 5. Rendering from the Northgate TOD Urban Design Framework**

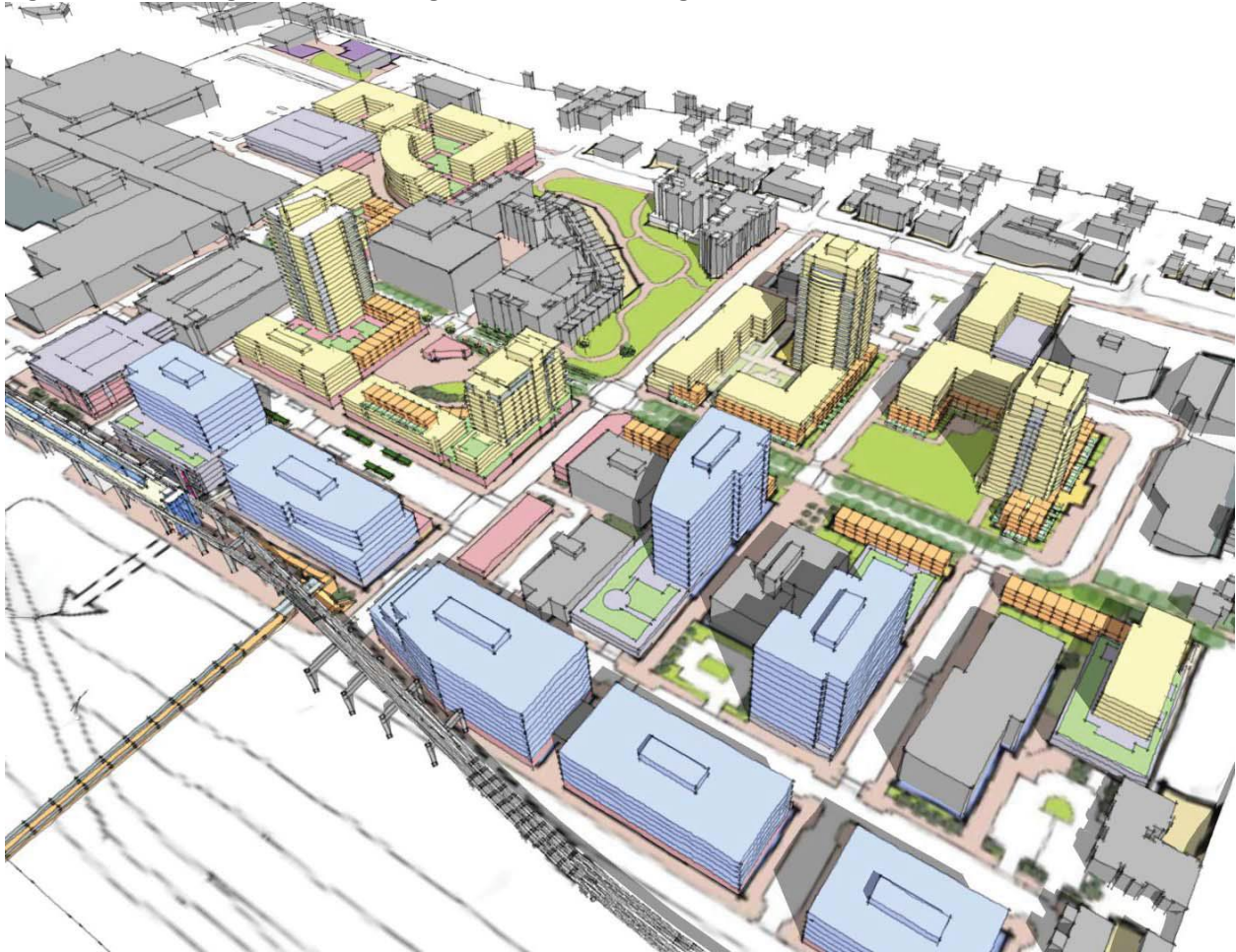


Figure 5 shows a rendering from the 2012 Northgate TOD Urban Design Framework that illustrates the character and scale of development envisioned for the Northgate TOD area. Proposed development standards resemble those evaluated in this Framework, and the development above is one example of a potential scenario that could occur under the proposed legislation.

## **VI. Policy Results and Recommendation**

The proposed legislation would achieve the following policy outcomes:

### **1. The proposal would implement the Seattle 2035 Comprehensive Plan.**

Development regulations are intended primarily to implement the Comprehensive Plan. The proposed legislation is consistent with, and would help advance numerous goals and policies that the City has adopted in the [Seattle 2035 Comprehensive Plan](#):

Goals and policies in the Seattle 2035 Comprehensive Plan Housing Element that the proposed legislation would implement include, but are not limited to:

- H G2** Help meet current and projected regional housing needs of all economic and demographic groups by increasing Seattle's housing supply.
- H G5** Make it possible for households of all income levels to live affordably in Seattle, and reduce over time the unmet housing needs of lower-income households in Seattle.
- H 1.2** Promote a diverse inclusive city through housing programs that serve lower-income households.
- H 1.3** Work to overcome historical patterns of segregation, promote fair housing choices, and foster inclusive communities that are free from discrimination through actions, such as affirmative marketing and fair housing education and enforcement.
- H 5.1** Pursue public and private funding sources for housing preservation and production to provide housing opportunities for lower-wage workers, people with special needs, and those who are homeless or at risk of being homeless.
- H 5.2** Expand programs that preserve or produce affordable housing, preferably long term, for lower-income households, and continue to prioritize efforts that address the needs of Seattle's extremely low-income households.
- H 5.15** Encourage a shared responsibility between the private and public sectors for addressing affordable housing needs.
- H 5.16** Consider implementing a broad array of affordable housing strategies in connection with new development, including but not limited to development regulations, inclusionary zoning, incentives, property tax exemptions, and permit fee reductions.
- H 5.18** Consider implementing programs that require affordable housing with new development, with or without rezones or changes to development standards that increase development capacity.

The proposed legislation also advances many goals in other elements of the [Seattle 2035 Comprehensive Plan](#). The proposed zoning changes and development standards in Northgate, one of six designated Urban Centers, would be consistent with goals and policies in the Growth Strategy and Land Use Elements of the Comprehensive Plan.

Specific Comprehensive Plan goals and polices that the proposal legislation would implement include:

- G.S 1.6** Plan for development in urban centers and urban villages in ways that will provide all Seattle households, particularly marginalized populations, with better access to services, transit, and educational and employment opportunities.
- G.S 1.7** Promote levels of density, mixed-uses, and transit improvements in urban centers and villages that will support walking, biking, and use of public transportation.
- G.S 1.13** Provide opportunities for marginalized populations to live and work in urban centers and urban villages throughout the city by allowing a variety of housing types and affordable rent levels in these places.

- GS 2.1** Plan for a variety of uses and the highest densities of both housing and employment in Seattle's urban centers, consistent with their role in the regional growth strategy.
- LU 2.1** Allow or prohibit uses in each zone based on the zone's intended function as described in this Land Use element and on the expected impacts of a use on other properties in the zone and the surrounding area. Generally allow a broad mix of compatible uses in the urban centers and urban villages.'

## 2. The proposal is consistent with rezone criteria.

Seattle Municipal Code 23.34.128 provides functional and locational criteria for the SM zones. A summary of how the proposal meets each criterion is below:

- A. *Function. An area within an urban center, urban village, or station area overlay district that provides for a wide range of uses to encourage development of the area into a mixed-use neighborhood with a pedestrian orientation.*

The proposed SM zones are in the Northgate Urban Center.

- B. *Transportation and infrastructure capacity. An area that is well-served by transit and vehicular systems and where utility infrastructure is adequate, or where such systems and infrastructure can be readily expanded to accommodate growth.*

The proposed SM zones are directly adjacent to a future light rail station in an urban village equipped with existing infrastructure to accommodate growth.

- C. *Relationship to surrounding activity. An area that either provides a transition from, or is compatible with, an adjacent neighborhood that is densely developed or zoned for high density mixed use; or an area where a transition to higher density mixed use is desired, either within a larger area characterized primarily by commercial or industrial activity, or within an area where significant investment in public transit infrastructure can accommodate greater density and adequate transition with surrounding areas can be provided.*

The proposed SM zones are directly adjacent to a future light rail station, and adjacent to high intensity commercial and multifamily uses including Northgate Mall, and 6 story mixed use residential development.

- D. *Mix of use. In general, the zone is suitable for a wide range of uses. However, an area within the SM zone may be identified for the purposes of encouraging a primarily residential character. Within these areas, non-residential uses shall generally be of modest scale or neighborhood-serving in character.*

The proposed SM zones would encourage a wide range of uses that could include both residential and commercial office or retail development.

**3. The proposal is needed to achieve specific plans developed collaboratively by King County and City of Seattle governments for the King County owned TOD site.**

In 2016 King County and the City entered into a Cooperative Agreement regarding redevelopment of the King County-owned TOD site. The proposed legislation would implement zoning and development standards consistent with those outlined in the Cooperative Agreement. The proposed legislation would also implement zoning consistent with the development program articulated in the November 2017 King County- and OH-issued RFP for redevelopment of the King County-owned site.

**4. The proposal reflects best practices for Transit Oriented Development (TOD).**

The proposal will encourage high-density commercial and residential uses within a five-minute walking distance of a light rail station. The proposed legislation would require and facilitate the creation of housing affordable to low-income households near a major transit investment. The legislation would lead to a network of publicly accessible open spaces and pedestrian connections that provide access to the transit station. To allow people to meet more of their daily needs without a vehicle, the legislation would also encourage development with a broad range of services close to transit.

**5. The proposal would increase the amount of rent- and income-restricted affordable housing.**

The proposal will increase rent- and income-restricted housing by requiring for the first time that new commercial and multifamily development in the rezone area contribute to affordable housing. The legislation will also support a proposal by King County and the City to directly fund construction of at least 200 affordable homes for households with very low incomes.

**6. The proposal would increase the supply of market-rate housing to help meet strong demand.**

The legislation will result in incrementally more housing development than would otherwise occur. The zoning changes would likely result in more housing due to the increase in total floor area that could be built and development standards that facilitate residential tower construction. Additional market-rate housing helps reduce upward pressure on housing costs in the city overall.

**7. The proposal will help to address displacement.**

Since no housing units exist in the proposed rezone area, the legislation cannot cause direct residential displacement. The legislation will help address overall residential displacement in Seattle by increasing the number of affordable homes available for low-income households who might be facing displacement pressure. The legislation would also increase the overall housing supply, which helps moderate increases in housing costs over time.

**8. The proposal advances racial and social equity.**

Affordable homes produced under MHA from development in the rezone area, and the rent- and income-restricted housing directly funded by Seattle and King County at the TOD site, must be affirmatively marketed to attract eligible households from all racial, ethnic and gender groups to inform and solicit applications from households who are otherwise unlikely to apply. For affordable housing



funded with MHA payments, OH evaluates the extent to which it will affirmatively further fair housing choice, promote economic opportunity and community development goals and address the needs of communities vulnerable to displacement. The City expects rent- and income-restricted housing created through MHA payments to primarily serve vulnerable populations, including racial and ethnic minorities, immigrants, people with disabilities and seniors.

**9. The proposal is consistent with a State-approved approach for affordable housing.**

The proposed legislation is consistent with the State-approved approach established in RCW 36.70A.540 to create affordable housing.

**10. The proposal supports high-quality urban design and livability in new development.**

The proposal includes the following development standards specifically to improve urban design and promote a livable, walkable environment in the rezone area:

- Requirements for a publicly accessible mid-block corridor
- Requirements for useable open space
- Tower separation requirements and tower floor plate size limits
- Street-level use and development standards

**11. There is a nexus between the mid-block corridor and open space requirements, and the need for pedestrian circulation and open space created by development.**

In 2015, consultants prepared a Citywide Open Space Nexus Study for the City that estimated the amount of on-site public open space developers would need to provide to meet the localized demand generated by their development. The proposed requirement of two square feet of open space per 100 gross square feet of development is below the maximum limits estimated in the study. Future residents and employees living and working at the King County TOD site need safe and comfortable pathways to walk directly to the light rail station. The mid-block corridor would provide the pedestrian pathway needed to serve these new pedestrian trips.

**12. Broad community engagement informed the proposed legislation.**

Approximately two years of community engagement led by the City resulted in the [Northgate Transit Oriented Development Urban Design Framework](#) and the proposed rezone is consistent with the study. The City conducted additional community engagement on zoning changes to implement MHA in Northgate specifically and throughout Seattle generally. See the [Community Input Summary](#) for a recap of that community engagement. King County also conducted community engagement in the Northgate area specifically about the reuse of the their TOD site. Recommendation

Based on the analysis and policy results described in this report and other documents referenced, the Directors of the Office of Housing and Office of Planning and Community Development recommend implementation of this proposal to enact MHA requirements with associated changes to zoning and development standards in order to:

- Implement the Seattle 2035 Comprehensive Plan.
- Support the collaborative plan by King County and City of Seattle for TOD on the King County-owned site.
- Leverage development to create more rent- and income-restricted homes for low-income households.
- Increase the supply of market-rate housing to address upward pressure on housing costs associated with low housing inventory.
- Support equity by increasing opportunity for households with a greater range of incomes to live near major transit investment.
- Support environmental goals and the Urban Village Strategy by allowing more development near transit and amenities.