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Density Bonus Program

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5.1 Intent

The intent of the Density Bonus Program is to:

- A. Provide economic value for developers by allowing additional building square footage in exchange for the public benefits of affordable housing and public open space;
- B. Establish a threshold that triggers the development of 920 new housing units affordable to moderate income households and 1,495 new housing units affordable to low income households by 2031;
- C. Create a connected system of open space and urban parks that provide a unique sense of place and enhance the values and functions of the natural environment;
- D. Encourage infill and redevelopment within Central Issaquah; and
- E. The affordable housing and open space goals are equal priorities, but progress toward each goal will occur over time and not necessarily at the same pace, depending on the opportunities and needs that are presented from time to time.

5.2 State Enabling Legislation

This Chapter is adopted pursuant to RCW 36.70A.090, Comprehensive plans – Innovative techniques, which states, “A comprehensive plan should provide for innovative land use management techniques, including, but not limited to, density bonuses, cluster housing, planned unit developments, and the transfer of development rights.”

5.3 General Provisions

- A. Density Bonus projects shall comply with the design and development standards of the underlying zone in which the project is located. Building area exceeding the base

building height and/or Floor Area Ratio (FAR) established in Table 4.4 District Standards Summary Table may be increased to the maximums established in the table in accordance with the provisions of this Chapter.

- B. Density Bonus projects governed by a Development Agreement shall comply with the terms of the Development Agreement.
- C. The Affordable Housing and Open Space goals are equal priorities and progress towards accomplishing each goal should be proportional over time.

5.4 Public Benefit Requirements – Mandatory and Elective

All density bonus projects shall provide the appropriate mandatory public benefit shown in Table 5.4 below. The remaining public benefit required in exchange for receiving a density bonus shall be provided by:

1. Providing on-site affordable housing pursuant to the provisions of Section 5.5 and IMC 18.21; and/or,
2. Providing public open space pursuant to the provisions of Section 5.6; and/or,
3. Paying the density bonus fee established in Section 5.7.

Table 5.4 Summary of Required Public Benefit						
Type of Development	Mandatory			Elective Options		
	Public Benefit (1)	Portion (2)	Amount (3)	Density Bonus Fee Section 5.7	On-Site Affordable Housing Section 5.5	Public Open Space Section 5.6
Commercial	Density Bonus Fee (See Section 5.7)	33% of the density bonus square footage	\$15 per square foot	\$ 15 per square foot of the density bonus allotted to this option	Affordable housing for low income households for 20% of the density bonus square footage allotted to this option	One square foot of on-site open space, outside of critical areas, per square foot of the density bonus allotted to this option OR TDR Acquisition
Retail						
Other non-residential uses						
Residential	On-site affordable housing (See Section 5.5)	33% of the density bonus square footage	20% of the area in column 2 for low income households			
Mixed Use Residential						

5.5 Public Benefit Requirements – Affordable Housing

- A. Projects providing affordable housing to fulfill the *mandatory* public benefit requirement for the density bonus shall provide twenty percent of the mandatory portion of the density bonus square footage for affordable housing for low income households.
- B. Projects providing affordable housing to fulfill the entire *elective* public benefit requirement for the density bonus shall provide twenty percent of the elective portion of the density bonus square footage for affordable housing for low income households. Projects providing affordable housing to fulfill *a portion* of the elective public benefit requirement shall provide affordable housing for low income households for twenty percent of the density bonus square footage provided in exchange for the affordable housing option (i.e. the portion of the density bonus offset by the elective option for on-site affordable housing).
- C. The following provisions apply to density bonus projects providing on-site affordable housing.
 - 1. Any affordable housing unit provided under this Section shall comply with the provisions of IMC 18.21 Affordable Housing.
 - 2. The density bonus fee may be paid to satisfy the on-site affordable housing requirement for a fractional dwelling unit.
 - 3. The Director may approve a comparable balance between the number of units and their affordability, such as providing a larger percentage of affordable units that are Mid-Moderate Income Affordable Housing.
 - 4. Off-site affordable housing may be approved by the Director in accordance with IMC 18.21.06
- D. Central Issaquah is the priority location for affordable housing funded wholly or in part with density bonus fees. However, the City Council may authorize the use of these funds for affordable housing projects in other areas of the City or East King County within close proximity to commercial uses, transit services and/or employment opportunities.
- E. The affordability levels used herein are defined in IMC 18.21.020. Pursuant to the authority of RCW 36.70A.540, the city finds that the higher income levels specified in the definition of Affordable Housing in this Chapter, rather than those stated in the definition of “low-income households” in RCW 36.70A.540, are needed to address local housing market conditions in the City.

5.6 Public Benefit Requirements – Open Space

- A. Projects providing public open space to fulfill the elective public benefit requirement for the density bonus may:
 - 1. Provide one additional square foot of on-site open space above the district standard, outside of critical areas for each square foot of bonus density.
 - 2. Acquire TDRs, in accordance with IMC.18.10 Transfer of Development Rights, from authorized sending sites within the City;
 - 3. Acquire TDRs from the Issaquah Creek and Tibbetts Creek Watersheds in accordance with the City’s Interlocal Agreement with King County.

- B. The applicant shall demonstrate to the Director that the value of the on-site open space and/or TDR purchase equals or exceeds the required density bonus fee.
- C. The purchase of pre-sale TDRs from the City may not be used to satisfy the public benefit open space requirements of the density bonus program.

5.7 Density Bonus Fee – Amount and Collection

- A. Commercial, retail and other non-residential projects shall pay a density bonus fee to fulfill the mandatory public benefit requirement for the density bonus. The density bonus fee may also be paid to fulfill all or part of the elective portion of the public benefit required for the density bonus.
- B. The density bonus fee shall be fifteen dollars (\$15.00) per square foot of building area above the base height and/or FAR as established in Table 4-4 District Standards Summary Table. If a development agreement has been executed, the density bonus fee shall be based on the terms of the development agreement.
- C. The density bonus fee shall be collected prior to issuance of the building permit for the building with the density bonus. No building permit shall be issued for a building with a density bonus until the fee has been paid in full by the applicant.

5.8 Density Bonus Fee – Update

The density bonus fee, not associated with a development agreement, may be updated by the City Council to reflect changed conditions and/or land values based on a market analysis.

5.9 Density Bonus Fee Account

Density Bonus Payments shall be deposited in a density bonus fee account established solely to support the development of affordable housing and open space as set forth in this Chapter. Earnings on balance in the account shall accrue to the account. The Director shall administer the funds with the intent of achieving the intent of this Chapter.

5.10 Density Bonus Fee Expenditures

- A. Density Bonus Fees may be used by the City for:
 - 1. The purchase of property or conservation easements for open space;
 - 2. The purchase of Development Rights within the city limits in accordance with IMC 18.10 Transfer of Development Rights and the Issaquah and Tibbetts Creek Watershed in accordance with the City's Interlocal Agreement with King County;
 - 3. Indirect costs associated with the acquisition of real property and conservation easements including critical area surveys, title reports, appraisals and stewardship plans; and
 - 4. Affordable Housing.
- B. It is the general intent of the City to invest the density bonus fees:
 - 1. within ten years of payment; and
 - 2. within the Subarea within which the fees have been collected.

- C. Density Bonus Fees will be allocated on a first in – first out basis and, therefore, may be invested anywhere within Central Issaquah.
- D. Density Bonus Fee expenditures require approval of the City Council.
- E. Density Bonus expenditures for affordable housing and open space may vary from year to year depending on planned funding commitments and unforeseen housing and open space acquisition opportunities, including opportunities to match funding from other sources to increase the public benefit from the density bonus program.

5.11 Administration and Annual Report

- A. The Director or his/her designee shall be responsible for:
 - 1. Maintaining transaction records from the density bonus fee account;
 - 2. Administering the purchase of open space property, conservation easements and development rights as authorized by the City Council and in accordance with IMC 18.10.2040B(3) *Preservation of Open Space Resulting from TDR Conversion*, and 18.10.2050B *Application Process and Procedures for Using TDRs*;
 - 3. Administering the provision of affordable housing.
- B. The Director or his/her designee shall prepare and present an Annual Report to the City Council as part of the city's annual budget process. The Annual Report shall provide information on the density bonus program:
 - 1. the annual and cumulative amount of density bonus floor area, by use;
 - 2. the annual and cumulative number of units and location of affordable housing;
 - 3. the annual and cumulative acreage and location of all open space and conservation easements; and,
 - 4. the annual and cumulative number of affordable housing units and open space acreage provided with density bonus fees and the current balance in the bonus density fee account.
- C. The City Council may, by ordinance, approve the transfer of real property to the City in lieu of the density bonus fee when the value of the transferred property equals or exceeds the density bonus fee that would otherwise be paid.