

## BUDGET DELIBERATIONS

### SEATTLE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS

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#### Budget Summary (\$ in 000's)

	2017 Adopted	2018 Endorsed	2018 Proposed	% Change 2018 Endorsed to Proposed
<b>Appropriations by BCL</b>				
Annual Certification and Inspection	\$5,361	\$5,466	\$5,177	(5%)
Code Compliance	\$9,553	\$8,925	\$9,563	7%
Construction Inspections	\$21,725	\$22,097	\$21,345	(3%)
Construction Permit Services	\$26,181	\$21,888	\$25,397	16%
Department Leadership	\$0	\$0	\$0	0%
Land Use Services	\$20,430	\$20,922	\$20,254	(3%)
Planning	\$0	\$0	\$0	0%
Process Improvements and Technology	\$4,341	\$3,733	\$3,119	(16%)
<b>Total Expenditures</b>	<b>\$87,590</b>	<b>\$83,031</b>	<b>\$84,857</b>	<b>2%</b>
<b>Total FTEs</b>	<b>405.3</b>	<b>401.5</b>	<b>405</b>	<b>1%</b>
<b>Revenues</b>				
General Subfund (GSF)	\$7,038	\$6,484	\$6,816	5%
Permit Fees	\$62,887	\$59,968	\$64,130	7%
Installation and Inspection Fees	\$4,960	\$4,932	\$5,096	3%
Rental Housing Registration	\$889	\$668	\$544	(19%)
Grants and Memorandums of Agreement	\$1,200	\$1,200	\$1,200	0%
Other (REET, CRF, Interest, Other)	\$2,994	\$2,922	\$2,870	(2%)
<b>Total Revenues</b>	<b>\$79,968</b>	<b>\$76,174</b>	<b>\$80,656</b>	<b>6%</b>

Totals may not exactly reflect sum of line items due to rounding.

Interactive Budget Page Link: <http://www.seattle.gov/city-budget/2018-proposed-budget/seattle-department-of-construction-and-inspections>

#### BACKGROUND:

The Seattle Department of Construction and Inspections' (SDCI) work is concentrated on the physical development of private and public properties. SDCI administers city ordinances that regulate rental housing, building construction, and the use of land; enforcing compliance with those regulations; and providing inspections. This includes implementing, and enforcing existing codes and developing new policies and regulations related to environmental protection, land use, construction, and rental housing. SDCI reviews and issues land use and construction-related permits, including Master Use Permits, shoreline development permits, mechanical and electrical system permits, site development permits, and permits related to energy standards.

SDCI's operations are primarily supported by fees necessary to support permitting and inspection work, with the exception of the Code Compliance Division, which is funded primarily by the General Fund.<sup>1</sup> SDCI's 2018 Proposed Budget is \$84.8 million, about \$1.8 million or two percent higher than the Council's 2018 Endorsed Budget. Approximately eight percent of the department's budget is supported by the General Fund.

Budget and staffing additions in the 2018 Proposed Budget include:

- \$200,000 to implement the Tenant Landlord Resource Center, including one Planning & Development Specialist, Senior position (see additional discussion below).
- \$367,491 to account for items that were added to SDCI's budget through the 1st and 2nd Quarter Supplemental Budget Ordinances and for increased labor costs related to reclassification of 16 positions across SDCI.
- \$142,949 to expand project facilitation for land use and building permit projects identified as City priorities through a Land Use Planner III position.
- \$113,594 to support department outreach and engagement efforts to raise public awareness of permitting and code enforcement processes as well as code development, rental housing, and tenant protection programs through a Public Relations Specialist position.

## **ISSUE IDENTIFICATION:**

### **1. Tenant Landlord Resource Center**

In 2017, the Council requested that SDCI prepare a proposal for a Tenant Landlord Resource Center in coordination with other city departments and in consultation with stakeholders (see 2017 [SLI 144-1-A-1](#)). In addition to the SLI request, Council added the following one-time GSF resources in 2017 that enhanced funding for outreach and education for tenant and landlords: (1) \$65,000 to develop a new website to help renters and landlords navigate Seattle's rental regulations and (2) \$50,000 to support coordinated outreach efforts and prepare educational materials to better inform tenants and landlords of their rights and responsibilities under Seattle's rental regulations, with a focus on outreach to communities with limited English proficiency and immigrant and refugee communities. The webpage is under development and is expected to be completed and launched in December 2017. SDCI is continuing to conduct outreach work to tenants and landlords.

The Proposed Budget adds \$200,000 to support the Tenant Landlord Resource Center (working title "Renting in Seattle") to improve services to renters and landlords through improved communication; outreach, including to historically underrepresented communities; and cross-departmental coordination. The budget also funds the following implementation steps in 2018:

- Establish and staff a single point of entry for renters and landlords seeking information through a dedicated phone-line and the soon to be launched Renting in Seattle website (no new resources proposed beyond those endorsed);

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<sup>1</sup> The setting of SDCI regulatory fees are governed by the principles set forth in [Resolution 29502](#), which resulted from a 1996 Program and Funding Study of the, then, Department of Construction and Land Use.

- Develop, translate, and maintain new materials such as a renter’s handbook (\$55,000) and video on key City rental rules (\$7,000);
- Add resources for community liaison support from the Department of Neighborhoods (DON), including interpretation services (\$6,000); and
- Fund a 1.0 FTE regular ongoing position (Planning & Development Specialist Sr) to lead and manage the new work (\$132,000).

Existing resources in SDCI will also support the resource center. This includes five positions in the Property Owner and Tenant Assistance group, focused entirely on tenant assistance; three housing/zoning technicians who staff the phone lines and respond to online and email questions and complaints; and 12 inspectors and two supervisors who follow-up on complaints and ongoing cases. Inspectors respond to a broad range of housing and zoning complaints and are not solely focused on tenant and landlord assistance. In addition to the resources described above, Councilmembers may want to consider expanding the proposed scope of the resource center.<sup>2</sup> This could include the following:

- Increase support to work with DON’s community liaisons. SDCI’s original proposal included \$25,000 for work with community liaisons and \$20,000 for ethnic media advertising. The proposed budget provides \$6,000 for this work, in addition to resources that support the regular course of business for DON that includes distributing information and educational material on a variety of programs and services at citywide outreach events.
- Add resources to provide ongoing grants to community based organizations to provide information and key services to renters. The Human Services Department (HSD) currently has contracts with three community organizations to provide services such as legal aid, foreclosure prevention, tenant counseling, technical assistance and workshops. In 2017, the City provided approximately \$715,000 in funding for these services via HSD to the Legal Action Center, Tenants Union, and Solid Ground. SDCI consulted with these community organizations and others as they developed the proposal for the resource center. After being consulted, several organizations submitted preliminary proposals for expanded services that would require approximately \$370,000 in additional funding.
- Request that SDCI works with HSD in 2018 to provide more strategic direction in how grants and contracts to partner organizations are deployed. This could include identifying service gaps, better alignment between City and partner services, a broader look at potential partnership opportunities, and opportunities for efficiencies in service delivery.
- Add resources for updating and developing new informational materials to convey basic information and promote the web and phone portals contacts (\$5,000). This could include low cost items like refrigerator magnets or key chains.
- Add phone line staffing (1.0 FTE Housing/Zoning Technician, \$88,000/year). To minimize upfront expenses, SDCI proposed to monitor call volume and ask for new staffing later in 2018 if needed. Calls and emails, not including communications about the Rental Registration Inspection Ordinance, have grown 67 percent over the past six years, and the dedicated phone line, along with expanded tenant outreach and education, will likely increase contacts to SDCI.

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<sup>2</sup> Note that resources for the Tenant Landlord Resource Center are not permit fee eligible and would require General Fund support.

**Options:**

- A. Add resources for some combination of the budget actions described above to broaden the reach of the resource center (also see item #3 under the “Budget Actions Proposed by Councilmembers as of 10/09”).
- B. Approve the Mayor’s proposed budget.

**2. Code Development Program Staffing**

The Code Development Program develops and updates the Land Use Code and other related codes to help ensure that development conforms to the goals and policies of the Comprehensive Plan, new development trends, Executive and Council priorities, and new state and federal regulations. The Code Development Program in SDCI is funded with General Funds.

The Mayor’s proposed 2017 budget recommended the conversion of a sunset position to a regular ongoing position in the Code Development Program. However, the Council adopted [GS 403-3-A-1](#), which re-established the original sunset date and reallocated the funding to the Office of Labor Standards for outreach and education work. As a result, the Code Development Program will not have sufficient staff to carry out all projects currently on its work program in 2018, including priority projects that the Mayor and Council have identified. This includes (1) developing an enhanced Vacant Building Monitoring program (see item #1 under the “Budget Actions Proposed by Councilmembers as of 10/09”), (2) updating processes for major institutions, (3) updating development standards and eligible land use code departures for schools, (4) working with OPCD and the Office of Economic Development to implement recommendations from the Industrial Lands Advisory Group, and (5) updating tree regulations.

**Options:**

- A. Add \$130,000 GSF (ongoing) to the SDCI Code Compliance BCL to convert the one FTE Senior Planning and Development Specialist position that would sunset in December 2017 to a permanent, ongoing position, and specify in the green sheet that Council expects that a portion of the Code Development Program’s staff will carry out Council identified priorities and provide support for environmental review of Council initiated land use legislation.
- B. Approve the Mayor’s proposed budget.

**BUDGET LEGISLATION AND PERFORMANCE MEASURES:**

**1. SDCI Fee Legislation**

Accompanying the budget, SDCI has sent a bill that would adjust fees and charges based on inflation. The bill also includes a restructuring of the inspection and enforcement fee for temporary noise variances, the introduction of a fee to recover costs associated with the review of hazardous tree removals that occur outside of Environmentally Critical Areas (ECA), and additional fee categories for certain ECA reviews in response to new requirements adopted in [Ordinance 125248](#) and [Ordinance 125292](#). The fee adjustments proposed by this legislation will result in an estimated net increase in SDCI’s 2018 fee-based revenue of \$966,208, equivalent to 1.4 percent of projected fee revenue. Fee revenues are designed to cover the costs of SDCI’s permitting,

inspection and enforcement functions and are used for those activities.

## **2. SDCI Emergency Tenant Relocation Assistance Legislation**

Accompanying the budget, SDCI has sent a bill that would increase the limit on the total dollar amount of unreimbursed emergency relocation assistance, advanced by SDCI to low-income tenants. The current limit, set in 2003, is \$50,000; the proposed legislation increases the limit to \$200,000. On occasion, SDCI has encountered situations where the total dollar value of unreimbursed emergency relocation assistance approached or exceeded the \$50,000 limit. Due to the urgent need of low-income tenants who sometimes must move with little notice, SDCI has proceeded to advance assistance to low-income tenants even when it meant exceeding the limit specified in the code. In most cases, property owners make reimbursement payments to the City within a few days to a few weeks after the emergency relocation assistance has been advanced by the City.

The proposed change provides SDCI with a more feasible limit to work within, so that emergency relocation assistance payments can be made to low-income tenants without violating the provisions of the Municipal Code.

## **3. SDCI Budget Performance Measures**

SDCI is one of nine departments that participates in the Budget Performance Measures pilot. As part of the City's ongoing work to track performance, the pilot connects performance information to actual spending and changes over time. There are four performance measures for SDCI: (a) efficient processing of construction permits; (b) efficient processing of land use permits; (c) timely inspections; and (d) timely compliance response times. SDCI is performing well against some measures and less well against others. Specifically, the data shows that SDCI is not consistently meeting goals for efficient review of complex land use and building permit application. This may be due to increased permit volumes.

Both the Executive and the Council have taken steps to make improvements in this area through business process changes, such as (a) providing resources to implement a new permitting system (this work is still underway); and (b) legislative changes, such as [Ordinance 125429](#), which was recently adopted by the Council to implement improvements to the City's Design Review Program. In addition, SDCI has contingent budget authority to increase staffing levels as need to address surges in workloads. In 2016, SDCI accessed contingent budget authority for 19 positions that are three-year, term-limited sunset positions.

## **BUDGET ACTIONS PROPOSED BY COUNCILMEMBERS AS OF 10/09/17:**

### **1. Add resources to develop an enhanced vacant building monitoring program (CM Herbold)**

This proposal would add resources to SDCI to develop and implement an enhanced Vacant Building Monitoring Program as requested in [Ordinance 125399](#). This would include creating a tiered fee structure to develop a program that is fully fee supported while minimizing costs for participants whose buildings are well maintained and not subject to unauthorized entry. Council Central Staff will continue to work with CM Herbold to determine the specific resources needed for this work.

### **2. Add resources to develop and distribute best practices information on the use of leaf blowers (CM Herbold)**

This proposal would add resources to SDCI or OPCD to implement one of the recommendations included in a report to Council in 2014 about regulations and incentives to reduce or eliminate leaf blower noise and emissions. The work would include convening an inter-departmental team, which would identify and prepare materials to provide best practice information to the public, private landscape companies, manufacturers, and retailers. This information would pertain to health, safety, and courteous use of equipment. Central Staff will continue to work with CM Herbold to determine the specific resources needed for this work and with Executive staff to determine the appropriate department or office to complete the work.

### **3. Add resources to provide ongoing grants to community based organizations for outreach to tenants (CM O'Brien)**

This proposal would add \$200,000 GSF for SDCI to contract with community organizations with extensive experience in direct door-to-door outreach and engagement. Funding would support proactive outreach to educate tenants about their rights and ensure they fully understand the law and available tenant resources within the City. This would increase the number of tenants reached through SDCI's outreach efforts. Specifically, the funding would support services provided by community organizations with experience conducting outreach in neighborhoods with low-income renters and communities of color.

### **4. Add resources to contract with a community based organization for outreach to owners of unreinforced masonry buildings (CP Harrell and CM Bagshaw)**

This proposal would add resources for SDCI to contract with a community organization, such as the Seattle Chinatown International District Preservation and Development Authority, to provide education, technical assistance, project management, and coordination between the City and the neighborhood about unreinforced masonry (URM) building policies currently under development. The focus of the work would be in neighborhoods like the Chinatown-ID because of the concentration of URM buildings and the historic preservation requirements that apply to many properties in the neighborhood. Central Staff will continue to work with CMs Harrell and Bagshaw to determine the specific resources needed for this work.