

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

Sponsor: Councilmember Strauss

Substitute Bill – Reconcile with the Physical Standards for Development of Affordable Units on Property Owned or Controlled by a Religious Organization, Clarify Partnership and other Requirements for Qualifying Community Development Organizations, Clarify that Childcare is an Equitable Development Use, and Eliminate the Definition of Social Housing

Effect: This substitute version of the bill would reconcile Council Bill (CB) 120750 with the provisions of the standards for development of affordable units on property owned or controlled by a religious organization (Seattle Municipal Code (SMC) sections 23.42.055, 23.44.019, 23.45.550, 23.47A.040 and 23.48.100) with the exception of affordability requirements; clarify ownership and partnership requirements of qualifying community development organizations; clarify that childcare is an equitable development use; and eliminate the definition of Social Housing.

This substitute bill 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. Require that all residential units are “restricted units” under the definition of restricted units in the Land Use Code: “a unit on a property subject to a recorded agreement with the City of Seattle that limits both the unit's rent or sale price, as applicable, and eligible residents' annual income at a specified percentage of median income. For purposes of each restricted unit, eligible residents shall be a "family" according to 24 CFR Section 5.403 or successor provision, and the family's "annual income" shall be determined according to 24 CFR Section 5.609 or successor provision, unless otherwise approved in writing by the Director of Housing.”

This could require additional staff time at the Office of Housing that is not currently anticipated in the Office of Housing budget.

3. Require participation in the Mandatory Housing Affordability Program and require off-street parking consistent with the City’s regulations. Requiring parking would generally increase the costs of developing these projects.
4. Apply a lower height limit of 22 feet for projects in Neighborhood Residential (NR) zones that exceed the maximum lot coverage limit. The standard height limit in NR zones is 30 feet.
5. Apply setback requirements, to increase the distance between structures and adjacent NR-zoned properties. Remove the special yard requirements included in CB 120750 and maintain the standard NR zone yard requirements.

6. Apply a maximum facade length limit of 40 feet for portions of structures in NR zones that are within 20 feet of a lot line abutting another NR-zoned lot.
7. Adjust the Floor Area Ratio (FAR) limits in multifamily, commercial zones to equal the FAR limits in SMC 23.45.550.
8. Generally, reduce the maximum additional FAR that could be exempt across all zones, and exempt landmark structures from the FAR limit (up to the exemption limit).
9. Clarify minimum ownership and partnership requirements for qualifying community development organizations and clarify that Housing authorities would qualify.
10. Clarify that childcare would qualify as an equitable development use.
11. Delete the definition and references to social housing used for establishing affordability requirements. The Social Housing PDA would continue to be a qualifying community development organization.
12. Update the findings in Section 1 of the bill to reflect these changes.

Amend the bill by substituting version 3b, attached.

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to land use and zoning; establishing the Connected Community Development Partnership Bonus Pilot Program; and adding new Sections 23.40.090 through 23.40.097 to the Seattle Municipal Code.

..body

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council finds and declares:

A. In April 2021 the City published *Market Rate Housing Needs and Supply Analysis*, which identified that:

1. Approximately 46,000 Seattle households are cost burdened, meaning that those households spend more than half of their incomes on rent;

2. Housing supply is not keeping pace with demand;

3. Housing costs are increasing more quickly than income;

4. Seattle has insufficient zoned capacity for “missing middle” ownership housing;

5. The rental housing market has a shortage of housing affordable and available to lower income households;

6. Approximately 34,000 lower-wage workers commute more than 25 miles to Seattle demonstrating a latent demand for affordable workforce housing; and

7. As Seattle’s share of higher income households grows, development of housing for those households increases economic and physical displacement of lower income residents.

B. With the passage of Chapter 332, Laws of 2023, Seattle must modify current land use regulations to accommodate a range of middle housing types. The City is currently in the process

1 of environmental review for the next major update to the Comprehensive Plan, which must meet
2 the requirements of Chapter 332, Laws of 2023. To inform future implementation of the
3 Comprehensive Plan update, the City has an interest in exploring development pilots to
4 demonstrate development types and partnerships that leverage community assets to provide
5 equitable development that will not contribute to economic and physical displacement of current
6 residents.

7 C. Implementing this pilot program is implementing an affordable housing incentive
8 program under RCW 36.70A.540. The pilot program applies in most zones where residential
9 development is allowed except some highrise zones, historic districts, and industrial areas that
10 allow residential uses. Additional development capacity is available for development utilizing
11 the pilot program in areas with historical racially restrictive covenants or census tracts identified
12 by the Office of Housing for the community preference policy. Increased residential
13 development in the area where the pilot program applies, in addition to supporting housing
14 affordability, will increase housing choices and support development of housing and amenities,
15 consistent with the Comprehensive Plan. The pilot program substantially increases residential
16 development capacity for qualifying development in the areas where it applies. And, the
17 increased residential development capacity provided in the areas where the pilot program applies
18 can be achieved, subject to consideration of other regulatory controls on development.

19 D. After a public hearing, the Council has determined that 60 percent of the Area Median
20 Income (AMI) income level for small rental housing units, the 80 percent of Area Median
21 Income (AMI) income level for large rental housing units and 100 percent of AMI income level
22 for owned housing set forth in this ordinance will allow for cross-subsidy for units with deeper

1 affordability and is needed to address local housing market conditions consistent with RCW
2 36.70A.540(2)(b)(iii).

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

5 **23.40.090 Connected Community Development Partnership Bonus Pilot Program –**

6 **Purpose**

7 Sections 23.40.091 through 23.40.097 establish the requirements for the Connected Community
8 Development Partnership Bonus Pilot Program. The purpose of the program is to demonstrate
9 the social benefits of equitable development including community-serving uses and housing
10 available to a spectrum of household incomes by setting onsite affordability standards and
11 incentives for development of housing and equitable development uses through partnerships
12 between public, private, and community-based organizations.

13 **23.40.091 Definitions for Sections 23.40.090 through 23.40.097**

14 For the purposes of Sections 23.40.090 through 23.40.097:

15 “Equitable development use” means activities, as determined by rule, where all
16 components and subcomponents of the use provide mitigation against displacement pressure for
17 individuals, households, businesses, or institutions, that comprise a cultural population at risk of
18 displacement. An equitable development use may include, but is not limited to, activities such as
19 gathering space, arts and cultural space, educational programming or classes, child care centers,
20 direct services, job training, or space for other social or civic purposes. Equitable development
21 uses may also include commercial uses including but not limited to commercial kitchens and
22 food processing, craft work and maker spaces, cafes, galleries, co-working spaces, health clinics,
23 office spaces, and retail sales of food and goods.

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

10 “Qualifying community development organization” means a non-profit organization
11 registered with the Washington Secretary of State, ~~or~~ a public development authority created
12 pursuant to RCW 35.21.730, or a public housing authority created pursuant to RCW 35.82.030
13 that has as its purpose the creation or preservation of affordable ~~state or federally subsidized~~
14 housing, ~~social housing, or~~ affordable commercial space, affordable arts space, community
15 gathering spaces, or equitable development uses. A qualifying community development
16 organization can consist of a partnership among one or more qualifying community development
17 organizations, ~~or~~ one or more qualifying community development organizations and a partnering
18 for-profit development entity, or a partnership or limited liability company of which one or more
19 qualifying community development organizations serve as the controlling general partner or
20 managing member.

21 “Qualifying development” means a development located on site in which a qualifying
22 community development organization has a legally established and ongoing property-related
23 interest on the date of complete building permit application submittal. To have a legally

1 established and ongoing property-related interest, a qualifying community development
2 organization shall: own at least 51 percent of the property; ~~own at least ten percent when a~~
3 ~~partner in an entity provides site control for development; or~~ have a controlling and active
4 management role in a corporation or partnership that owns a property, such as a sole managing
5 member of a limited liability company or sole general partner of a limited partnership; ~~or some~~
6 ~~other beneficial interest, as determined by rule.~~

7 ~~“Social housing” means a residential or mixed-use structure with at least 30 percent of~~
8 ~~the dwelling units affordable to households with incomes no higher than 80 percent of area~~
9 ~~median income that is developed, publicly owned, and maintained in perpetuity by a public~~
10 ~~development authority, the charter for which specifies that its purpose is development of social~~
11 ~~housing and at a range of affordability levels within the Seattle corporate limits. Social housing~~
12 ~~is intended to promote social cohesion, sustainability, and social equity through an intentional~~
13 ~~distribution of units to households with a broad mix of sizes and incomes ranging between zero~~
14 ~~percent and 120 percent of median income.~~

15 **23.40.092 Enrollment period, and eligibility requirements, ~~and owner unit incentive~~**
16 **~~development application requirements~~**

17 A. The enrollment period for the Connected Community Development Partnership Bonus
18 Pilot Program expires on the earlier of: when applications meeting the requirements of Sections
19 23.40.090 through 23.40.092 have been submitted for 35 projects; or December 31, 2029.

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

- 22 1. Be a qualifying development;

1 2. Be located in a Neighborhood Residential; Multifamily, except Highrise;
2 Commercial; or Seattle Mixed zone;

3 3. In commercial zones, have at least 75 percent of gross floor area in residential
4 or equitable development use;

5 4. Not be located in a designated historic district, unless it is an area with historic
6 exclusionary racial covenants; and

7 5. Have at least 30 percent of dwelling units and 33 percent of congregate
8 residence sleeping rooms, as applicable, ~~as moderate-income units, except that the duration of~~
9 ~~the recorded restrictive housing covenants shall be 75 years; or be social housing as follows:~~

10 a. All restricted unit congregate residence sleeping rooms and rental units
11 with less than two bedrooms shall be low-income units;

12 b. All restricted units with two or more bedrooms, and all owner-occupied
13 units shall be moderate-income units.

14 ~~or be social housing.~~

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

17 ~~1. An affidavit or other information in a form acceptable to the Director~~
18 ~~confirming that the property is owned by a person or family with an annual income not to exceed~~
19 ~~120 percent of area median income and who have continually resided in a dwelling unit on the~~
20 ~~property for the past ten years; and~~

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

1 **23.40.093 Alternative development standards ~~and exemptions~~**

2 ~~A.~~ In lieu of otherwise applicable development standards contained in Chapters 23.44,
3 23.45, 23.47A, and 23.48, a proposed development project that meets the requirements of
4 Section 23.40.092 may elect to meet the alternative development standards, as applicable, of
5 Sections 23.40.094 through 23.40.097. A determination by the Director that development meets
6 the alternative development standards of Section 23.40.094 through 23.40.097 is a Type I
7 decision.

8 B. Exemptions. Eligible projects are exempt from the requirements of Chapter 23.41,
9 ~~Section 23.54.015, Chapter 23.58A, Chapter 23.58B, and Chapter 23.58C.~~

10 **23.40.094 Development otherwise subject to the requirements of Chapter 23.44**

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

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

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

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

21 4. In NR1, NR2, and NR3 zones, the maximum height for a proposed
22 development that exceeds the maximum lot coverage limit in subsection 23.44.010.C is 22 feet.
23 The maximum height for all other developments is 30 feet.

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

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

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

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

12 ~~C. Setback and yard requirements. The development must meet the standards in Section~~
13 ~~23.44.014 and the following setback standards:~~

14 ~~1. No structure shall be closer than 10 feet to a side lot line of an abutting~~
15 ~~neighborhood residential-zoned lot.~~

16 ~~2. No structure shall be closer than 20 feet to a rear lot line of an abutting~~
17 ~~neighborhood residential-zoned lot.~~

18 ~~3. No structure shall be closer than 5 feet to any lot line.~~

19 ~~D. Maximum facade length. The maximum combined length of all portions of a facade~~
20 ~~within 20 feet of a lot line of an abutting neighborhood residential-zoned lot may not exceed 40~~
21 ~~feet. Maximum facade length shall be measured as described in Section 23.86.015.~~

22 ~~D. Yard requirements. No structure shall be closer than 5 feet from any lot line, except~~
23 ~~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.

**Table A for 23.40.095
 FAR limits for development permitted pursuant to Section 23.40.092**

	FAR limit	FAR limit in areas with racially restrictive covenants or areas eligible for community preference policy	Maximum additional exempt FAR¹	Maximum additional FAR for owner-unit incentive development
LR1	1.6 <u>1.5</u>	1.7	0.5 <u>0.3</u>	0.3
LR2	1.8	1.9	1.0 <u>0.3</u>	0.5
LR3 outside urban centers and urban villages	2.5	2.7	1.0 <u>0.5</u>	0.5
LR3 inside urban centers and urban villages	3.0 <u>3.25</u>	3.3 <u>3.5</u>	1.0 <u>0.5</u>	0.5
MR	5.6 <u>5.0</u>	5.8 <u>5.6</u>	1.0 <u>0.5</u>	0.5

Footnote to Table A for 23.40.095

¹ 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;

1 b. Floor area in equitable development use;
2 c. Floor area in a structure designated as a Landmark pursuant to Chapter

3 25.12; and

4 ~~e. d.~~ Any floor area in a development located within 1/4 mile (1,320 feet)
5 of a transit stop or station served by a frequent transit route as determined pursuant to subsection
6 23.54.015.B.4.

7 3. Split-zoned lots

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

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

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

13 and

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

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

19 B. Maximum height

20 1. Development permitted pursuant to Section 23.40.092 is subject to the height
21 limits as shown in Table B for 23.40.095.

**Table B for 23.40.095
Structure height for development permitted pursuant to Section 23.40.092**

Zone	Height limit (in feet)
LR1	40
LR2	50
LR3 outside urban centers and urban villages	55
LR3 inside urban centers and urban villages	65
MR	95

1 2. Split-zoned lots

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

- 4 1) At least 65 percent of the total lot area is in the zone with the
5 highest height limit;
6 2) No portion of the lot is located in an NR1, NR2, or NR3; and
7 3) A minimum setback of 10 feet applies for any lot line that abuts
8 a lot in an NR1, NR2, or NR3 zone.

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

12 C. Maximum density. Development permitted pursuant to Section 23.40.092 is not
13 subject to the density limits and family-size unit requirements of Section 23.45.512.

14 **23.40.096 Development otherwise subject to the requirements of Chapter 23.47A**

15 A. Maximum height

16 1. The applicable height limit for development permitted pursuant to Section
17 23.40.092 in NC zones and C zones as designated on the Official Land Use Map, Chapter 23.32
18 is increased as shown in Table A for 23.40.096.

Table A for 23.40.096
Additional height for development permitted pursuant to Section 23.40.092

Mapped height limit (in feet)	Height limit (in feet)
30	55
40	75
55	85
65	95
75	95
85	145
95	145

1 2. Split-zoned lots

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

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

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

7 and

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

10 b. For the purposes of this subsection 23.40.096.A.2, the calculation of the
11 percentage of a lot or lots located in two or more zones may include lots that abut and are in the
12 same ownership at the time of the permit application.

13 B. Floor area

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

Table B for 23.40.096
FAR limits for development in C and NC zones permitted pursuant to Section 23.40.092

Mapped height limit (in feet)	FAR limit	FAR limit in Areas with Racially Restrictive Covenants or Areas Eligible for Community Preference Policy	Maximum additional exempt FAR ¹	Maximum additional FAR for owner unit incentive development
30	3.00	3.25	0.5	0.5
40	3.75	4.00 <u>4.5</u>	1.0 <u>0.5</u>	0.5
55	4.75	5.00 <u>5.25</u>	1.0 <u>0.5</u>	0.5
65	4.50 <u>5.25</u>	5.75	1.0 <u>0.5</u>	0.5
75	5.50	6.00 <u>5.75</u>	1.0 <u>0.5</u>	0.5
85	7.25 <u>6.25</u>	7.50 <u>7.00</u>	2.0 <u>1.0</u>	0.5
95	7.50 <u>6.50</u>	7.75 <u>7.00</u>	2.0 <u>1.0</u>	0.5

Footnote to Table B for 23.40.096

¹ Gross floor area for uses listed in subsection 23.40.096.B.2 are exempt from FAR calculations up to this amount.

- 1 2. In addition to the FAR exemptions in subsection 23.47A.013.B, an additional
- 2 FAR exemption up to the total amount specified in Table B for 23.40.096 is allowed for any
- 3 combination of the following floor area:
- 4 a. Floor area in units with two or more bedrooms and a minimum net unit
- 5 area of 850 square feet;
- 6 b. Floor area in equitable development use;
- 7 c. Floor area in a structure designated as a Landmark pursuant to Chapter
- 8 25.12; and
- 9 e. d. Any floor area in a development located within 1/4 mile (1,320 feet)
- 10 of a transit stop or station served by a frequent transit route as determined pursuant to subsection
- 11 23.54.015.B.4.
- 12 3. Split-zoned lots

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

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

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

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

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

12 C. Upper-level setback. An upper-level setback of 8 feet from the lot line is required for
13 any street-facing facade for portions of a structure exceeding the mapped height limit designated
14 on the Official Land Use Map, Chapter 23.32.

15 **23.40.097 Development otherwise subject to the requirements of Chapter 23.48**

16 A. Maximum height. The applicable maximum height limit for residential uses in
17 development permitted pursuant to Section 23.40.092 in Seattle Mixed zones is increased by the
18 following amounts:

19 1. For zones with a mapped maximum height limit of 85 feet or less, 20 feet.

20 2. For zones with a mapped maximum height limit greater than 85 feet, 40 feet.

21 3. Split-zoned lots

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

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

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

6 Section 4. By June 30, 2030, the Council, in consultation with the Planning Commission,
7 will evaluate the pilot to assess its effectiveness in achieving the following objectives:

8 A. Providing affordable workforce housing for communities and households that are cost-
9 burdened;

10 B. Providing neighborhood-serving equitable development uses;

11 C. Forestalling or preventing economic and physical displacement of current residents;

12 and

13 D. Demonstrating a variety of missing middle housing types that are affordable to
14 households with a range of household incomes.

1 Section 5. Section 2 of this ordinance shall take effect on June 30, 2024.

2 Section 6. This ordinance shall take effect as provided by Seattle Municipal Code
3 Sections 1.04.020 and 1.04.070.

4 Passed by the City Council the _____ day of _____, 2024,
5 and signed by me in open session in authentication of its passage this _____ day of
6 _____, 2024.

7 _____
8 President _____ of the City Council

9 Approved / returned unsigned / vetoed this _____ day of _____, 2024.

10 _____
11 Bruce A. Harrell, Mayor

12 Filed by me this _____ day of _____, 2024.

13 _____
14 Scheereen Dedman, City Clerk

15 (Seal)

16 Attachments: