

February 2, 2024

MEMORANDUM

To: Land Use and Neighborhood Committee
From: Ketil Freeman, Analyst
Subject: Connected Communities Pilot

On February 7, 2024, the Land Use Committee (Committee) will have a briefing on a draft proposal by Councilmember Morales for a pilot program (“Connected Communities”) that is intended to encourage partnerships between community-based organizations with limited development experience and more experienced non-profit and for-profit developers for development of low- and moderate-income housing with neighborhood serving equitable development uses. Participating development could take advantage of density bonuses and other regulatory incentives.

This memo describes the draft bill (Attachment A) and sets out the next steps.

What the Proposal Would Do

The proposal would establish a term-limited, pilot program to encourage development with low to moderate income housing and neighborhood-serving equitable development uses. The pilot is intended to model equitable development and partnership types that mitigate current direct and indirect residential and non-residential displacement pressure and address land use patterns caused by redlining and the use of racially restrictive covenants. The pilot would end by 2029 or after 35 qualifying projects have applied, whichever is earlier.

Specific elements of the proposal include:

- Defining equitable development uses broadly as activities where all components and subcomponents of the use provide mitigation against displacement pressure for individuals, households, businesses, or institutions comprise a cultural population at risk of displacement.
- Identifying minimum qualifications for program eligibility, including organization types and ownership interests among partner organizations.
- Establishing two options for the provision of affordable units
 - Social Housing – defined as “housing in a residential or mixed-use structure with at least 30 percent of the dwelling units affordable to households with incomes no higher than 80 percent of area median income that is developed, publicly owned, and maintained in perpetuity by a public development authority, the charter for which specifies that its purpose is development of social housing and at a range of affordability levels within the Seattle corporate limits;” or

- Thirty percent of units as moderate-income units. A moderate-income unit “means a dwelling unit that, for a minimum period of at least 50 years, is a restricted unit affordable to and reserved solely for families with annual incomes not to exceed 80 percent of median income for rental units or 100 percent of median income for ownership units.” SMC 23.84.A.040.
- Providing additional height, allowable floor area, exemptions from floor area calculations, and other development standard modifications for participating projects that, in addition to affordable housing, provide any of the following features:
 - Location in areas with historical racially restrictive covenants or areas identified by the Office of Housing as being eligible for the Community Preference Policy;
 - Provision of equitable development uses; and
 - Provision of a unit or units for partner property owners who might otherwise be at risk of displacement.
- Exempting eligible development from participation in the Design Review, Mandatory Housing Affordability program, and parking minimums.

Most bonuses and development standard modifications and incentives by zone are detailed in the two tables below:

Table 1 – Neighborhood Residential Incentives

NR and RSL Zones	Current Standards				Proposed Standards					
	FAR	Lot coverage	Yards and setbacks	Height (feet)	FAR	Density	Lot coverage	Yards and setbacks	Height (feet)	Incentive for Owner Unit
NR1, NR2, NR3	0.5	35%	20 feet front 25 feet rear 5 feet side	30	1.0	1 unit / 1,500 sq. ft. of lot area	50%	5 from any lot line	30	0.25 FAR 60% lot coverage
Residential Small Lot (RSL)	0.75	50%	10 feet front 10 feet rear 5 feet side	30	1.25	1 unit / 1,200 sq. ft. of lot area	65%	5 from any lot line	30	0.25 FAR 75% lot coverage

Table 2 - Multifamily and Commercial Incentives

Multifamily & Commercial Zones	Current standards		Proposed standards			FAR exemption and owner unit incentive	
	Height (feet)	FAR	Height (feet)	FAR	FAR in Racially Restrictive Covenant and Community Preference Areas	Maximum additional exempt FAR	FAR with owner unit incentive
Multifamily Residential zones							
LR1	30	1.3	40	1.6	1.7	0.5	0.3
LR2	40	1.4-1.6	50	1.8	1.9	1.0	0.5
LR3	40-50	1.8-2.3	65	3	3.3	1.0	0.5
Commercial & Neighborhood Commercial zones							
NC-30 / C-30	30	2.50	55	3.00	3.25	1.0	0.5
NC-40 / C-40	40	3.00	75	3.75	4.00	1.0	0.5
NC-55 / C-55	55	3.75	85	4.75	5.00	1.0	0.5
NC-65 / C-65	65	4.50	95	5.50	5.75	1.0	0.5

Next Steps

The proposed legislation will likely be introduced on February 13 or 20. A public hearing on the proposal has been scheduled for the February 21 Land Use Committee meeting. Central Staff will provide an issue identification memo in advance of February 21. A Committee recommendation on the bill could occur on March 6.

Attachments:

- A. Draft Bill

cc: Ben Noble, Director
Aly Pennucci, Deputy Director
Lish Whiton, Supervising Analyst

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.

C. The City is currently in the process of environmental review for the next major update to the Comprehensive Plan, which must meet the requirements of Chapter 332.

D. To inform future implementation of the Comprehensive Plan update, the City has an interest in exploring development pilots to demonstrate development types and partnerships that leverage community assets to provide equitable development that will not contribute to economic and physical displacement of current residents.

Section 2. New Sections 23.40.090 through 23.40.094 are added to the Seattle Municipal Code as follows:

23.40.090 Connected Community Development Partnership Bonus Pilot Program –

Purpose

Sections 23.40.090 through 23.40.097 establish the requirements for the Connected Community Development Partnership Bonus Pilot Program. The purpose of the program is to demonstrate the social benefits of equitable development including community-serving uses and housing available to a spectrum of household incomes by setting onsite affordability standards and incentives for development of housing and equitable development uses through partnerships between public, private, and community-based organizations.

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:

“Equitable development use” means activities where all components and subcomponents of the use provide mitigation against displacement pressure for individuals, households, businesses, or institutions, that comprise a cultural population at risk of displacement. An equitable development use can include, but is not limited to, activities such as gathering space, arts and cultural space, educational programming or classes, direct services, job training, or

space for other social or civic purposes. Equitable development uses may include commercial uses including but not limited to commercial kitchens and food processing, craft work and maker spaces, cafes, galleries, co-working spaces, health clinics, office spaces, and retail sales of food and goods.

“Owned or controlled” means that a qualifying community development organization has a legally established and ongoing property-related interest in a property as demonstrated by:

1. Ownership of at least 51 percent by an incorporated owner;
2. Ownership of at least ten percent by an incorporated owner when a partner in an entity provides site control for development;
3. 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
4. Some other beneficial interest allowing the organization to act as applicant.

“Qualifying community development organization” means a non-profit organization registered with the Washington Secretary of State or a public development authority created pursuant to RCW 35.21.730, that has as its purpose the creation or preservation of affordable state or federally subsidized housing, social housing, or affordable commercial space, affordable arts space, community gathering spaces, or equitable development uses. A qualifying community development organization can consist of a partnership among one or more qualifying community development organizations, or one or more qualifying community development organizations and a partnering development entity.

“Social housing” means housing in a residential or mixed-use structure with at least 30 percent of the dwelling units affordable to households with incomes no higher than 80 percent of

1 area median income that is developed, publicly owned, and maintained in perpetuity by a public
2 development authority, the charter for which specifies that its purpose is development of social
3 housing and at a range of affordability levels within the Seattle corporate limits. Social housing
4 is intended to promote social cohesion, sustainability, and social equity through an intentional
5 distribution of units to households with a broad mix of sizes and incomes ranging between zero
6 percent and 120 percent of median income.

7 **23.40.092 Enrollment period, requirements, owner unit incentive, and exemptions**

8 A. Enrollment period. The enrollment period for the Connected Community
9 Development Partnership Bonus Pilot Program expires when applications meeting the
10 requirements of Sections 23.40.090 through 23.40.092 have been submitted for 35 projects or
11 2029, whichever is earlier.

12 B. Site and use requirements. Eligible development must:

13 1. Be on property owned or controlled by a qualifying community development
14 organization at the date of the permit application;

15 2. For development in commercial zones, have at least 75 percent of gross floor
16 area in residential or equitable development use; and

17 3. Not be located in a designated historic district, except those established in areas
18 with historical exclusionary racial covenants.

19 C. Affordable housing requirements. Eligible development shall fulfill one of the
20 following criteria:

21 1. 30 percent of dwelling units and 33 percent of congregate residence sleeping
22 rooms, as applicable, are moderate-income units, except that the duration of the recorded
23 restrictive housing covenants shall be 75 years; or

2. All housing is social housing.

D. Owner unit incentive. Applicants seeking to utilize the owner unit incentive shall:

1. Provide an affidavit or other information in a form acceptable to the Director confirming that the site is owned by a person or persons who continually resided in a dwelling unit on the site for the past ten years with a current household income not exceeding 120 percent of area median income; and

2. Provide 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.

E. Exemptions. Eligible development is exempt from the requirements of Chapters 23.41, 23.54, 23.58A, 23.58B, and 23.58C.

23.40.093 Alternative development standards

In lieu of otherwise applicable development standards contained in Chapters 23.44, 23.45, 23.47A, and 23.48, a proposed development that meets the requirements of Section 23.40.090 through 23.40.092 may elect to meet the alternative development standards, as applicable, of Sections 23.40.094 through 23.40.097.

23.40.094 Development otherwise subject to the requirements of Chapter 23.44

A. Proposed development may meet the following development standards:

1. The minimum lot area per dwelling unit is 1,500 square feet in NR1, NR2, and NR3 zones and 1,200 square feet 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. Proposed development on lots providing an owner unit 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.

C. 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 Sections 23.40.090 through 23.40.092: apartments, cottage housing development, rowhouse development, townhouse development, and equitable development.

D. Setback requirements. No structure shall be closer than 5 feet from any lot line.

23.40.095 Development otherwise subject to the requirements of Chapter 23.45

A. Floor area

1. Development permitted pursuant to Sections 23.40.090 through 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 Sections 23.40.090 through 23.40.092

	FAR limit	FAR limit in areas with racially restrictive covenants or areas eligible for community preference policy	Maximum additional exempt FAR¹	Owner unit incentive
LR1	1.6	1.7	0.5	0.3
LR2	1.8	1.9	1.0	0.5
LR3 outside urban centers and urban villages	2.5	2.7	1.0	0.5
LR3 inside urban centers and urban villages	3.0	3.3	1.0	0.5
MR	5.6	5.8	1.0	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;

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.

B. Maximum height

1. Development permitted pursuant to Sections 23.40.090 through 23.40.092 is subject to the height limits as shown in Table B for 23.40.095.

Table B for 23.40.095 Structure height for development permitted pursuant to Sections 23.40.090 through 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

2. Split-zoned lots

a. On lots located in two or more zones, the height limit for the entire lot shall be the highest height 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 height limit;
- 2) No portion of the lot is located in an NR1, NR2, or NR3; 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.B, 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.

C. Maximum density. Development permitted pursuant to Sections 23.40.090 through 23.40.092 is not subject to the density limits and family-size unit requirements of Section 23.45.512.

23.40.096 Development otherwise subject to the requirements of Chapter 23.47A

A. Maximum height

1. The applicable height limit for development permitted pursuant to Sections 23.40.090 through 23.40.092 in NC zones and C zones as designated on the Official Land Use Map, Chapter 23.32 is increased as shown in Table A for 23.40.096.

Table A for 23.40.096 Additional height for development permitted pursuant to Sections 23.40.090 through 23.40.092	
Mapped height limit (in feet)	Height limit (in feet)
30	55
40	75
55	85
65	95

Table A for 23.40.096
Additional height for development permitted pursuant to Sections 23.40.090 through 23.40.092

Mapped height limit (in feet)	Height limit (in feet)
75	95
85	145
95	145

2. Split-zoned lots

a. On lots located in two or more zones, the height limit for the entire lot shall be the highest height 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 height 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.A.2, 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.

B. Floor area

1. Development permitted pursuant to Section 23.40.090 through 23.49.092 is subject to the FAR limits as shown in Table B for 23.40.096.

Table B for 23.40.096
FAR limits for development permitted pursuant to Sections 23.40.090 through 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 FAR¹	Owner unit incentive
30	3.00	3.25	0.5	0.5
40	3.75	4.00	1.0	0.5
55	4.75	5.00	1.0	0.5
65	4.50	5.75	1.0	0.5
75	5.50	6.00	1.0	0.5
85	7.25	7.50	2.0	0.5
95	7.50	7.75	2.0	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.

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

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

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

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

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

13 **23.40.097 Development otherwise subject to the requirements of Chapter 23.48**

14 A. Maximum height. The applicable maximum height limit for residential uses in
15 development permitted pursuant to Section 23.40.090 through this Section 23.40.092 in Seattle
16 Mixed zones is increased by the following amounts:

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

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

19 3. Split-zoned lots

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

22 1) At least 65 percent of the total lot area is in the zone with the
23 highest height 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 23.40.097.A, 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.

B. Floor area. The applicable maximum FAR limit for residential uses in development
permitted pursuant to Section 23.40.090 through this Section 23.40.092 in Seattle Mixed zones is
increased by the following amounts:

1. For zones with a mapped maximum residential height limit of 85 feet or less,
1.0 FAR.

2. For zones with a mapped maximum residential height limit greater than 85 feet,
2.0 FAR.

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.

1 b. For the purposes of this subsection 23.40.097.B.3, the calculation of the
2 percentage of a lot or lots located in two or more zones may include lots that abut and are in the
3 same ownership at the time of the permit application.

4 Section 3. The Council requests that the Director of the Seattle Department of
5 Construction and Inspections, in consultation with the Directors of the Office of Housing, Office
6 of Economic Development, the Department of Neighborhoods, the Office of Planning and
7 Community Development, and the Equitable Development Initiative Advisory Board,
8 promulgate a list of qualifying community development organizations, meeting the definition in
9 Seattle Municipal Code Section 23.40.091, eligible for participation in the Connected
10 Community Development Partnership Bonus Pilot Program by May 31, 2024. A qualifying
11 community development organization can consist of a partnership between a qualifying
12 community development organization and one or more community development organizations
13 that do not have as their purpose the creation or preservation of affordable state or federally
14 subsidized housing, social housing, or affordable commercial space, affordable arts space,
15 community gathering spaces, or equitable development uses. Partnering community development
16 organizations could include incorporated entities that advocate or provide services for refugees,
17 immigrants, communities-of-color, members of the LGBTQIA communities, members of the
18 community experiencing homelessness, and persons at risk of economic displacement.
19 Partnering community development organizations could also include community-based
20 organizations eligible for the new Jumpstart Acquisition and Preservation Program, which was
21 added to the Housing Funding Policies through Ordinance 126611.

22 Section 4. By 2029, the Council will evaluate the pilot to assess its effectiveness in
23 achieving the following objectives:

- 1 A. Providing affordable workforce housing for communities and households that are cost-
- 2 burdened;
- 3 B. Providing neighborhood-serving equitable development uses;
- 4 C. Forestalling or preventing economic and physical displacement of current residents;
- 5 and
- 6 D. Demonstrating a variety of missing middle housing types that are affordable to
- 7 households with a range of household incomes.

DRAFT

Section 5. This ordinance shall take effect as provided by Seattle Municipal Code
Sections 1.04.020 and 1.04.070.

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

President _____ of the City Council

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

Bruce A. Harrell, Mayor

Filed by me this ____ day of _____, 2024.

Scheereen Dedman, City Clerk

(Seal)

Attachments: