

Director's Report and Recommendation

South Lake Union Open Space Incentive

June 19, 2019

The proposal is to refine an existing incentive to preserve privately held open space in the South Lake Union Urban Center (SMC 23.48.220.A.3) to ensure its effectiveness in preserving Seattle Times Park, a private open space that has been enjoyed by the community since 1939. With the recent adoption of the Mandatory Housing Affordability (MHA) requirement, the original open space incentive was reduced in favor of affordable housing. The proposed legislation would strengthen the incentive to preserve existing open space in certain circumstances, extend the incentive to potential residential projects, and modify some development standards as part of a project using this incentive.

Background

In 2013 the City Council approved a rezone of the South Lake Union Urban Center. A central feature of the legislation was application of an incentive zoning system to allow increases in allowable height and floor area in exchange for certain public benefits (see incentive zoning discussion, below). The incentives focus most public benefits toward affordable housing and the purchase of regional development credits. However, developers may also contribute to other public benefits that are priorities for the South Lake Union community as expressed in the South Lake Union Urban Design Framework (UDF). These public benefits include Landmark preservation, incentives to provide space for a public school, and preservation of existing open space.

One recommendation of the UDF was that new development projects contribute to a network of publicly and privately held open spaces throughout the neighborhood. The South Lake Union rezone legislation advanced this goal through the following development standards and incentives:

- Requirements for cross block pedestrian passages for large blocks and as a condition for two non-residential towers on one block;
- Requirements for usable ground-level open space for development projects with 30,000 square feet of lot area or more;
- Incentives to set-back buildings along Green Streets to widen the pedestrian right of way;
- Incentives to preserve privately held open spaces that existed at the time the legislation was adopted – most notably the open space referred to as the Seattle Times Park at the southwest corner of Fairview Avenue North and John Street.

The Seattle Times park was developed in 1939 by the Seattle Times Company for use by their employees and others living or working in the area. The park site is approximately 18,000 square feet and is located on a block that is approximately 108,000 square feet in size. The entire block is larger than the average block in South Lake Union. Preservation of the park leaves substantial development capacity in the rest of the block. Although the incentive was developed with the goal of preserving the Seattle Times park as open space, there were other qualifying open spaces that could also have been preserved through this incentive.

The incentive did not anticipate any specific development proposal on the block with the park. However, it was assumed the site would redevelop in the future because its owner (the Seattle Times Company) was in the process of marketing the property. At the time of adoption, the principal land use on the block where the park is located was parking for the Seattle Times.

Currently the block is being redeveloped with two residential towers and ground level retail. The developer of this site is voluntarily preserving the park and its significant trees but retains the right to redevelop or sell the site in the future. The developer is also planning to redevelop the block immediately north of the park (the former site of the Seattle Times) and would like to transfer floor area from the park to this block to build taller buildings than zoning otherwise permits. Such a transfer of development rights would include recording a covenant on the park land to preserve the Seattle Times Park as publicly accessible open space in perpetuity. Figure 1 and 2, below, show the proposed project with additional height for floor area transferred from the park.

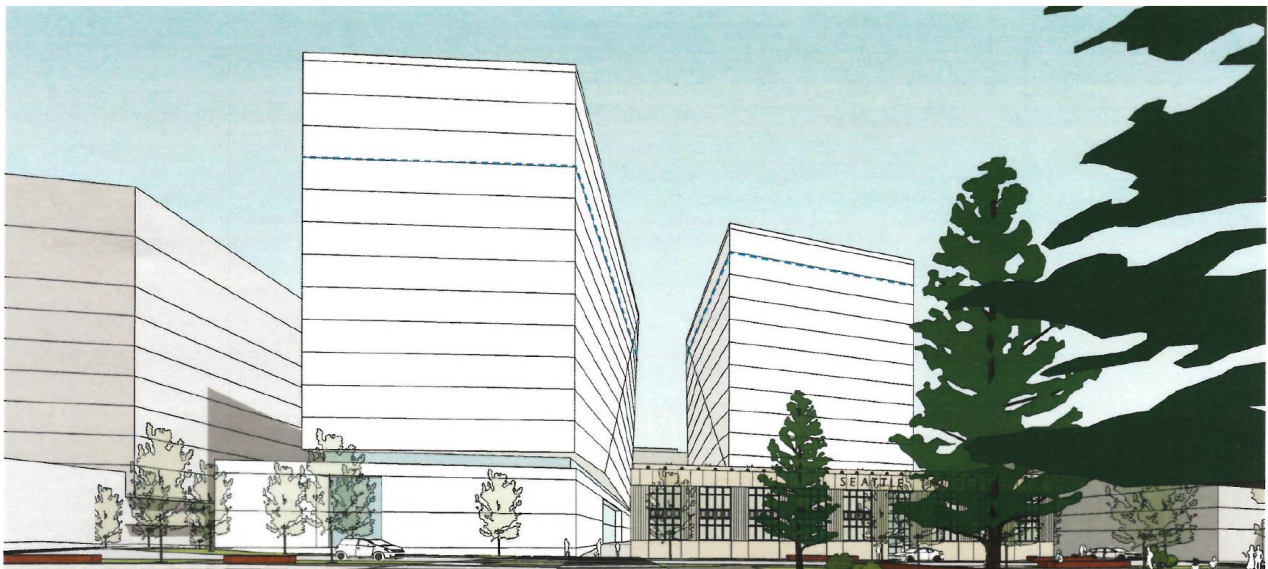


Figure 1: Proposed commercial development project. The tower on the west side of the block (middle building as depicted) shows 3 floor of extra height and the tower on the east (on the right of the frame) shows 1 floor of extra height.

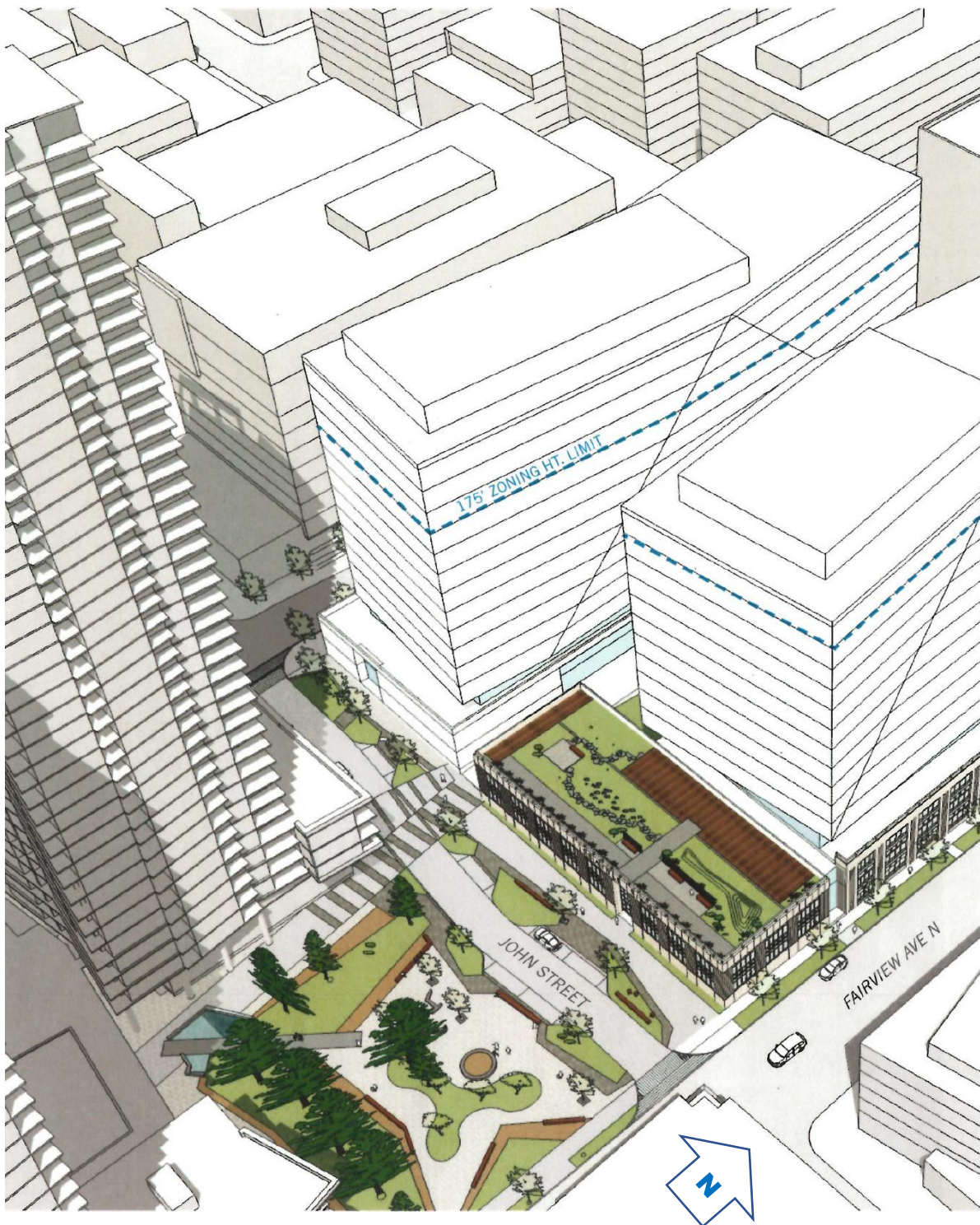


Figure 2. This diagram shows the Seattle Times Park at the northeast corner of John Street and Fairview Avenue N. The buildings across John Street from the park are proposed commercial towers with floor area transferred from the park.

Incentive Zoning in South Lake Union

The 2013 rezone established an incentive zoning structure wherein new projects in South Lake Union could develop extra floor area (all floor area above what previous zoning allowed) if they provide public benefits commensurate to the amount of extra floor area developed. Under this scenario the developer was to provide public benefits for each square foot of extra floor area above 85 feet in height for residential projects or above a base Floor Area Ratio (FAR) of 4.5 to a maximum of 7 for non-residential projects. Projects were to achieve sixty percent of extra floor area by providing affordable housing. Forty percent of extra floor area would be achieved through purchase of regional development rights (regional TDR). The regional TDR program was established by the State of Washington and King County. South Lake Union receives the county's share of property tax revenue from projects transferring development rights from rural forest and farmland to development projects in South Lake Union. This revenue is used for infrastructure priorities identified in the UDF.

The current incentive to preserve open space increases the base allowable FAR for non-residential projects from 4.5 to 5 thereby reducing the amount of extra floor area subject to other public benefits. There is not currently an open space incentive that applies to residential development. Any developer using this incentive is required to provide long-term maintenance and provide public access to the qualifying open space as a condition for the reduction in public benefit obligations. Qualifying open space must be at least 10,000 square feet in size and in existence as of November 8, 2015. Projects preserving the park were exempt from the TDR requirement. The rationale for this exemption being that preservation of the open space was a public benefit.

Adoption of Mandatory Housing Affordability (MHA) in South Lake Union in 2017, however, changed the incentive zoning structure, effectively reducing the value of the open space incentive. MHA applied affordable housing requirements to all floor area of a project not just the floor area above the base FAR or height. This meant that the increase in base FAR from 4.5 to 5 only applied to floor area that was to be achieved through transfer of regional development credits which the incentive specifically exempts. Preservation of the open space in lieu of a requirement to purchase regional development credits acknowledges that open space preservation in the neighborhood is as valuable as preserving regional forest and farmland.

Incentive Update

Specific provisions of the proposed legislation include allowing the transfer of a portion of the floor area that could otherwise be developed on the open space site to a development project on the same block or on a block within 1,500 feet of the qualifying open space. Under the program, transferred floor area is subject to MHA but exempt from requirements to purchase regional development credits that other projects in South Lake Union are subject to. Associated modifications to development standards include adjustments to tower height limit,

tower spacing requirements and allowances for aerial connections for projects receiving the floor area from the open space.

Under the revised incentive, owners of existing open space may transfer of up to 126,000 sf of floor area from the park to a development project on site or on an adjacent block.

The proposal also includes revisions to four development standards to ensure the open space is practical for this site. These development standards were intended to implement the community's vision embodied by the 2013 rezone and regulate height, bulk, and scale throughout the neighborhood to accommodate substantial growth while being less intensely developed than Downtown. Specifically:

- **Floor Area Limits** - This standard places a limit on the size of any one floor in a tower. For the block with the Seattle Times building this limit is 30,000 sf.
- **Upper Level Setbacks** - Through the planning process several view corridors were identified by the community for protection. Upper level setbacks help achieve this. The block with the Seattle Times building has an upper level setback of 10 feet along Fairview Avenue and 15 feet on Thomas Avenue. The Fairview Avenue setback is to preserve openness to Lake Union and the Thomas Street setback is to preserve neighborhood views of the Space Needle.
- **Tower Spacing** - Commercial towers on a block must be separated by 60 feet.

These standards—combined with the setback from the Seattle Times Building—constrain the amount of floor area on each floor below what would otherwise be permitted. The proposed legislation seeks to remedy this situation by allowing a departure from the tower spacing standard only to the extent necessary to achieve the permitted floor area per floor if the departure is necessary to satisfy a requirement of the Landmarks Preservation Board. This departure is subject to design review and may or may not be recommended by the Design Review Board.

The final revision to development standards proposed in this legislation is to allow up to 1,100 square feet of floor area transferred from the open space to be used for aerial connections between two towers provided they do not cross public rights of way. Aerial connections would only be allowed as part of a project using floor are from the preservation of existing open space.

RECOMMENDATION

The Office of Planning and Community Development recommends adoption of this legislation to revise the existing incentive to preserve open space in the South Lake Union Urban Center.

The proposed legislation is a response to changes in the structure of incentive zoning system that occurred with adoption of MHA. The legislation would enable the transfer of floor area from an open space to other projects proximate to the open space. Open Space owners will be required to record a covenant prohibiting future development of the open space and must maintain it for public access in perpetuity. Additionally, the proposed legislation addresses unique site constraints through development standards that advance the priorities of the South Lake Union community as expressed in the South Lake Union Urban Design Framework.