



SEATTLE CITY COUNCIL

Planning, Land Use, and Zoning Committee

Agenda

Wednesday, March 6, 2019

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Rob Johnson, Chair
Mike O'Brien, Vice Chair
Lisa Herbold, Member
M. Lorena González, Alternate

Chair Info: 206-684-8808; Rob.Johnson@seattle.gov

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March 6, 2019 - 9:30 AM

Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<http://www.seattle.gov/council/committees/planning>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Please Note: Times listed are estimated

A. Call To Order

B. Chair's Report

(5 minutes)

C. Public Comment

(10 minutes)

D. Items of Business

1. [CB 119469](#) **AN ORDINANCE relating to land use and zoning; amending Section 25.05.675 of the Seattle Municipal Code to establish environmental policies to mitigate the impact of new residential development on displacement of lower income households in areas with a high risk of displacement.**

*Supporting
Documents:*

[Summary and Fiscal Note](#)

[Central Staff Memo](#)

Briefing and Discussion (30 minutes)

Presenter: Ketil Freeman, Council Central Staff

E. Adjournment



Legislation Text

File #: CB 119469, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to land use and zoning; amending Section 25.05.675 of the Seattle Municipal Code to establish environmental policies to mitigate the impact of new residential development on displacement of lower income households in areas with a high risk of displacement.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City Council (“Council”) hereby makes the following legislative findings of fact and declarations:

A. In 2016 the City published *Growth and Equity: Analyzing Impacts on Displacement and Opportunity Related to Seattle’s Growth Strategy* (“Growth and Equity”), which informs the Seattle Comprehensive Plan, *Seattle 2035*;

B. Growth and Equity sets out a typology of urban villages within Seattle based on a Displacement Risk Index and an Access to Opportunity Index;

C. Growth and Equity also identifies multiple mitigation strategies to achieve equitable development, including enacting policies that allow populations at risk of displacement to stay in their neighborhoods;

D. Growth and Equity identifies, among other neighborhoods, Bitter Lake, Rainier Beach, Othello, South Park, and Westwood-Highland Park as neighborhoods with populations at high risk of displacement;

E. In 2017 the City passed Ordinance 125307, which adopted the *2017 City of Seattle and Seattle Housing Authority Joint Assessment of Fair Housing* (“Joint Assessment”);

F. The Joint Assessment identifies displacement of residents due to economic pressure, lack of

affordable, accessible housing in a range of unit sizes, and location and type of affordable housing as factors contributing to barriers to achieving the goals of the federal Fair Housing Act;

G. The Joint Assessment also identifies census tracts where there are racially or ethnically concentrated areas of poverty (“R/ECAPs”); many of these R/ECAPs are located in south and west Seattle and some overlap with areas Growth and Equity identified as having a high risk of displacement;

H. In addition to the Joint Assessment, numerous regional studies and analyses, such as *Equity, Opportunity, and Sustainability in the Central Puget Sound Region: Geography of Opportunity in the Central Puget Sound Region* (2012), the *Fair Housing Equity Assessment for the Central Puget Sound Region* (2014), and *Vision 2050: Housing Background Paper* (2018), all of which were produced for the Puget Sound Regional Council, have demonstrated a pattern of movement of members of protected classes further from areas of opportunity, such as employment centers in Seattle;

I. In 2016 the City published the *Seattle Residential Affordable Housing Impact Mitigation Study* (“Mitigation Study”), which establishes a causal connection between new residential development and demand for new affordable housing;

J. The Mitigation Study quantifies performance and payment amounts to mitigate the impact of new development on the demand for new affordable housing;

K. Payment and performance amounts established under the Mandatory Housing Affordability (MHA) program do not fully mitigate the demand for new affordable housing identified by the Mitigation Study;

L. An internal racial equity review of the proposed MHA program identified the need to address displacement of households with incomes up to 80 percent of the area median income to achieve equitable development outcomes;

M. A review by Council staff of demolition of existing dwelling units for new development in the University District indicates that the current methodology used by the City to estimate displacement due to

demolition underestimates that displacement;

N. Through Ordinance 125108, passed in 2016, the Council indicated its intent “to consider whether to include higher performance and payment amounts, subject to statutory limits, for those areas where the increase in development capacity would be likely to increase displacement risk. Factors to consider are (a) areas that have been identified in *Seattle 2035, Growth and Equity, Analyzing Impacts on Displacement and Opportunity Related to Seattle’s Growth Strategy*, May 2016, as having a high displacement risk; (b) areas where the increment of increased development capacity is greater than the standard MHA-implementing zone change; and (c) areas where planning processes, including, but not limited to, the SEPA process for MHA-R implementation have identified affordable units at risk of demolition, the Council will consider whether to implement additional or alternate MHA program measures to increase affordable units sufficient to offset the affordable units at risk of demolition as a result of the increase in development capacity due to MHA”;

O. Through Resolution 31733, adopted in 2017, the Council indicated its intent “to consider a range of strategies to increase affordable units sufficient to offset the affordable units at risk of demolition due to new development and strategies to address displacement resulting from changing socioeconomic conditions that may potentially displacement vulnerable populations”; and

P. Additional mitigation measures are needed to address displacement risk in some areas identified as having a high risk of displacement.

Section 2 Section 25.05.675 of the Seattle Municipal Code, last amended by Ordinance 125558, is amended as follows:

25.05.675 Specific environmental policies

* * *

I. Housing

1. Demolition, rehabilitation, or conversion

a. Policy background. Demolition or rehabilitation of low-rent housing units or

conversion of housing for other uses can cause both displacement of low-income persons and reduction in the supply of housing.

b. Policies

1) It is the City's policy to encourage preservation of housing opportunities, especially for low-income persons and communities that may experience disparate displacement impacts, and to ensure that persons displaced by redevelopment are relocated.

2) Proponents of projects shall disclose the on-site and off-site impacts of the proposed projects upon existing housing, with particular attention to low-income housing.

3) Except as otherwise provided in subsection 25.05.675.I.3, ((Compliance)) compliance with legally valid City ordinance provisions relating to housing relocation, demolition, and conversion shall constitute compliance with this housing policy.

4) Housing preservation shall be an important consideration in the development of the City's public projects and programs. The City shall give high priority to limiting demolition of low-income housing in the development of its own facilities.

2. Commercial and residential development-Policy background

a. The housing goal of the Growth Management Act, Chapter 36.70A RCW, encourages the availability of housing to all economic segments of the population. In accordance with the Growth Management Act, the housing element of the City's Comprehensive Plan shall, among other things, make adequate provision for existing and projected needs of all economic segments of the community.

b. SEPA provides that each person has a fundamental and inalienable right to a healthful environment. Affordable housing is a critical component of a healthful environment.

c. Development of new commercial floor area is accompanied by employment growth, including lower-wage jobs. An increase in lower-wage jobs associated with new commercial floor area correlates with an increase in the need for affordable housing.

d. The impact correlated with commercial and residential development on the need for affordable housing falls disproportionately on persons of certain incomes and certain races and ethnicities, including those persons living in or near areas identified in the 2016 report *Growth and Equity: Analyzing Impacts on Displacement and Opportunity Related to Seattle's Growth Strategy* as having a higher risk of displacement. The City has a strong interest in mitigating the impacts of development of new commercial and residential floor area in creating a need for affordable housing, particularly to ensure housing for those households earning no higher than 60 percent of median income.

e. Because affordable housing is in short supply in the City and newly constructed housing is generally not affordable, lower-wage employees may be forced to live in less than adequate housing within the City, pay a disproportionate share of their incomes to live in adequate housing in the City, or commute ever-increasing distances to their jobs from housing located outside the City when they are unable to locate adequate housing within the City.

f. It is the City's policy that all people have the right to safe, healthy, and affordable housing.

3. Commercial and certain residential development-Policies

a. The following policies apply to commercial development that is not categorically exempt and that includes more than 4,000 square feet of gross floor area in commercial use, as defined in Section 23.84A.006, through construction of a new structure, construction of an addition, or change of use from residential use to commercial use, in areas for which the provisions of the zone specifically refer to Chapter 23.58B:

1) It is the City's policy to mitigate a portion of the affordable housing impacts of commercial development on low-income people, including people of color.

2) In determining the necessary affordable housing impact mitigation, the decision-maker shall consider the need for affordable housing created by the development due to employment

growth, including lower-wage jobs, associated with the development.

- 3) Mitigation measures may include, but are not limited to:
 - a) Production of affordable housing units on-site or off-site; and
 - b) Payment to fund affordable housing.

4) Subject to the Overview Policy set forth in Section 25.05.665, the decision-maker may condition or deny a commercial development project described in this subsection 25.05.675.I.3.a to mitigate adverse impacts on the need for affordable housing. Compliance with Chapter 23.58B shall constitute compliance with the policies set forth in this subsection 25.05.675.I.3.a.

b. The following policies apply to residential development that is not categorically exempt and that adds more than 4 dwelling units, as defined in Section 23.84A.008, through construction of a new structure, construction of additional units, or change of use from commercial to residential use, in areas for which the provisions of the zone specifically refer to Chapter 23.58C:

- 1) It is the City's policy to mitigate a portion of the affordable housing impacts of residential development on low-income people, including people of color.
- 2) In determining the necessary affordable housing impact mitigation, the decision-maker shall consider the need for affordable housing created by the development, whether units affordable to households earning up to 80 percent of median income would be demolished, and whether the development is in a location identified as having a high risk of displacement.
- 3) For development subject to the requirements of Chapter 23.58C in the Bitter Lake, Othello, South Park, Rainier Beach, and Westwood/Highland Park urban villages, which villages are identified as having a high risk of displacement and low access to opportunity in *Growth and Equity: Analyzing Impacts on Displacement and Opportunity Related to Seattle's Growth Strategy*, that includes demolition of units affordable to households with incomes up to 80 percent of the area median income, mitigation measures may include the lesser of:

a) Increasing the performance or payment obligation under Chapter 23.58C to an amount equal to the requirement for zones with an M2 suffix in the same payment and performance area, as shown on Table B for 23.58C.050 and Map A to 23.58C.050; or

b. Replacement, within the development, of demolished units affordable to households earning up to 80 percent of area median income. Units provided through this option shall meet the requirements of Section 23.58C.050.B through 23.58C.050.E, except that replacement rental units may be provided at rents affordable to households with incomes up to 80 percent of the area median income.

4) Except for development in the Bitter Lake, Othello, South Park, Rainier Beach, and Westwood/Highland Park urban villages subject to the requirements of Chapter 23.58C, compliance with Chapter 23.58C shall constitute compliance with the policies set forth in this Section 25.05.675.I.

* * *

Section 3. To better understand the income characteristics of populations at risk of physical displacement, the Council requests that the Seattle Department of Construction and Inspections collect data about rents charged for rental units proposed to be demolished as part of new development. The data collection may include requesting additional information from applicants for Tenant Relocation Assistance Licenses.

Section 4. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance or the validity of its application to other persons or circumstances.

Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2019, and signed by

me in open session in authentication of its passage this ____ day of _____, 2019.

President _____ of the City Council

Approved by me this ____ day of _____, 2019.

Jenny A. Durkan, Mayor

Filed by me this ____ day of _____, 2019.

Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
LEG	Freeman / 48178	NA

* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.

1. BILL SUMMARY

1. Legislation Title:

AN ORDINANCE relating to land use and zoning; amending Section 25.05.675 of the Seattle Municipal Code to establish environmental policies to mitigate the impact of new residential development on displacement of lower income households in areas with a high risk of displacement.

2. Summary and background of the Legislation:

This bill would amend Chapter 25.05, known as the City's State Environmental Policy Act (SEPA) ordinance to amend SEPA policies related to housing. The amended policies would authorize additional displacement mitigation for projects that are:

- Subject to the Mandatory Housing Affordability-Residential (MHA-R);
- Not categorically exempt;
- Located in urban villages identified as having a high risk of displacement and low access to opportunity; and
- Projects which would demolish existing units rented at rents affordable to households with incomes at or below 80% of the area median.

Those areas are identified in the 2016 study *Growth and Equity: Analyzing Impacts on Displacement and Opportunity Related to Seattle's Growth Strategy* and include the Bitter Lake Village, South Park, Rainier Beach, Othello, and Westwood-Highland Park urban villages.

Additional mitigation would include the lesser of replacing the units affordable to households with incomes at or below 80% of the area median or complying with the MHA-R program at higher payment or performance amounts equal to the requirements for zones within the area with an M2 suffix.

The bill also requests that the Seattle Department of Construction and Inspections collect relevant information about rents of existing units subject to the requirement at project intake to administer the proposed policy.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? Yes No

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?

The Seattle Department of Construction and Inspections administers the SEPA ordinance for reviewing and permitting development proposals. Implementing the new policy may also required participation from the Office of Housing to administer the policy and steward affordable units created by the policy.

- b. Is a public hearing required for this legislation?

No

- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

No

- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

- e. Does this legislation affect a piece of property?

No

- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

The legislation would apply in areas identified as having a high risk of displacement. These areas are characterized, among other things, by low-income communities of color. By requiring replacement of demolished affordable housing or creation of more affordable housing than would otherwise be created through the MHA-R program alone, it may be more likely that members of those communities can avoid displacement due to rent increases or demolition.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

NA

List attachments/exhibits below:

March 5, 2019

MEMORANDUM

To: Members of the Planning Land Use and Zoning Committee
From: Ketil Freeman, Council Central Staff
Subject: Council Bill 119469 – Displacement Mitigation

On Wednesday, March 6, the Planning, Land Use and Zoning Committee (Committee) will have an initial briefing and discussion of [Council Bill \(CB\) 119469](#). CB 119469 would amend Chapter 25.05 of the Seattle Municipal Code, known as the City State Environmental Policy Act (SEPA) Ordinance, to provide authority to the Seattle Department of Construction and Inspections (SDCI) to mitigate displacement of lower income households due to demolition under certain circumstances.

This memorandum: (1) describes the bill and (2) sets out potential next steps the sponsor of the bill may pursue.

What CB 119469 Would Do

CB 119469 would modify the City SEPA Ordinance to amend policies related to housing. The amended policies would authorize additional displacement mitigation for projects that involve the removal of affordable units. The authority for additional mitigation would be applicable to projects that are:

- Subject to the Mandatory Housing Affordability-Residential (MHA-R);
- Not categorically exempt from review under the City SEPA Ordinance;
- Located in urban villages identified as having a high risk of displacement and low access to opportunity; and
- Projects which would demolish existing units rented at rents affordable to households with incomes at or below 80% of the area median.¹

Mitigation Areas

The authority for additional mitigation would apply in urban villages identified as having a high risk of displacement and low access to opportunity based on a displacement risk / access to opportunity typology. Those areas are identified in the 2017 study [Growth and Equity: Analyzing Impacts on Displacement and Opportunity Related to Seattle's Growth Strategy](#) (*Growth and Equity*) and include the Bitter Lake Village, South Park, Rainier Beach, Othello, and Westwood-Highland Park urban villages.²

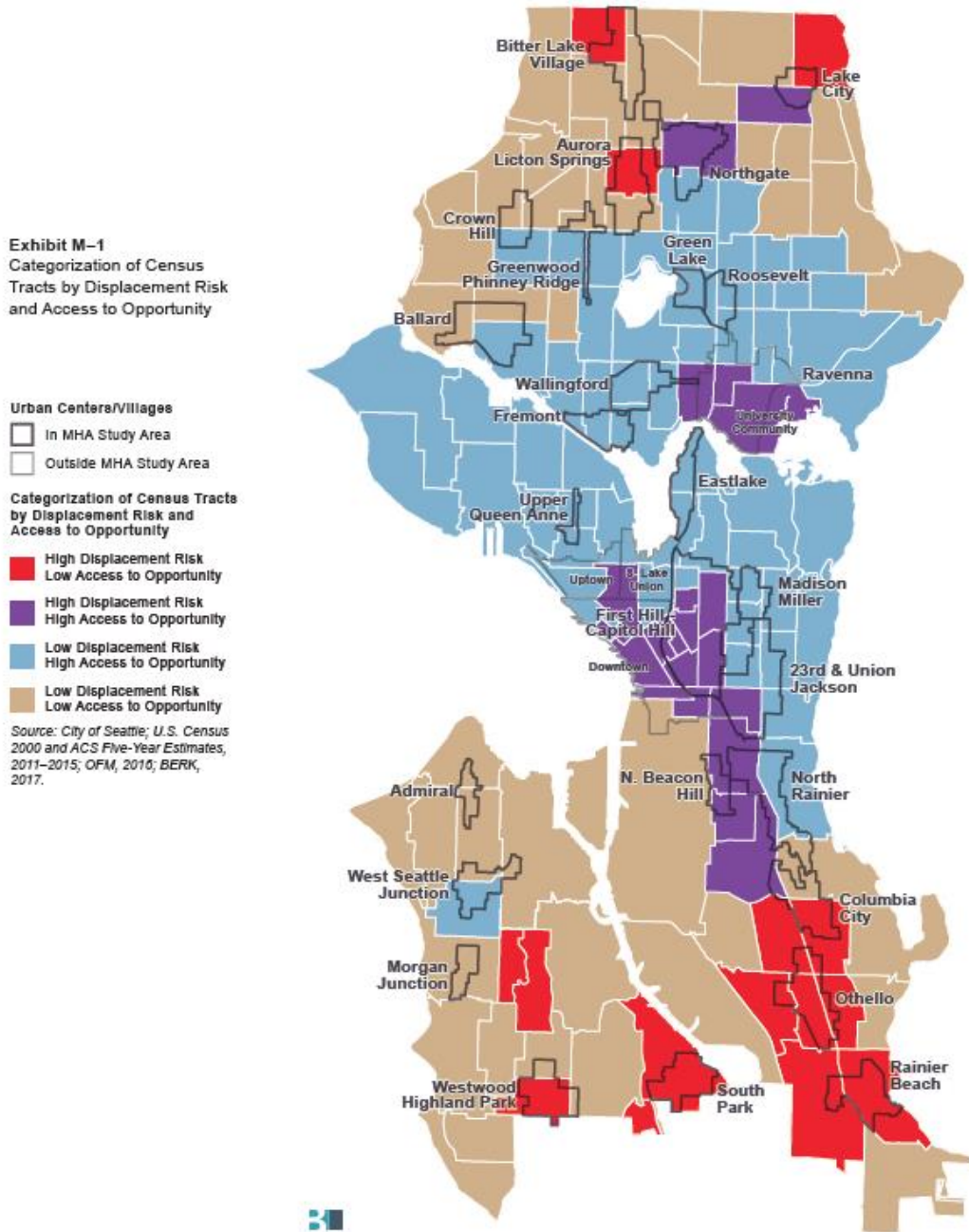
The 2017 [Citywide implementation of Mandatory Housing Affordability: Final Environmental Impact Statement](#) (*MHA Final EIS*) analyzed census tracts based on the displacement risk / access to

¹ In 2018, 80 percent of area median Income was \$56,200 for one person and \$72,250 for a three-person family. See [Office of Housing 2018 Income and rent limits for Affordable Housing Programs](#).

² See *Growth and Equity*, p. 22, for a figure identifying villages based on the displacement risk / access to opportunity typology.

opportunity typology. A map identifying census tracts based on that typology is shown on Map 1. Those areas have some overlap with areas identified in the [2017 City of Seattle and Seattle Housing Authority Joint Assessment of Fair Housing \(Joint Assessment\)](#), which the City adopted through passage of Ordinance 125307, as having racially or ethnically concentrated areas of poverty.³

Map 1 – Categorization of Census Tracts by Displacement Risk and Access to Opportunity⁴



³ See *Joint Assessment*, p. 146, for a map of racially or ethnically concentrated areas of poverty.

⁴ MHA Final EIS – Appendix M, p. M.2.

Mitigation Options

Additional mitigation measures available to regulators at SDCI would include requiring the lesser of two options:

- Replacing the units affordable to households with incomes at or below 80% of the area median or
- Complying with the Mandatory Housing Affordability – Residential (MHA-R) program at higher payment or performance amounts equal to the requirements for zones within the area with an M2 suffix.

Areas identified as having a high displacement risk and low access to opportunity are generally located in “Low Areas” for the purposes of MHA-R implementation. “Low Areas” have lower performance and payment requirement due to market conditions in those areas. Payment and performance amounts for MHA – R are shown in table 1, below.

Table 1 – MHA-R Payment and Performance Amounts⁵

Scale of Zoning change	Proposed requirements for residential (and highrise commercial)	low		med		high	
		%	\$	%	\$	%	\$
		Zones with (M) suffix	5%	\$7.00	6%	\$13.25	7%
Zones with (M1) suffix	8%	\$11.25	9%	\$20.00	10%	\$29.75	
Zones with (M2) suffix	9%	\$12.50	10%	\$22.25	11%	\$32.75	

Other Elements of the Bill

The bill also requests that the Seattle Department of Construction and Inspections collect relevant information about rents of existing units subject to the requirement at project intake to administer the proposed policy. The City does not currently collect rent information for all projects. Consequently, additional information would need to be collected at the time of application.

Next Steps

Councilmember Herbold, who is sponsoring the bill, has indicated to staff that she would like to pursue options that could result in amendments to the bill. Potential amendment could include expanding the mitigation areas to include areas outside of the urban villages identified in the bill and refining the policy bases to include language describing the relationship between growth and displacement.

cc: Kirstan Arestad, Central Staff Director
Aly Pennucci, Supervising Analyst

⁵ [Mandatory Housing Affordability \(MHA\) – Citywide Implementation: Director’s Report and Recommendation](#), p. 8. February 2018