



Seattle

Belltown Lodging Use Flexibility

**Seattle Office of Planning and Community Development (OPCD)
Director's Report and Recommendation
February 2023**

Proposed Zoning Text Amendment

This proposed legislation would increase the flexibility for lodging uses in one zone within the Belltown neighborhood. Lodging use would be exempted from chargeable floor area in the DMR/R 95/65 zone, treating lodging uses the same way that residential uses are regulated in the zone. Residential uses are exempt from chargeable floor area limits. All other standards controlling height, bulk and scale of development in the zone would remain unchanged. The amendment is a text amendment only and no changes to zoning maps are required.

Geography and Current Zoning

All property in the DMR/R 95/65 zone is located on approximately 8 blocks in the Belltown portion of the Downtown Urban Center. This zoning area is defined by Wall Street to the north, Lenora Street to the south and the alleys between 3rd Avenue and 2nd Avenue to east and 1st Avenue and Western Avenue to the west. The zoning to the north and east supports higher intensity mixed residential use. The zoning to south and west supports mixed commercial uses.

Under the current DMR/R 95/65 zone, lodging uses are subject to a commercial floor area ratio (FAR) limitation of 1.5. In practice, this means that about one half of a development building to the full zoning capacity could be lodging, and the remaining half would likely be a residential use.

Figure 1: Area subject to proposed legislation



Policy Intent

Like much of the Downtown Urban Center, Belltown comprises a mix of commercial office, residential and ground related retail. Expanding hospitality use within the DMR/R zone is consistent with the general intent of the Seattle Comprehensive Plan which describes the zone as a predominately residential area with neighborhood serving nonresidential uses.

Comprehensive Plan Goals:

ECONOMIC DEVELOPMENT GOAL

DT-G2 Encourage economic development activities consistent with the Comprehensive Plan to attract and retain businesses and to expand employment and training opportunities for Seattle area residents.

CULTURE & ENTERTAINMENT GOAL

ST-G3 Strive to reinforce Downtown as a center of cultural and entertainment activities to foster the arts in the city, attract people to the area, create livable neighborhoods, and make Downtown an enjoyable place to be shared by all. Encourage facilities for artists to live and work in Downtown.

Additionally, OPCD considers the following factors related to advancing the proposal:

Downtown Economic Recovery. Following the COVID pandemic greater downtown Seattle vacancy rates for commercial uses including office space and retail space have increased significantly. Recent reports estimate that downtown vacancy rates for office uses are approaching 20 percent. Decreases in daily office employee presence in downtown has cascading effects on the vitality of ground level retail businesses. Vacancies in retail space typically occupied by local serving restaurants and service establishments have also increased notably. One segment of the greater downtown economy that has remained relatively strong at present is lodging. For example, hotel occupancy rates are near pre-pandemic levels. Hotel visitors customarily patronize local businesses and restaurants and bring increased pedestrian activity to a neighborhood. The zoning change is intended to leverage continued strong demand for hotel use to bring more support to local business and service establishments through the increased presence of hotel patrons.

Additionally, the ground level of a new hotel use would be an activating presence. Development standards in the area require engaging and transparent street level uses. Hotel storefront in recent developments commonly include a vibrant lobby area, gathering spaces, and sometimes hotel bars or restaurants, or other artistic displays.

If the code change spurs new development of one or more hotels in the area the construction activity would also be an element of economic recovery. Infill development would occur on vacant sites or parking lots that have little or no activating activity at present.

Community Support. This proposal was brought to OPCD's attention by representatives of community-based organizations in Belltown. OPCD met with and consulted leadership from the Belltown Community Council, Belltown United, and Belltown Business Association. It is our understanding that there is considerable support by residents and business operators to enact the proposed change. Community groups welcome the construction of one or more new hotels on vacant sites in the neighborhood.

Limited Scope / Adverse Impact. OPCD assesses the potential negative impacts from the proposal to be very small and the overall scope of the change to be very limited. The proposal would not dilute the presence of residences in the neighborhood, because the exemption is only available for new development. The change would not induce conversion of existing residences to hotels. Development would occur on currently vacant or underutilized parcels. OPCD estimates that up to 4 sites in the zoned area could be potential candidates for a new structure with a hotel.

In fact, the proposal could reduce pressure for existing condominium residences to be rented on the short-term rental market. An AirBnB search at the time of this report returned approximately 30 AirBnB listings for a weekend stay during April 2023 in condominium homes within the DMR/R 95/65 zoned area and adjacent blocks. Increased supply of hotel rooms in the area could reduce the incentive for condominium owners to convert existing homes to short-term rentals.

The fact that the area is geographically limited to 8 blocks is also an important factor limiting the degree of potential impact. Although the change could make a meaningful positive impact in the localized area in regards to street activation and business supports, it is not a large enough geography to alter the overall housing market in the greater downtown area, where it remains a priority to provide increased supply of housing.

Recommendation

OPCD recommends adoption of this amendment. Expanding hotel uses in this zone will contribute to enhanced neighborhood vitality and increased economic development and recovery.