

# Director's Report and Recommendation Environmental (SEPA) Threshold Update September 2015

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## Background

The State Environmental Policy Act (SEPA) requires environmental review for many development actions as well as other actions undertaken by the City, such as amending the Land Use Code. The SEPA categorical exemption levels define the size thresholds<sup>1</sup> above which new development must undergo environmental review. The SEPA environmental review process is intended to occur for actions that may result in adverse impacts to the natural or built environment. If substantial adverse impacts are identified, mitigation in the form of conditions of permit approval for a development project can be required. State law allows cities to set higher thresholds for areas that are not achieving expected densities and intensities of growth. Expected growth is currently defined in the City's Comprehensive Plan in the form of specific numbers of households and jobs for each Urban Center and Urban Village.

The City has been engaged in the *Seattle 2035* Comprehensive Plan update process since 2014, and a draft Plan is available for public review at <http://2035.seattle.gov>. The update is anticipated to be complete in 2016. The Seattle 2035 process is considering different growth distributions, and the preferred distribution, which will likely include growth estimates for individual Urban Centers and Urban Villages, will be selected in 2016 with adoption of Plan amendments.

But given the State's 2015 deadlines for setting growth estimates applicable citywide and within Urban Centers, the City is adopting a citywide growth estimate and growth estimates for Urban Centers for the 2015-2035 planning period in 2015. Amendments to the Comprehensive Plan proposed for this year will remove growth estimates for Urban Villages, pending the 2016 decision on the preferred growth distribution. Removing those growth estimates means there will be no metric against which to measure whether an area is achieving its expected growth, and therefore, the City will not be able to apply higher SEPA thresholds to Urban Villages.

## Proposal Overview and Analysis

The planned timing of actions for the Comprehensive Plan update mean that SEPA environmental review thresholds must be updated, to clarify which of the current thresholds used in Seattle should apply.

The City currently has three sets of SEPA thresholds:

- 1) Thresholds in Urban Centers and in Urban Villages that contain light rail station area overlay districts (SAOD) that apply when growth targets in the Comprehensive Plan have not been met;

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<sup>1</sup> SEPA "thresholds" is a term that means the same as "categorical exemption levels" in this report.

- 2) Thresholds in Urban Centers and in Urban Villages that contain SAODs that apply when growth targets in the Comprehensive Plan have been met; and
- 3) Thresholds for all other areas of the City.

Zone	Residential Uses		
	Number of Exempt Dwelling Units		
	Outside of Urban Centers and Urban Villages Containing SAODs	Within Urban Centers or Urban Villages Containing SAODs	Within Urban Centers or Urban Villages Containing SAODs if Growth Targets Have Been Exceeded
SF, RSL	4	4	4
LR1	4	200	20
LR2	6	200	20
LR3	8	200	20
NC1, NC2, NC3, C1, C2	4	200	20
MR, HR, SM	20	200	20
MPC-YT	NA	30	20
Downtown zones	NA	250	20
Industrial zones	4	4	4
Non-Residential Uses			
Exempt Area of Use (square feet of gross floor area)			
SF, RSL, LR1	4,000	4,000	4,000
LR2, LR3	4,000	12,000 or 30,000*	12,000
MR, HR, NC1, NC2, NC3	4,000	12,000 or 30,000*	12,000
C1, C2, SM zones	12,000	12,000 or 30,000*	12,000
Industrial zones	12,000	12,000	12,000
MPC-YT	NA	12,000	12,000
Downtown zones	NA	12,000 or 30,000*	12,000
* Higher threshold applies to non-residential uses in mixed-use development (w/residential uses)			

All Urban Centers, and those Urban Villages that contain a SAOD, start at the thresholds in the middle numeric column. These thresholds are higher to promote development in these areas that are well served by transit and other infrastructure. When the growth targets for these areas are met, the thresholds in the third numeric column apply—this is the case for most Urban Centers, and

Urban Villages with SAODs, because the current comprehensive plan and growth targets in place since 2004 have generally been met, given the past 10 years of extraordinary growth.

When the 2035 Comprehensive Plan update is completed, including publication of a Final Environmental Impact Statement, the City could in future legislation re-establish higher threshold levels.

In past decades, State law defined maximum allowed SEPA thresholds of 20 dwelling units and 12,000 square feet of non-residential floor area. In 2003, State law was amended to allow jurisdictions to define higher SEPA threshold levels to encourage “infill development” to occur in urban growth areas, in support of growth management objectives. This can occur as long as an urban growth area has not exceeded its density or intensity goals (for residential and employment levels, respectively) that are described in its growth planning policies.

Seattle’s environmental policies and procedures in 2008 (updated in 2012) defined the infill development SEPA thresholds for Urban Centers, and Urban Villages that contain SAODs, while also maintaining lower SEPA thresholds for other places. The existing policies in SMC 25.05.800 also detail fallback provisions for situations where use of the infill development SEPA thresholds must be suspended.

DPD will update an existing Director’s Rule (DR 3-2014) to provide public notification as to the status of the SEPA categorical exemption levels.

The practical effect of the proposed changes will be to require more development proposals to undergo SEPA environmental review. Based on recent permit records, DPD estimates it annually reviews approximately 30 development proposals for projects in Urban Centers, and Urban Villages containing SAODs that are within the range between the existing infill and baseline SEPA exemption levels. SEPA review leads to additional costs of development permitting and the potential for added permit review time prior to final decision-making.

## **Recommendation**

The DPD Director recommends adoption of the proposed amendments, to maintain consistency with State requirements for defining SEPA thresholds and to acknowledge the changed circumstance of removing Urban Village growth estimates from the City’s current Comprehensive Plan.