

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

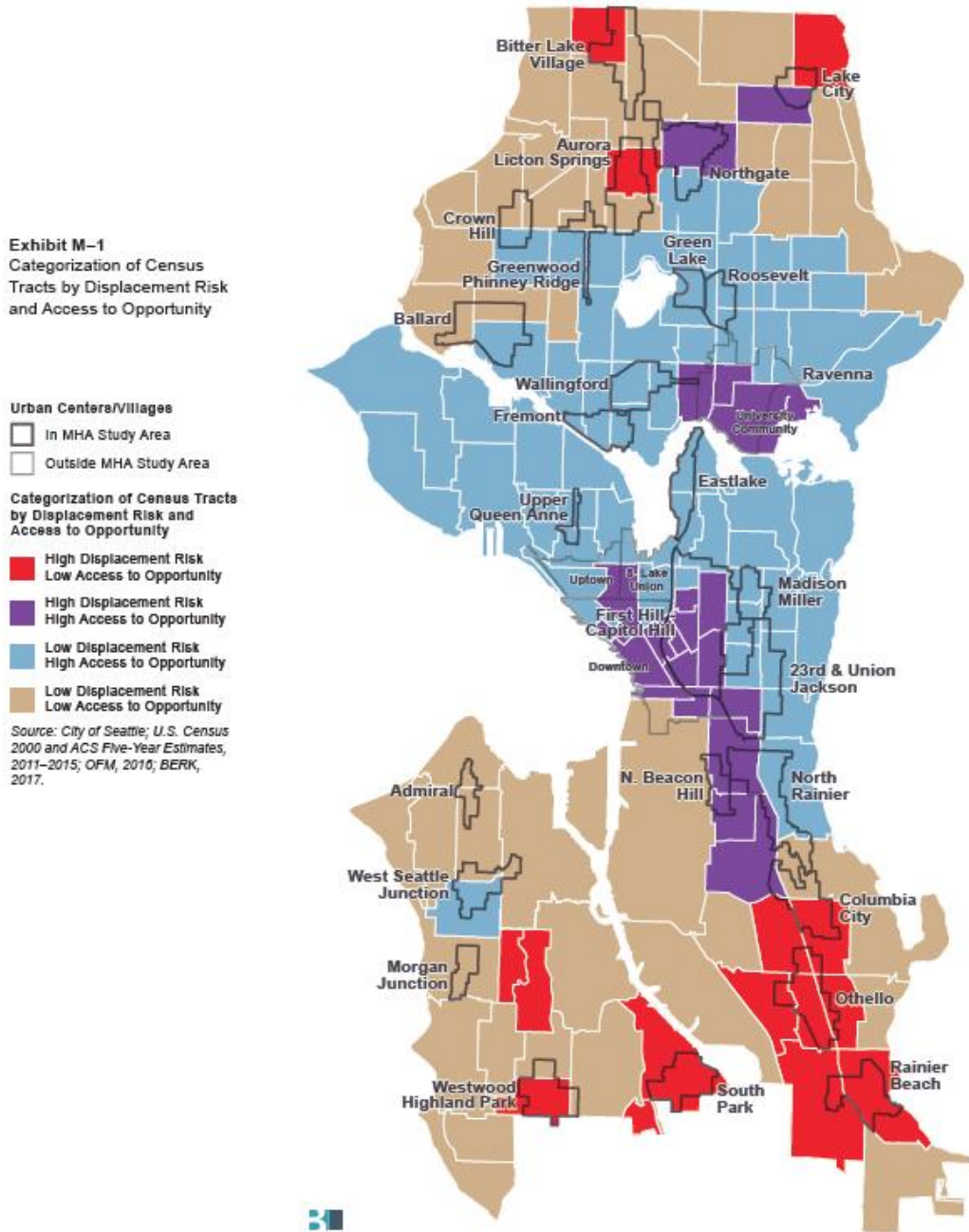
The 2017 [Citywide implementation of Mandatory Housing Affordability: Final Environmental Impact Statement](#) (*MHA Final EIS*) analyzed census tracts based on the displacement risk / access to

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%	\$20.75
	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