

# Chapter 2 from Downtown Livability CAC Final Report

## AMENITY INCENTIVE SYSTEM

### Background

A key tool for achieving the Downtown vision has been the Amenity Incentive System, which provides for buildings to earn “bonus” intensity (increased floor area ratio (FAR)) and height in return for providing public amenities. The Downtown Subarea Plan, adopted in 2004, and consistent with the Plan in place since 1979, promotes this bonus system as a way to accomplish the public objectives set forth in the Plan. It directly calls out incentives for certain features, such as residential uses, development of themed streets, and reinforcing the unique characteristics of Downtown neighborhoods.

The current list of amenities eligible for bonus FAR and height is quite extensive. It includes 23 amenities, each with specific design criteria and a bonus rate used to calculate the amount of added floor area earned. When first adopted in the early 1980s, the bonus rates were based on the developer’s cost to deliver a given amenity, converted to the value of extra development rights (FAR) received. These rates have not been recalibrated for many years

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Floor area ratio is the ratio of the total square feet of a building to the total square feet of the property on which it is located.

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Several incentives have been identified as noteworthy:

- Development of the Major Pedestrian Corridor and its related Major Public Open Spaces receives a “super-bonus” of height in the Core Design District above what can be earned for any other amenity.

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How does the amenity incentive system relate to livability?

- » Opportunities for amenities to help reinforce Downtown neighborhood identity
  - » Potential to focus bonuses on the most important amenities
  - » Addition of new amenities that focus on livability and the future of Downtown
  - » Opportunities to encourage creative design
  - » Potential for added “lift” to incentive system through additional height and FAR
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- First and second levels of retail are highly incentivized by being “free” FAR; i.e. they are not counted against the FAR maximums and can allow a building to include significantly more floor area than the stated code maximums.
- “Basic Floor Area Requirements” ensure that all developments meet a minimum threshold of amenities, typically at the ground level and oriented to a public right of way. Qualifying basic amenities are a subset of the larger whole, and include pedestrian-oriented frontage, weather protection (arcades, marquees and awnings), some open space features and others.
- Pedestrian-oriented frontage is required in many cases, and is also eligible for incentive.

Changes to the Amenity Incentive System should consider such factors as:

- The amenities most important to achieving livability and desired future for Downtown.

- What features need to be incentivized versus what development will do without incentives.
- The economics of development, to ensure that the modified incentive system is feasible and acts as a real incentive.

## CAC Discussion

CAC discussion of the Amenity Incentive System focused on the following key points:

- Focus on the factors that would ultimately make Downtown more livable; should be tangible and give back to the community.
- Strong interest in how the incentive system and design guidelines can be used to help reinforce Downtown neighborhood identity (i.e. a district by district approach).
- Potentially modify some of the existing amenity definitions and more clearly direct where they happen within Downtown.
- Some amenities could potentially shift to be requirements (such as weather protection) rather than a bonused amenity.
- The structure of the bonus rates should clearly reflect the most desired amenities.
- A “superbonus” might apply to extraordinary or iconic design features; special design review would be needed.
- The incentive system should be efficient, predictable, not overly complex, and encourage creative design.
- The incentive system should be economically viable; it should act as a real incentive and not deter development. Changes to the current incentive system may necessitate an increase in base density/height.
- The system should be updated more frequently and have the ability to address

Downtown needs as they change; creative, new concepts may arise that make sense to bonus in some way.

- Fee-in-lieu collection through an amenity system should relate to the area where the project occurs.

## Recommendations

### **Amenity Incentive System Strategy 1: Update amenities to be included in the Amenity Incentive System.**

The CAC has identified the following overarching themes regarding amenities:

- Focus on amenities most important to achieving livability and desired future for Downtown.
- Consider what needs to be incentivized vs. what market will do without incentives.
- Provide flexibility to encourage creative design.
- Amenities should help reinforce Downtown neighborhood identity.
- Modified incentive system must be feasible and act as a real incentive.

In the table on the following page, the CAC identified current and potential additional amenities that should be considered for the Amenity Incentive System. The CAC has specific direction on a few items as follows:

- The current amenities list includes underground and above-ground parking as well as residential uses. CAC discussion focused on whether these are still uses that are considered an amenity that a development should get bonus area for or whether they are uses that will be provided regardless of incentives.
- The CAC discussed the potential inclusion of affordable housing as a new item to add to the amenity system. The CAC provided direction

→ List of existing and potential new amenities	Existing Amenities	Potential New Amenities
	Public Gathering Spaces/Placemaking	
	Major Pedestrian Corridor	Signature Streets
	Pedestrian Oriented Frontage	Third Places, gathering places
		Farmers Market Space
	Neighborhood-Serving Uses	
	Public Meeting Rooms	None
	Child Care Services	
	Retail Food	
	Space for Non-profit Social Services	
	Parks/Green/Open Space	
	Outdoor Plaza	Upper Level Plaza
	Landscape Feature	Green Space/Open Space
	Landscape Area	Pocket Parks & Urban Courtyards
	Donation of Park Property	Green Streets Concepts
	Residential Entry Courtyard	Landmark Tree Preservation
	Active Recreation Area	Significant Tree Planting
	Enclosed Plaza	Activated Rooftops
	Parking	
	Underground Parking	None
	Above Grade Parking	
	Above Grade Parking in Residential Bldg	
	Housing	
	Residential Uses	Affordable Housing
	Arts and Culture	
	Performing Arts Space	Art Space
	Sculpture	Historic Preservation and Cultural Resources
	Water Feature	
	Design	
	None	Iconic Features (i.e. rooftop, tower, etc.)
		Increased Setbacks for Light/Air
		Small Lot Interesting Architecture
		Sustainable Features/Practices
		Freestanding Canopies at Corners
		Pedestrian Bridges

“Existing List” means from the current list of 23 bonusable amenities in the Land Use Code.  
 “New Idea” means a potential new amenity to be bonused through the incentive system.



↑ Through-block connections can be intimate and designed to protect residents' privacy.

for additional evaluation of affordable housing regarding the nature of bonus, relationship to what market is delivering, and how it might tie in with multifamily tax exemption program being considered by Council.

### **Amenity Incentive System Strategy 2: Make weather protection a development requirement.**

Shift “weather protection” from the amenity system to be a development requirement, implemented in appropriate locations through the updated design guidelines.

### **Amenity Incentive System Strategy 3: Consider neighborhood-specific weighting.**

Recognizing that a common theme is to reinforce and promote the unique identity of each neighborhood in Downtown, the CAC discussed the potential to weight incentives differently depending on where the development is located and the unique character and needs of each neighborhood.



↑ People enjoying the amenities of 106th Avenue NE, the entertainment street.

### **Amenity Incentive System Strategy 4: Develop method to consider alternative amenities.**

The CAC was interested in having a method for developers to suggest amenities that were not on the formal list. There would be a process developed to review them and provide an appropriate bonus.

### **Amenity Incentive System Strategy 5: Recalibrate economics of amenity incentive system.**

Conduct an economic analysis to consider how recommended changes to the amenity incentive system may affect development economics and ensure a good balance of public benefit and economic return. The economic analysis will include:

- Identification of the lift to the amenity system provided by any height and/or density increases.
- Evaluation if there is sufficient market demand in the near- and long-term to develop properties at various height and

density levels. The anticipated demand in excess of the base zoning will help inform the revisions to the incentive valuation.

- Analysis of how the base densities should be modified to take into account added development requirements or other changes to the current incentive system.
- Pro-forma analysis of development scenarios (office, residential, mixed-use) to determine project feasibility and ability to contribute to the incentive system.
- Develop incentive pricing and calibration (with fee-in-lieu provisions) based on the most desired amenities, cost to produce, and value derived from height and density increases.