

## Amendment A Version 1 to CB 120750 - LEG Connected Communities and EDZ ORD

**Sponsor:** Councilmember Morales

Reduce minimum income requirements for smaller units, remove homeowner's incentive, simplify ownership and control requirements for qualifying community development organizations

**Effect:** This amendment would make three changes to simplify the Connected Community Development Partnership Bonus Pilot Program in response to feedback from Councilmembers and members of the public. The amendments would:

1. Reduce the required income level for studios and one-bedroom rental units to low-income housing (keeping 2+ bedroom units and all ownership units at moderate-income) and reduce the affordability duration to align with Federal housing subsidy programs;
2. Remove the homeowner's incentive; and
3. Simplify the criteria for determining whether a project is a qualifying development so that a qualifying community development organization either has to own 51% of the property or have a controlling and active management role in the property.

### Affordability

Under the bill as introduced, at least 30 percent of rental units and 33 percent of congregate housing rooms would need to be affordable for 75 years as moderate-income housing. Moderate-income housing is housing that is committed to be affordable to households with incomes at or below 80 percent of the Area Median Income (AMI) for rental units and 100 percent AMI or below for homeowner units.

The amendments would require that any rental units in congregate housing, studios or one-bedroom units be affordable to low-income households. Low-income rental housing is affordable to households with incomes at or below 60 percent of the Area Median Income (AMI). Homeownership units and units with 2 or more bedrooms would need to be affordable to moderate-income households.

Under the amendments the term of affordability would be reduced to 50 years, in order to align this program with the requirements of the Federal Low Income Housing Tax Credit (LIHTC) program, which provides tax credits to developers of who commit to maintain housing affordable to low-income households for 50 years.

### Homeowner's Incentive

The bill as introduced allowed for additional floor area for a project that committed to provide a unit for a moderate-income homeowner who sold their property to facilitate the project. The intent was to reduce displacement by providing a way for residents to sell their property but remain on-site for the long term. Based on feedback from members of the community, this

portion of the bill is removed. Support for legacy black and brown homeowners in efforts to stay in their homes, is funded through other programs.

#### Qualifications

The bill as introduced included four criteria to determine whether there is sufficient participation in a project by a qualifying community development organization (QCDO) to ensure that the goals of the program would be met. Under the bill, a QCDO would need to:

- a. Own 51 percent of the property;
- b. Own at least 10 percent of the property if a development partner has provided land for the project;
- c. Have a controlling and active management role in the organization that owns the land where the development would occur; or
- d. Have another beneficial interest, to be defined in a rule promulgated by the Seattle Department of Construction and Inspections (SDCI).

Based on feedback from community-based organizations, the amendments would remove two of these criteria. Under the amendment, the QCDO would either need to own at least 51 percent of the property or have a controlling and active management role in the organization that owns the land. This would help to ensure that the QCDO has a strong and active controlling role in the project. The amendment continues to request that Executive Departments promulgate rules to better define these terms.

Section 1. The City Council finds and declares:

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D. After a public hearing, the Council has determined that 60 percent of the Area Median Income (AMI) income level for small rental housing units, ~~the 80 percent of Area Median Income (AMI) income level for~~ large rental housing units and 100 percent of AMI income level for owned housing set forth in this ordinance will allow for cross-subsidy for units with deeper affordability and is needed to address local housing market conditions consistent with RCW 36.70A.540(2)(b)(iii).

Section 2. New Sections 23.40.090 through 23.40.097 are added to the Seattle Municipal Code as follows:

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### **23.40.091 Definitions for Sections 23.40.090 through 23.40.097**

For the purposes of Sections 23.40.090 through 23.40.097:

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~~“Owner unit incentive development” means a qualifying development using bonus floor area where, as determined by rule, on the date of complete building permit application submittal by a qualifying community development organization: (i) some or all of the development site is owned by a person or family with an annual income not to exceed 120 percent of area median income and who have continually resided in a dwelling unit on the property for the past ten years; and (ii) an executed partnership agreement or other binding contractual agreement with a qualifying community development organization exists affirming the applicant’s obligation to provide a dwelling unit on-site for the current owner at no cost and prohibiting resale or sublet by the owner for at least ten years, except in the event of the owner’s death.~~

“Qualifying development” means a development located on site in which a qualifying community development organization has a legally established and ongoing property-related interest on the date of complete building permit application submittal. To have a legally established and ongoing property-related interest, a qualifying community development organization shall: own at least 51 percent of the property; ~~own at least ten percent when a partner in an entity provides site control for development;~~ or have a controlling and active

management role in a corporation or partnership that owns a property, such as a sole managing member of a limited liability company or sole general partner of a limited partnership; ~~or some other beneficial interest, as determined by rule.~~

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**23.40.092 Enrollment period, and eligibility requirements, ~~and owner unit incentive development application requirements~~**

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B. To qualify for the Connected Community Development Partnership Bonus Pilot Program, development must meet the following eligibility requirements:

1. Be a qualifying development;
2. Be located in a Neighborhood Residential; Multifamily, except Highrise; Commercial; or Seattle Mixed zone;
3. In commercial zones, have at least 75 percent of gross floor area in residential or equitable development use;
4. Not be located in a designated historic district, unless it is an area with historic exclusionary racial covenants; and
5. Be social housing or provide Have at least 30 percent of dwelling units and 33 percent of congregate residence sleeping rooms, as applicable, ~~as moderate income units, except that the duration of the recorded restrictive housing covenants shall be 75 years; or be social housing as affordable at the following income levels:~~

a. For congregate residence sleeping rooms and rental units with less than two bedrooms, as low-income units;

b. For units with two or more bedrooms, and all owner-occupied units, as moderate-income units.

~~C. Applicants with owner unit incentive development shall provide the following documentation when submitting a permit application:~~

~~1. An affidavit or other information in a form acceptable to the Director confirming that the property is owned by a person or family with an annual income not to exceed 120 percent of area median income and who have continually resided in a dwelling unit on the property for the past ten years; and~~

~~2. An executed partnership agreement or other binding contractual agreement affirming the applicant's obligation to provide a dwelling unit on-site for the current owner at no cost and prohibiting resale or sublet by the owner for at least ten years.~~

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#### **23.40.094 Development otherwise subject to the requirements of Chapter 23.44**

A. Development permitted pursuant to Section 23.40.092 may meet the following development standards:

1. Except for apartments, the density limit is one dwelling unit per 1,500 square feet of lot area in NR1, NR2, and NR3 zones and one dwelling unit per 1,200 square feet of lot area in RSL zones.

2. The maximum lot coverage is 50 percent of lot area in NR1, NR2, and NR3 zones and 65 percent in RSL zones.

3. The maximum FAR limit is 1.0 in NR1, NR2, and NR3 zones and 1.25 in RSL zones. The applicable FAR limit applies to the total chargeable floor area of all structures on the lot.

~~B. Owner unit incentive development permitted pursuant to Section 23.40.092 may meet the following development standards:~~

~~1. The maximum lot coverage is 60 percent of lot area in NR1, NR2, and NR3 zones and 75 percent in RSL zones.~~

~~2. The maximum FAR limit is 1.25 in NR1, NR2, and NR3 zones and 1.5 in RSL zones. The applicable FAR limit applies to the total chargeable floor area of all structures on the lot.~~

~~B.~~ Permitted uses. In addition to the uses listed in Section 23.44.006, the following uses are permitted outright on lots meeting the requirements of Section 23.40.092: apartments, cottage housing development, rowhouse development, townhouse development, and equitable development.

~~C.~~ Yard requirements. No structure shall be closer than 5 feet from any lot line, except that in RSL zones if the rear yard abuts an alley there is no rear yard requirement.

### **23.40.095 Development otherwise subject to the requirements of Chapter 23.45**

A. Floor area

1. Development permitted pursuant to Section 23.40.092 is subject to the FAR limits as shown in Table A for 23.40.095.

<b>Table A for 23.40.095 FAR limits for development permitted pursuant to Section 23.40.092</b>				
	<b>FAR limit</b>	<b>FAR limit in areas with racially restrictive covenants or areas eligible for community preference policy</b>	<b>Maximum additional exempt FAR<sup>1</sup></b>	<b><del>Maximum additional FAR for owner-unit incentive development</del></b>
LR1	1.6	1.7	0.5	<del>0.3</del>
LR2	1.8	1.9	1.0	<del>0.5</del>
LR3 outside urban centers and urban villages	2.5	2.7	1.0	<del>0.5</del>
LR3 inside urban centers and urban villages	3.0	3.3	1.0	<del>0.5</del>
MR	5.6	5.8	1.0	<del>0.5</del>
Footnote to Table A for 23.40.095 <sup>1</sup> Gross floor area for uses listed in subsection 23.40.095.A.2 are exempt from FAR calculations up to this amount.				

2. In addition to the FAR exemptions in subsection 23.45.510.D, an additional FAR exemption up to the total amount specified in Table A for 23.40.095 is allowed for any combination of the following floor area:

a. Floor area in units with two or more bedrooms and a minimum net unit area of 850 square feet;

b. Floor area in equitable development use; and

c. Any floor area in a development located within 1/4 mile (1,320 feet) of a transit stop or station served by a frequent transit route as determined pursuant to subsection 23.54.015.B.4.

### 3. Split-zoned lots

a. On lots located in two or more zones, the FAR limit for the entire lot shall be the highest FAR limit of all zones in which the lot is located, provided that:

1) At least 65 percent of the total lot area is in the zone with the highest FAR limit;

2) No portion of the lot is located in an NR1, NR2, or NR3 zone;  
and

3) A minimum setback of 10 feet applies for any lot line that abuts a lot in an NR1, NR2, or NR3 zone.

b. For the purposes of this subsection 23.40.095.A.3, the calculation of the percentage of a lot or lots located in two or more zones may include lots that abut and are in the same ownership at the time of the permit application.

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### **23.40.096 Development otherwise subject to the requirements of Chapter 23.47A**

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#### B. Floor area



1. Development permitted pursuant to Section 23.40.092 is subject to the FAR limits as shown in Table B for 23.40.096.

<b>Table B for 23.40.096 FAR limits for development permitted pursuant to Section 23.40.092</b>				
<b>Mapped height limit (in feet)</b>	<b>FAR limit</b>	<b>FAR limit in Areas with Racially Restrictive Covenants or Areas Eligible for Community Preference Policy</b>	<b>Maximum additional exempt FAR<sup>1</sup></b>	<b>Maximum additional FAR for owner-unit incentive development</b>
30	3.00	3.25	0.5	<del>0.5</del>
40	3.75	4.00	1.0	<del>0.5</del>
55	4.75	5.00	1.0	<del>0.5</del>
65	4.50	5.75	1.0	<del>0.5</del>
75	5.50	6.00	1.0	<del>0.5</del>
85	7.25	7.50	2.0	<del>0.5</del>
95	7.50	7.75	2.0	<del>0.5</del>

Footnote to Table B for 23.40.096  
<sup>1</sup> Gross floor area for uses listed in subsection 23.40.096.B.2 are exempt from FAR calculations up to this amount.

2. In addition to the FAR exemptions in subsection 23.47A.013.B, an additional FAR exemption up to the total amount specified in Table B for 23.40.096 is allowed for any combination of the following floor area:

- a. Floor area in units with two or more bedrooms and a minimum net unit area of 850 square feet;
- b. Floor area in equitable development use; and

c. Any floor area in a development located within 1/4 mile (1,320 feet) of a transit stop or station served by a frequent transit route as determined pursuant to subsection 23.54.015.B.4.

### 3. Split-zoned lots

a. On lots located in two or more zones, the FAR limit for the entire lot shall be the highest FAR limit of all zones in which the lot is located, provided that:

1) At least 65 percent of the total lot area is in the zone with the highest FAR limit;

2) No portion of the lot is located in an NR1, NR2, or NR3 zone;

and

3) A minimum setback of 10 feet applies for any lot line that abuts a lot in an NR1, NR2, or NR3 zone.

b. For the purposes of this subsection 23.40.096.B.3, the calculation of the percentage of a lot or lots located in two or more zones may include lots that abut and are in the same ownership at the time of the permit application.

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Section 3. The Council requests that by June 30, 2024, the Directors of the Seattle Department of Construction and Inspections, the Office of Housing, and the Office of Planning and Community Development, in consultation with the Equitable Development Initiative Advisory Board, promulgate by Director's Rule:

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Lish Whitson / Ketil Freeman  
City Council  
April 24, 2024  
D#1

~~B. A process and criteria for verifying that an application utilizing the owner unit incentive includes an owner and agreement meeting the requirements of this ordinance.~~

C.B. A regulatory definition of “equitable development use” and a process and criteria for ensuring that an equitable development use will continue to occupy leasable space for the life of a development.

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