

79:C:12

REGULATING AND LICENSING THE DEMOLITION AND CHANGE OF USE OF RESIDENTIAL HOUSING UNITS, ETC., TO BE KNOWN AS THE "HOUSING PRESERVATION ORDINANCE".

Ordinance No. 109220

AN ORDINANCE REGULATING AND LICENSING THE DEMOLITION AND CHANGE OF USE OF RESIDENTIAL HOUSING UNITS, IMPOSING A LICENSE FEE TO RAISE REVENUE, CREATING A LOW IN-COME HOUSING REPLACEMENT FUND, PROVIDING PROTECTION AND ASSISTANCE FOR DISPLACED TENANTS, PROVIDING PENALTIES FOR VIOLATIONS, AND ESTABLISHING A POSITION IN THE DEPARTMENT OF CONSTRUCTION AND LAND USE.

WDH - 7/15/80 - DO PASS with 3 issues to divided vote.

COMPTROLLER
FILE NUMBER EN66055

Council Bill No. 101505

INTRODUCED: JUL 14 1980	BY: HILDT
REFERRED: JUL 14 1980	TO: URBAN DEVELOPMENT & HOUSING
REFERRED:	
REFERRED:	
REPORTED: JUL 21 1980	SECOND READING: JUL 21 1980
THIRD READING: JUL 21 1980	SIGNED: JUL 21 1980
PRESENTED TO MAYOR: JUL 22 1980	APPROVED: JUL 24 1980
RET. TO CITY CLERK: JUL 24 1980	PUBLISHED:
VETOED BY MAYOR:	VETO PUBLISHED:
PASSED OVER VETO:	VETO SUSTAINED:

SEE BACK COVER

- Ord. 109432 -Amends Sec 3 re application of the ordinance to housing units for which permits were applied for prior to January 1, 1980.
- Ord. 109973 -Amends Sec 2 to exempt certain housing units from the demolition fee requirement, etc.
- Ord. 109988 -Re SEPA Housing Policies -Amends Ord. 107678 to indicate that compliance with the Housing Preservation Ordinance (109220) constitutes compliance with SEPA housing policies.
- Ord. 110661 -Amends Sec 7 to reflect changes in zone designation in the Land Use Code.

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ORDINANCE 109220

AN ORDINANCE regulating and licensing the demolition and change of use of residential housing units, imposing a license fee to raise revenue, creating a Low Income Housing Replacement Fund, providing protection and assistance for displaced tenants, providing penalties for violations, and establishing a position in the Department of Construction and Land Use.

WHEREAS, for several years the vacancy rate for residential rental units in the City has remained less than three percent (3%); and

WHEREAS, projections indicate that there will be a steady increase in the number of households in need of rental housing for the foreseeable future; and

WHEREAS, a significant number of residential housing units, especially low and moderate income units, are lost each year to demolitions; and

WHEREAS, the loss of residential housing units is exacerbating an already critical rental housing shortage; and

WHEREAS, tenants displaced by demolitions, frequently on short notice, have been unable to find affordable housing and are increasingly unable to find any decent, safe and sanitary housing; and

WHEREAS, demolitions are imposing severe hardships upon all classes of displaced tenants but especially upon the elderly and those of low and moderate income with the result that an increasing number of tenants are becoming dependent upon governmental assistance; Now, Therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Short Title. This ordinance may be cited as the "Housing Preservation Ordinance."

Section 2. Definitions. As used in this ordinance, the following words and phrases shall have the following meanings:

- (a) Average-Cost Rental Housing: Any housing unit which for a continuous period of five years or more will be rented at a rate equal to, or less than, the federal Section 8 Fair Market Rent for comparable units in the Seattle area, as determined by the Department of Housing and Urban Development.

- 1 (b) Change of Use: The conversion of any housing unit
2 from a residential to a non-residential use.
- 3 (c) Housing Unit: Any dwelling unit, housekeeping
4 room or guest room, as defined by the Seattle
5 Housing Code (Ordinance 106319), which was not
6 ordered vacated and closed to entry by the Director
7 of Construction and Land Use pursuant to Chapter
8 5 of the Housing Code prior to January 1, 1980;
9 Provided, that any housekeeping or guest room
10 which can be shown by the owner, to the satisfaction
11 of the Director, to have been used as non-residential
12 lodging shall not be considered a housing unit
13 under this ordinance.
- 14 (d) Low Income Tenant: A tenant, as defined herein,
15 whose total household income and assets are at or
16 below the federal Section 8 Income Eligibility
17 Standards as determined by the Department of
18 Housing and Urban Development.
- 19 (e) Net Residential Area: The total number of square
20 feet of living space in a building based upon the
21 interior dimensions of each housing unit and
22 excluding stairwells, halls, lounges and other
23 common areas.
- 24 (f) Non-required Parking Lot: Any parking spaces not
25 required by the Zoning Ordinance (86300) as accessory
26 to a principal use nor as a mitigating measure
27 pursuant to the State Environmental Policy Act.
- 28 (g) Rental Unit: Any housing unit, as defined herein,
which is occupied pursuant to a lawful rental
agreement, oral or written, express or implied.

- 1 (h) Subsidized Housing: A housing unit in which the
2 occupant receives a rent subsidy pursuant to the
3 federal Section 8 Rent Subsidy Program, or a
4 housing unit in which low income tenants are not
5 required to pay more than 25% of their incomes for
6 rent, and which will remain subsidized for a
7 period of 20 years or more.
- 8 (i) Tenant: Any person who occupies a housing unit
9 pursuant to a lawful lease or rental agreement,
10 whether oral or written, express or implied. Two
11 or more individuals who live together in a rental
12 unit shall be considered one tenant for purposes
13 of this ordinance.
- 14 (j) Director means the Director of the Department of Construction
15 and ^{Land} Use or its successor department.
- 16 (k) Owner: Any person, firm, partnership, association,
17 joint venture, corporation or other entity or
18 combination of entities who undertakes the demolition
19 of any residential housing unit in the City of
20 Seattle. The term "owner" shall also include the
21 owner's agent or other person acting on the owner's
22 behalf.
- 23 (l) Person: Any individual, corporation, partnership,
24 association or other legal entity.
- 25 (m) Agent: Any person, firm, partnership, association,
26 joint venture, corporation or other entity or
27 combination of entities who represent or act for
28 or on behalf of another.
- (n) Notice: ~~...~~ A written notice unless otherwise
specified.
- (o) Demolition: The destruction of any housing unit.

1 (p) Residential use: The use of any housing unit
2 designed, arranged, intended, occupied, maintained,
3 leased, or rented as the primary residence of any
4 person.

5 (q) Section 8 Housing: The Federal Government's Low
6 Income Housing Assistance Program as codified in
7 Section 8 of the United States Housing Act of
8 1937, as amended, 42 U.S.C. 1437F.

9 (r) Use Permit: A use permit as described in and
10 required by the Seattle Zoning Ordinance (86300).

AMENDED - ORIG
109432

11 Section 3. Application of Ordinance. This ordinance
12 shall apply to the demolition and change of use of all
13 housing units, as defined herein, in The City of Seattle,
14 including those demolished pursuant to any order, decision
15 or other action of the Director. No
16 owner shall cause the demolition of any housing unit without
17 first obtaining a Housing Demolition License. Housing units
18 which are the subject of demolition proceedings or a demolition
19 order but which have not been demolished on the effective
20 date of this ordinance shall be subject to the terms of this
21 ordinance. Any housing unit ordered demolished by the
22 Director because of damage caused by civil commotion,
23 malicious mischief, vandalism, tenant waste, natural disaster,
24 or other destruction beyond the owner's control shall not be
25 subject to the terms of this ordinance. This ordinance
26 shall not apply to the demolition of any housing unit owned
27 by the Seattle Housing Authority or any public development
28 authority or to the demolition of a detached single family
house which will be replaced by a detached single family
house.

Section 4. Residential Housing Demolition License.

Before demolishing any housing unit, owners must first
secure a use permit for the intended use of the property. After

1 obtaining a use permit, owners must obtain a Housing Demolition
2 License. When there is a proposed change of use of any
3 housing unit, owners must obtain a Housing Demolition License
4 prior to obtaining a use permit. No Housing Demolition
5 License shall be issued by the Director until owners have
6 fully complied with the requirements of this ordinance. The
7 Director shall not issue a Housing Demolition License or use
8 permit when a housing unit or units are proposed to be
9 demolished and no replacement use is proposed, or when the
10 proposed replacement use is a non-required parking lot;
11 Provided, that when demolition is ordered by the Director
12 for reasons of health and safety a demolition permit shall
13 be issued without the requirement of a use permit.

14 Section 5. License Requirements. To receive a Housing
15 Demolition License every owner must:

- 16 (a) Submit to the Director a statement, on a form to
17 be provided by the Director, certifying the number
18 of housing units to be demolished and the net
19 residential area to be lost by the demolition.
- 20 (b) Submit a list containing the name of each tenant
21 currently residing in the structure to be demolished
22 and a list of the name and last known address of
23 each tenant who has resided in the structure
24 during the 120 days immediately preceding the date
25 of application, indicating those whose tenancies
26 were terminated and the reason for each termination.
- 27 (c) Submit written verification of compliance with
28 the tenant notice, eviction and relocation assistance
requirements of Sections 11, 12, 13, 15 and 16 of
this ordinance.
- (d) Submit the Housing Demolition License fee as
provided in Section 7 of this ordinance.
- (e) Except in the case of a proposed change of use,
secure a use permit.

29 Section 6. Housing Cost Index. The Director
30 shall compute and publish a housing cost index for replace-
31 ment housing by multiplying the monthly federal Section 8
32 Fair Market Rent for one bedroom walk-up rental units, as

1 determined by the Department of Housing and Urban Development,
2 by 240 and dividing the product by 600. The resulting
3 number shall be the housing cost index.

4 Section 7. Computation of Housing Demolition License Fee.

5 The Housing Demolition License fee shall be computed by
6 multiplying the net residential area to be demolished by the
7 Housing Cost Index. The product of these numbers shall be
8 the replacement cost for the demolished units. When housing
9 units are demolished in Single Family Residence (RS), Residential
10 Duplex (RD), Multiple Residence Lowest Density (RM 1600),
11 Residence Waterfront (RW), General Industrial (IG), Manufacturing
12 (M) or Heavy Industrial (IH) zones, as described in the
13 Zoning Ordinance (86300), owners shall pay a license fee of
14 3% of estimated replacement costs. When housing units are
15 demolished in a Multiple Residence Low Density (RM 800),
16 Neighborhood Business (BN), or an Intermediate Business (BI) zone,
17 as described in the Zoning Ordinance (86300), owners shall pay
18 a license fee of 5% of estimated replacement costs. When
19 housing units are demolished in any Multiple Residence High
20 Density Variable Height (RMV) or in a Multiple Residence
21 High Density (RMH) zone, as described in the Zoning Ordinance
22 (86300), owners shall pay a license fee of ~~15%~~ ^{13%} of estimated
23 replacement costs. When housing units are demolished in a
24 General Commercial (CG) or Community Business (BC) zones
25 owners shall pay a license fee of ~~20%~~ ^{17%} of estimated replacement
26 Metropolitan Commercial (CM), costs. When housing units are demolished in a Metropolitan
27 Commercial Temporary (CMT), or Multiple-Residence-Mixed
28 Density (RM-MD) zone, as described in the Zoning Ordinance
(86300), owners shall pay a license fee of ~~25%~~ ^{20%} of estimated
replacement costs. When no more than two adjacent single
family houses are demolished in RS, RD, RW, RM, IG, M, IH, BN
and BI zones, no license fee shall be required but all other

1 ordinance was delivered to the tenants in the
2 building: provided, that the owner must advise
3 the tenant, in writing, prior to the tenant's
4 acceptance of tenancy, that the unit will be
5 demolished within 120 days. Any eligible tenant
6 who is not advised of the intended demolition
7 shall be entitled to full relocation benefits.

8 Any owner seeking an exemption from the relocation assistance
9 requirements of this ordinance based upon the exceptions in
10 Section 13(a) and (b) must secure from the tenant a written
11 waiver of relocation assistance on a form which shall be
12 provided by the Director which states the basis for the waiver.
13 No waiver of relocation assistance shall be permitted for
14 any reason other than those enumerated in Section 13 of this
15 ordinance.

16 ~~Section 14. Relocation Assistance Credited to License
17 Fee. An amount equal to 120% of relocation assistance
18 payments either made to or waived by eligible tenants shall
19 be credited to the license fee required by Section 7 of this
20 ordinance up to the total amount of the license fee.~~

21 ~~Section 15. Tenant Notice.~~ At least 120 days prior to
22 issuance of a Housing Demolition License, the owner must
23 deliver to each tenant in the building written notice of his
24 intention to apply for a Housing Demolition License and
25 the relocation assistance certification form described in
26 Section 12 of this ordinance. The notice, which shall be in
27 a form provided by the Director, shall describe the relocation
28 benefits available to eligible tenants and shall explain the
tenant's right to remain in possession unless evicted for
just cause. Notice shall be delivered to each tenant personally
and written acknowledgement of service by the tenant shall

1 provisions of this ordinance shall apply. When more than two
2 adjacent single family houses are demolished, the license
3 fee shall be computed based upon the total square feet of
4 housing demolished.

5 Section 8. Fee Reductions for Certain Replacement Uses.

6 The Housing Demolition License fee computed pursuant to
7 Section 7 of this ordinance shall be reduced when demolished
8 housing units are replaced by new housing units. When
9 demolished housing units are replaced by subsidized housing,
10 the license fee shall be reduced by subtracting from the net
11 residential area to be demolished the number of square
12 feet of net replacement subsidized housing. When demolished
13 housing units are replaced by housing units whose rents or
14 monthly mortgage payments do not exceed monthly Section 8
15 fair market rents for comparably sized housing units in the
16 Seattle area, the license fee shall be reduced by subtracting
17 from the net residential area to be demolished, 90% of the
18 net number of square feet of replacement housing. When housing
19 units are replaced by housing units whose rents or monthly
20 mortgage payments exceed monthly federal Section 8 Fair Market
21 Rents the license fee shall be reduced by subtracting from the
22 net residential area to be demolished 50% of the net number of
23 square feet of replacement housing. When calculating fee
24 reductions pursuant to this section, the net residential
25 area of replacement housing subtracted from the net residential
26 area of demolished housing shall not exceed the net residential
27 area of demolished housing. When an owner relocates the
28 structure to be demolished to another site in the City at
his sole cost and expense, the license fee shall be reduced
by 100%. In all other cases and whenever the housing replacement
use is not under construction within three years following
issuance of a Housing Demolition License the full license

1 fee as determined in Section 7 of this ordinance shall be
2 required. If another use permit is subsequently issued for
3 the same site then the license fee shall be recomputed based
4 upon the proposed new use.

5 Section 9. Demolition Ordered by Director. Whenever the
6 Director shall order any housing unit demolished for reasons
7 of health and safety, the owner shall be obligated to pay
8 the Housing Demolition License fee required by Sections 5, 6
9 and 7 of this ordinance except when demolition is necessitated
10 by vandalism, malicious mischief, tenant waste, natural
11 disaster, civil commotion, or other destruction beyond the
12 control of the owner. Whenever the license fee or any
13 portion thereof is not paid on or before the date of the
14 demolition by the Director, the amount owing shall be reduced
15 to judgment by the City Attorney and made a lien against the
16 real property.

17 Section 10. Subsidized Housing. To qualify as a
18 subsidized housing replacement under Section 8 of this
19 ordinance the owner must present proof of a final commitment
20 for subsidization from the Department of Housing and Urban
21 Development or other proof acceptable to the Director that
22 the replacement units will be subsidized housing. An owner
23 who builds any subsidized housing within the City after the
24 effective date of this ordinance may set off the net residential
25 area of the subsidized housing constructed against the net
26 residential area lost through demolition on any property of
27 the owner. Any amount of net residential area of subsidized
28 housing which is in excess of net residential area demolished
may be carried over and applied to future demolitions.

Section 11. Tenant Evictions. For 120 days prior to
issuance of the Housing Demolition License for any housing

1 unit, tenants in those units shall be evicted only for
2 failure to pay rent after service of a three day notice to
3 pay rent or vacate pursuant to RCW 59.12.030(3); for failure
4 to comply with reasonable terms of a lease or rental agreement
5 after service of a ten day notice pursuant to RCW 59.12.030(4),
6 or for destroying property or creating a nuisance after
7 service of a three day notice pursuant to RCW 59.12.030(5).

8 Section 12. Relocation Assistance. Tenants displaced
9 by demolition or change of use shall receive from the owner,
10 at least five days before the date they are required to
11 vacate, a relocation assistance payment in the following
12 amount:

13 (a) Low income tenants shall receive \$1,000;

14 (b) Tenants whose household income exceeds 80% of median
15 household income but is less than 160% thereof
16 shall receive an amount calculated as follows:

17
$$\frac{80\% \text{ of median household income}}{\text{Tenant's household income}} \times \$1,000$$

18 not to exceed \$1,000;

19 (c) Tenants whose household income exceeds 160% of
20 median household income shall receive no relocation
21 assistance payment.

22 Relocation assistance payments shall be in addition to the
23 refund of any deposits or other sums to which the tenant is
24 entitled. At the option of the owner or the tenant, relocation
25 assistance shall be paid in the form of excused rent payments.
26 Owners shall give each tenant written notice in advance of
27 his or her entitlement to relocation assistance in the form
28 of excused rent. Tenants who vacate prior to receiving full
relocation assistance in the form of reduced rents shall
receive, at least five days before the date they vacate, the
difference between the set off rent and their full relocation

1 entitlement. Each tenant claiming relocation assistance
2 of notice of entitlement,
3 shall submit to the owner, within 30 days of receipt, a
4 sworn, notarized statement, setting forth the tenant's total
5 annual gross income for the previous calendar year and the
6 total gross income for the current year when the statement
7 is submitted. The statement shall be on the form provided
8 by the Director and shall be delivered to the tenants with
9 the tenant notice required by Section 16 of this ordinance.
10 The owner may challenge the income verification of any
11 tenant by submitting proof to the Director of income not
12 disclosed by the tenant. Any tenant who refuses to provide
13 information regarding his or her income when requested by
14 the Director, or any tenant who misrepresents any information
15 regarding relocation benefits, shall be denied relocation
16 assistance.

17 Section 13. Relocation Assistance Exceptions. Owners
18 shall not be required to pay relocation assistance to eligible
19 tenants when:

- 20 (a) The owner, at the owner's expense, relocates the
21 tenant into a housing unit acceptable to the
22 tenant.
- 23 (b) The owner secures temporary housing acceptable to
24 the tenant during rehabilitation or construction
25 and guarantees the tenant a unit in the replacement
26 structure acceptable to the tenant.
- 27 (c) The tenant's tenancy is terminated for good cause
28 pursuant to Section 10 of this ordinance.
- (d) The tenant receives relocation benefits under state
or federal law.
- (e) The tenant establishes tenancy in the unit after
the 120 days notice required by Section 16 of this

1 be secured, or notice shall be delivered by registered or
2 certified mail with return receipt requested. In addition,
3 a copy of the notice shall be posted at every entrance to
4 the building.

5 Section ¹⁵~~16~~. Housing Replacement Fund. There is hereby
6 created in the City Treasury a Housing Replacement Fund into
7 which all Housing Demolition License fee payments made
8 pursuant to Sections 5 and 6 of this ordinance shall be
9 deposited. Money deposited in the fund shall be used only
10 for costs related to production of housing for low income
11 persons. All appropriations from the fund shall be authorized
12 by the City Council by ordinance.

13 Section ¹⁴~~17~~. Administration. The Director shall
14 administer the provisions of this ordinance and is authorized
15 to adopt reasonable rules and regulations consistent with
16 the ordinance to carry out his duties. Any violation of
17 this ordinance shall be reported to the Director who shall
18 investigate the complaint and take whatever action he deems
19 necessary. Whenever an owner fails to comply with the
20 provisions of this ordinance, the Director shall refuse the
21 requested license.

22 Section ¹⁷~~18~~. There is hereby established in the
23 Department of Construction and Land Use at the salary rate
24 provided for like positions in the Salary Ordinance, one
25 position of Research and Evaluation Assistant, and the Director
26 is authorized to fill the position subject to Civil Service
27 laws and rules.

28 Section ¹⁸~~19~~. Penalties. Violation of Sections 4, 10,
11 or 15 of this ordinance or any deliberate attempt by an
12 owner to evade application of this ordinance, or any mis-
13 representation of a material fact in any application or other
14 writing required by this ordinance shall constitute violations

(To be used for all Ordinances except Emergency.)

subject to the provisions of Chapter 12A.01 and Chapter 12A.02 of the Seattle Criminal Code (Ordinance 102843), and any person convicted thereof may be punished by a civil fine or forfeiture not to exceed Five Hundred Dollars (\$500.00). Each day's violation of any provision of this ordinance shall constitute a separate offense.

Section 20. 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 the application thereof to any person or circumstance shall not affect the validity of the remainder of this ordinance, or the invalidity of its application to other persons or circumstances.

Section 21. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 21 day of July, 1980, and signed by me in open session in authentication of its passage this 21 day of July, 1980.

President of the City Council.

Approved by me this 24 day of July, 1980. Carlos Lopez Mayor.

Filed by me this 24 day of July, 1980.

Attest: Jim Hill City Comptroller and City Clerk.

(SEAL)

Published

By Dorothy L. McFarlin Deputy Clerk.



Seattle City Council

Memorandum

Date: July 17, 1980

To: All Councilmembers

M.H. by ao

From: Michael Hildt

Subject: Urban Development and Housing Committee Report
Demolition License Fee Ordinance, C.B. 101505.

The Urban Development and Housing Committee, at its meeting on July 15, 1980, unanimously recommended in principle C.B. 101505, an Ordinance regulating and licensing the demolition and change of use of residential housing units with three issues of divided vote remaining. The three issues are discussed below.

1. Should the demolition of one detached single family house or two adjacent detached single family houses in certain zones be exempted from the Demolition License fee?

HILDT, KRAABEL
RICE

- Yes **JUL 21 1980 ADOPTED**
- No

Majority Report

To require fees for demolishing a single family house or two adjacent detached single family houses in low density zones would be working at cross purposes with other existing or proposed City policies. The City is encouraging the construction of lower cost, ground-related, low-scale wood frame residential structures which typically are the most affordable type of new construction rental housing. Since Seattle has few remaining vacant lots, it is the older, often poorly maintained single family house in zones which support more dense types of housing that is a candidate for demolition, making way for the new, much-needed, greater number of housing units.

Additionally, it is the smaller construction firms, those with fewer resources, which produce this type of multi-family structure. A license fee added to other financing needs in an already risky business would be a decided deterrent to the construction of the much-needed new rental housing.

Finally, the fee structure is such that the amount of money projected to be realized from assessing single family units is not worth the administrative hassle and the loss of new housing units.

Minority Report

Except for a single family unit which is demolished and replaced with a new

single family residence, a Demolition License fee should be assessed for every demolished housing unit. While the fees to be realized may not be significant, the single family housing lost to demolition is irreplaceable. It is generally the most affordable rental housing; it is appropriate for low-income families; and it often provides housing for many people who share the unit.

2. Should the Demolition License fees be 15% in RMV and RMH Zones, 20% in BC and CG Zones, and 25% in BM,CM,CMT, and RM-MD Zones or 13%, 17%, and 20% as described in the attached memo by Paul Kraabel?

HILDT, RICE

- 15 -20 - 25 %

KRAABEL

- 13 -17 - 20 %

JUL 21 1980 ADOPTED

Majority Report

The fees proposed by the Mayor for these three categories of zones were too low. The housing likely to be demolished is affordable to low and moderate income persons, while the replacement use will be either non-residential or high-cost highrise residential structures. The affordable housing lost is impossible to replace without substantial public subsidy. In the past, government has assumed full responsibility for replacing units lost at great public expense. With shrinking public resources and rising replacement costs, those who benefit from demolitions, exacerbating the housing problem for low-income persons, should pay for a share of the costs of the burden.

In these zones which are designated through government action for higher density use, and thus have the potential for accruing large monetary benefits to owners and developers (and where the cost of replacement housing is the highest), the fees should be the most substantial. The amount of the fee will be a small fraction of the cost of the replacement construction, and will not be a deterrent to redevelopment.

Minority Report - See attached memo from Paul Kraabel.

3. Should relocation payments to tenants be deductible from the Demolition License fees?

KRAABEL, RICE

- Yes

HILDT

- No

JUL 21 1980 ADOPTED

Majority Report

Owners who permanently displace tenants by changing use or demolitions are required by this Ordinance to make relocation payments to, or provide acceptable alternative housing for, tenants displaced. The maximum fee is \$1000 per household. In structures with a large number of units, the relocation benefits could be a substantial expense. Because the size of relocation payments could

Page Three

July 17, 1980

Divided Votes - Demolition License Fee

cause owners to devise strategies to avoid assisting displaced tenants, it is important to provide them with an incentive to comply with the law. The ability to deduct relocation payments from the License fee would be such an incentive.

Minority Report

To deduct relocation payments from the Demolition License fee does not make sense. Relocation assistance and the Demolition License fee have separate, equally legitimate purposes. Owners should not be permitted to avoid either responsibility, each a separate result of the owner's action.

The argument that deducting relocation payments from the License fee assures payment of benefits to the tenants does not hold water. Unscrupulous owners could raise rents well in advance of demolition notices to recoup their expected outlay for relocation payments, and then claim a deduction from the License fee, thus doubling their advantage.



Seattle City Council

Memorandum

Date: July 9th, 1980

To: All Councilmembers

From: Paul Kraabel

Subject: Divided Report on Demolition Fees charged under
Proposed Housing Preservation Ordinance

My proposal regarding demolition fees differs from Councilman Hildt's in that my fees for demolitions occurring in the RMV/RMH, BC/CG, and BM/CM/RMMD zone categories are 13%, 17% and 20% respectively of the "estimated replacement cost" (as defined in the ordinance), as opposed to 15%, 20% and 25% which has been proposed by Mr. Hildt.

This ordinance is an effort to prevent, or more realistically, slow the loss of lower cost rental units. Once lost resulting costs to shelter those persons displaced fall in large part on the public since private enterprise cannot make a profit producing units which rent at these lower levels. It is felt unjust that a private party should, in the process of making a profit on a development involving the demolition of lower cost housing, place the entire resultant housing cost onto the public. If that reasoning is accepted the question then becomes, what is the appropriate fee?

I have reasoned that (in the areas where Councilmember Hildt and I differ) the fee should be no more than would be necessary to entice private developers to develop units which would rent for the original lower price. That is, if one unit renting for \$225 per month is torn down and a replacement unit can be built for \$351, which is to say \$351 per month could carry the necessary 20 year mortgage to finance the unit, the fee should generate that amount necessary to reduce the mortgage so that the monthly payments are \$225 instead of \$351. Following this logic leads me to my percentage figures.

The key assumptions I have made, and imminently challengeable assumptions must be made by anyone dealing in this area, are: the average rental of units destroyed is \$225 per month (agreed with as reasonable by O.P.E.), a replacement unit can be carried by a \$351 per month rent (a HUD figure), the interest rate is 12% and it is a 20 year note.

July 9th, 1980
All Councilmembers

Page 2.

Note that I am not proposing that my formula be used in the ordinance. Rather, I am using this approach to test whether or not the dollars generated would be sufficient, if reasonably utilized, to replace units lost in the zone categories mentioned with comparably priced units.

Also, as a matter of legislative philosophy, I feel strongly that when proposing a significant change in the status quo, which we are doing with this legislation, we should, if anything, err on the side of a smaller change, not a larger one. Any significant change introduced into our complex social system will have unforeseen side effects, some of which will be detrimental. The greater the change the more these side effects are amplified. As it is a lot easier to increase the amount of change later, after we have had some experience with a new idea, in order to realize the original intent of the legislation than it is to recover from a large unintended and bad result I believe it to be irresponsible to go further than appears necessary. My fees appear to me to be sufficient based on the analysis I have done.

PK:cm

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ORDINANCE _____

AN ORDINANCE regulating and licensing the demolition and change of use of residential housing units, imposing a license fee to raise revenue, creating a Low Income Housing Replacement Fund, providing protection and assistance for displaced tenants, providing penalties for violations, and establishing a position in the Department of Construction and Land Use.

WHEREAS, for several years the vacancy rate for residential rental units in the City has remained less than three percent (3%); and

WHEREAS, projections indicate that there will be a steady increase in the number of households in need of rental housing for the foreseeable future; and

WHEREAS, a significant number of residential housing units, especially low and moderate income units, are lost each year to demolitions; and

WHEREAS, the loss of residential housing units is exacerbating an already critical rental housing shortage; and

WHEREAS, tenants displaced by demolitions, frequently on short notice, have been unable to find affordable housing and are increasingly unable to find any decent, safe and sanitary housing; and

WHEREAS, demolitions are imposing severe hardships upon all classes of displaced tenants but especially upon the elderly and those of low and moderate income with the result that an increasing number of tenants are becoming dependent upon governmental assistance; Now, Therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Short Title. This ordinance may be cited as the "Housing Preservation Ordinance."

Section 2. Definitions. As used in this ordinance, the following words and phrases shall have the following meanings:

- (a) Average-Cost Rental Housing: Any housing unit which for a continuous period of five years or more will be rented at a rate equal to, or less than, the federal Section 8 Fair Market Rent for comparable units in the Seattle area, as determined by the Department of Housing and Urban Development.

- 1 (b) Change of Use: The conversion of any housing unit
2 from a residential to a non-residential use.
- 3 (c) Housing Unit: Any dwelling unit, housekeeping
4 room or guest room, as defined by the Seattle
5 Housing Code (Ordinance 106319), which was not
6 ordered vacated and closed to entry by the ^{Director} ~~Super~~
7 ~~intendent of Buildings~~ ^{of Construction and Land Use} pursuant to Chapter 5 of
8 the Housing Code prior to January 1, 1980; Provided,
9 that any housekeeping or guest room which can be
10 shown by the owner, to the satisfaction of the
11 Director, to have been used as non-residential
12 lodging shall not be considered a housing unit
13 under this ordinance.
- 14 (d) Low Income Tenant: A tenant, as defined herein,
15 whose total household income and assets are at or
16 below the federal Section 8 Income Eligibility
17 Standards as determined by the Department of
18 Housing and Urban Development.
- 19 (e) Net Residential Area: The total number of square
20 feet of living space in a building based upon the
21 interior dimensions of each housing unit and
22 excluding stairwells, halls, lounges and other
23 common areas.
- 24 (f) Non-required Parking Lot: Any parking spaces not
25 required by the Zoning Ordinance (86300) as accessory
26 to a principal use nor as a mitigating measure
27 pursuant to the State Environmental Policy Act.
- 28 (g) Rental Unit: Any housing unit, as defined herein,
which is occupied pursuant to a lawful rental
agreement, oral or written, express or implied.

- 1 (h) Subsidized Housing: A housing unit in which the
2 occupant receives a rent subsidy pursuant to the
3 federal Section 8 Rent Subsidy Program, or a
4 housing unit in which low income tenants are not
5 required to pay more than 25% of their incomes for
6 rent, and which will remain subsidized for a
7 period of 20 years or more.
- 8 (i) Tenant: Any person who occupies a housing unit
9 pursuant to a lawful lease or rental agreement,
10 whether oral or written, express or implied. Two
11 or more individuals who live together in a rental
12 unit shall be considered one tenant for purposes
13 of this ordinance.
- 14 (j) Director means the Director of the Department of
15 Construction and Land Use or its successor department.
- 16 (k) Owner: Any person, firm, partnership, association,
17 joint venture, corporation or other entity or
18 combination of entities who undertakes the demolition
19 of any residential housing unit in the City of
20 Seattle. The term "owner" shall also include the
21 owner's agent or other person acting on the owner's
22 behalf.
- 23 (l) Person: Any individual, corporation, partnership,
24 association or other legal entity.
- 25 (m) Agent: Any person, firm, partnership, association,
26 joint venture, corporation or other entity or
27 combination of entities who represent or act for
28 or on behalf of another.
- (n) Notice: A written notice unless otherwise specified.
- (o) Demolition: The destruction of any housing unit.

1 (p) Residential use: The use of any housing unit
2 designed, arranged, intended, occupied, maintained,
3 leased, or rented as the primary residence of any
4 person.

5 (q) Section 8 Housing: The Federal Government's Low
6 Income Housing Assistance Program as codified in
7 Section 8 of the United States Housing Act of
8 1937, as amended, 42 U.S.C. 1437F.

9 (r) Use Permit: A use permit as described in and
10 required by the Seattle Zoning Ordinance (86300).

11 Section 3. Application of Ordinance. This ordinance
12 shall apply to the demolition and change of use of all
13 housing units, as defined herein, in The City of Seattle,
14 including those demolished pursuant to any order, decision
15 or other action of the Director. No owner shall cause the
16 demolition of any housing unit without first obtaining a
17 Housing Demolition License. Housing units which are the
18 subject of demolition proceedings or a demolition order but
19 which have not been demolished on the effective date of this
20 ordinance shall be subject to the terms of this ordinance.
21 ~~Demolition of~~ ^A any housing unit ordered by the Director because
22 of damage caused by civil commotion, malicious mischief,
23 vandalism, tenant waste, natural disaster, or other destruction
24 beyond the owner's control shall not be subject to the terms
25 of this ordinance. This ordinance shall not apply to the
26 demolition of any housing unit owned by the Seattle Housing
27 Authority or any public development authority or to the
28 demolition of a detached single family house which will be
replaced by a detached single family house.

Section 4. Residential Housing Demolition License.
Before demolishing any housing unit, owners must first
secure a use permit for the intended use of the property. After

1 obtaining a use permit, owners must obtain a Housing Demolition
2 License. When there is a proposed change of use of any
3 housing unit, owners must obtain a Housing Demolition License
4 prior to obtaining a use permit. No Housing Demolition
5 License shall be issued by the Director until owners have
6 fully complied with the requirements of this ordinance. The
7 Director shall not issue a Housing Demolition License or use
8 permit when a housing unit or units are proposed to be
9 demolished and no replacement use is proposed, or when the
10 proposed replacement use is a non-required parking lot;
11 Provided, that when demolition is ordered by the Director for
12 reasons of health and safety a demolition permit shall be
13 issued without the requirement of a use permit.

14 Section 5. License Requirements. To receive a Housing
15 Demolition License every owner must:

- 16 (a) Submit to the Director a statement, on a form to
17 be provided by the Director, certifying the number
18 of housing units to be demolished and the net
19 residential area to be lost by the demolition.
- 20 (b) Submit a list containing the name of each tenant
21 currently residing in the structure to be demolished
22 and a list of the name and last known address of each
23 tenant who has resided in the structure during
24 the 120 days immediately preceding the date of
25 application, indicating those whose tenancies
26 were terminated and the reason for each termination.
- 27 (c) Submit written verification of compliance with
28 the tenant notice, eviction and relocation
assistance requirements of Sections 11, 12, 13,
15 and 16 of this ordinance.
- (d) Submit the Housing Demolition License fee as
provided in Section 7 of this ordinance.
- (e) Except in the case of a proposed change of use,
secure a use permit.

25 Section 6. Housing Cost Index. The Director
26 shall compute and publish a housing cost index for replace-
27 ment housing by multiplying the monthly federal Section 8
28 Fair Market Rent for one bedroom walk-up rental units, as

1 determined by the Department of Housing and Urban Development,
2 by 240 and dividing the product by 600. The resulting
3 number shall be the housing cost index.

4 Section 7. Computation of Housing Demolition License Fee.

5 The Housing Demolition License fee shall be computed by
6 multiplying the net residential area to be demolished by the
7 Housing Cost Index. The product of these numbers shall be
8 the replacement cost for the demolished units. When housing
9 units are demolished in Single Family Residence (RS), Residential
10 Duplex (RD), Multiple Residence Lowest Density (RM 1600),
11 Residence Waterfront (RW), General Industrial (IG), Manufacturing
12 (M) or Heavy Industrial (IH) zones, as described in the
13 Zoning Ordinance (86300), owners shall pay a license fee of
14 3% of estimated replacement costs. ~~When housing units are
15 demolished in a Multiple Residence Low Density (RM 800),
16 Neighborhood Business (BN), or an Intermediate Business (BI)
17 zone, as described in the Zoning Ordinance (86300), owners
18 shall pay a license fee of 5% of estimated replacement
19 costs. When housing units are demolished in any Multiple
20 Residence High Density Variable Height (RMV) or in a Multiple
21 Residence High Density (RMH) zone, as described in the
22 Zoning Ordinance (86300), owners shall pay a license fee of
23 8% of estimated replacement costs. When housing units are
24 demolished in a General Commercial (CG) or Community Business
25 (BC) zones owners shall pay a license fee of 12% of estimated
26 replacement costs. When housing units are demolished in a
27 Metropolitan Business (BM), Metropolitan Commercial (CM),
28 Metropolitan Commercial Temporary (CMT), or Multiple Residence
Mixed Density (RM MD) zone, as described in the Zoning
Ordinance (86300), owners shall pay a license fee of 15% of
estimated replacement costs. When housing units are demolished~~

1 in a Multiple Residence Low Density (RM 800), Neighborhood
2 Business (BN), or an Intermediate Business (BI) zone, as
3 described in the Zoning Ordinance (86300), owners shall pay
4 a license fee of 5% of estimated replacement costs. When
5 housing units are demolished in any Multiple Residence High
6 Density Variable Height (RMV) or in a Multiple Residence
7 High Density (RMH) zone, as described in the Zoning Ordinance
8 (86300), owners shall pay a license fee of 15% of estimated
9 replacement costs. When housing units are demolished in a
10 General Commercial (CG) or Community Business (BC) zones
11 owners shall pay a license fee of 20% of estimated replacement
12 costs. When housing units are demolished in a Metropolitan
13 Business (BM), Metropolitan Commercial (CM), Metropolitan
14 Commercial Temporary (CMT), or Multiple-Residence-Mixed
15 Density (RM-MD) zone, as described in the Zoning Ordinance
16 (86300), owners shall pay a license fee of 25% of estimated
17 replacement costs. When no more than two adjacent single
18 family houses are demolished in RS, RD, ^{RW}, RM, IG, M, IH, BN and
19 BI zones no license fee shall be required but all other
20 provisions of this ordinance shall apply. When more than two
21 adjacent single family houses are demolished, the license
22 fee shall be computed based upon the total square feet of
23 housing demolished.

22 Section 8. Fee Reductions for Certain Replacement Uses.

23 The Housing ^{Demolition} ~~Preservation~~ License fee computed pursuant to
24 Section 7 of this ordinance shall be reduced when demolished
25 housing units are replaced by new housing units. When
26 demolished housing units are replaced by subsidized housing,
27 the license fee shall be reduced by subtracting from the net
28 residential area to be demolished ~~the~~ the number of square
feet of net replacement subsidized housing. When demolished

1 housing units are replaced by housing units whose rents or
2 monthly mortgage payments do not exceed monthly Section 8
3 fair market rents for comparably sized housing units in the
4 Seattle area, the license fee shall be reduced by subtracting
5 from the net residential area to be demolished, ⁹⁰~~30~~% of the
6 net number of square feet of replacement housing. ^(Add insert) When
7 calculating fee reductions pursuant to this section, the net
8 residential area of replacement housing subtracted from the
9 net residential area of demolished housing shall not exceed
10 the net residential area of demolished housing. When an
11 owner relocates the structure to be demolished to another
12 site in the City at his sole cost and expense, the license
13 fee shall be reduced by 100%. In all other cases and whenever
14 the housing replacement use is not under construction within
15 three years following issuance of a Housing Demolition
16 License the full license fee as determined in Section 7 of
17 this ordinance shall be required. If another use permit is
18 subsequently issued for the same site then the license fee
19 shall be recomputed based upon the proposed new use.

18 Section 9. Demolition Ordered by ^{Director}~~Superintendent~~

19 Whenever the Director shall order any housing unit demolished
20 for reasons of health and safety, the owner shall be obligated
21 to pay the ^{Housing Demolition}~~Housing Preservation~~ License fee required by
22 Sections 5, 6 and 7 of this ordinance except when demolition is
23 necessitated by vandalism, malicious mischief, tenant waste,
24 natural disaster, civil commotion, or other destruction beyond
25 the control of the owner. Whenever the license fee or any
26 portion thereof is not paid on or before the date of the demolition
27 by the Director, the amount owing shall be reduced to judgment
28 by the City Attorney and made a lien against the real
property.

Insert

When housing units are replaced by housing units whose rents or monthly mortgage payments exceed monthly federal Section 8 Fair Market Rents the license fee shall be reduced by subtracting from the net residential area to be demolished 50% of the net number of square feet of replacement housing.

1 Section 10. Subsidized Housing. To qualify as a
2 subsidized housing replacement under Section 8 of this
3 ordinance the owner must present proof of a final commitment
4 for subsidization from the Department of Housing and Urban
5 Development or other proof acceptable to the Director that
6 the replacement units will be subsidized housing. An owner
7 who builds any subsidized housing within the City after the
8 effective date of this ordinance may set off the net residential
9 area of the subsidized housing constructed against the net
10 residential area lost through demolition on any property of
11 the owner. Any amount of net residential area of subsidized
12 housing which is in excess of net residential area demolished
may be carried over and applied to future demolitions.

13 Section 11. Tenant Evictions. For 120 days prior to
14 issuance of the ~~Housing Preservation~~ ^{Housing Demolition} License for any housing
15 unit, tenants in those units shall be evicted only for
16 failure to pay rent after service of a three day notice to
17 pay rent or vacate pursuant to RCW 59.12.030(3); for failure
18 to comply with reasonable terms of a lease or rental agreement
19 after service of a ten day notice pursuant to RCW 59.12.030(4),
20 or for destroying property or creating a nuisance after
service of a three day notice pursuant to RCW 59.12.030(5).

21 Section 12. Relocation Assistance. Tenants displaced by
22 demolition or change of use shall receive from the owner, at
23 least five days before the date he or she is required to vacate a
relocation assistance payment in the following amount:

- 24 (a) Low income tenants shall receive \$1,000;
- 25 (b) Tenants whose household income exceeds 80% of median
26 household income but is less than 160% thereof shall
27 receive an amount calculated as follows:

1 80% of median household income
2 Tenant's household income x \$1,000

3 not to exceed \$1,000;

4 (c) Tenants whose household income exceeds 160% of
5 median household income shall receive no relocation
6 assistance payment.

7 Relocation assistance payments shall be in addition to the refund
8 of any deposits or other sums to which the tenant is entitled.
9 At the option of the owner or the tenant, relocation assistance
10 shall be paid in the form of excused rent payments. Owners shall
11 give each tenant written notice in advance of his or her
12 entitlement to relocation assistance in the form of excused
13 rent. Tenants who vacate prior to receiving full relocation
14 assistance in the form of reduced rents shall receive, at least
15 five days before the date they vacate, the difference between
16 the set off rent and their full relocation entitlement. Each
17 tenant claiming relocation assistance shall submit to the owner,
18 within 30 days of receipt, a sworn, notarized statement, setting
19 forth the tenant's total annual gross income for the previous
20 calendar year and the total gross income for the current year
21 when the statement is submitted. The statement shall be on the
22 a form provided by the Director and shall be delivered to the
23 tenants with the tenant notice required by Section 16 of this
24 ordinance. The owner may challenge the income ^{ve}clarification of
25 any tenant by submitting proof to the Director of income not dis-
26 closed by the tenant. ~~Any tenant found by the Director to be not of~~
27 ~~low income.~~ Any tenant who refuses to provide information
28 regarding his or her income when requested by the Director, or
any tenant who misrepresents any information regarding
relocation benefits, shall be denied relocation assistance.

1 Section 13. Relocation Assistance Exceptions. Owners
2 shall not be required to pay relocation assistance to eligible
3 tenants when:

- 4 (a) The owner, at the owner's expense, relocates the
5 tenant into a housing unit acceptable to the
6 tenant.
- 7 (b) The owner secures temporary housing acceptable to
8 the tenant during rehabilitation or construction
9 and guarantees the tenant a unit in the replacement
10 structure acceptable to the tenant.
- 11 (c) The tenant's tenancy is terminated for good cause
12 pursuant to Section 10 of this ordinance.
- 13 (d) The tenant receives relocation benefits under state
14 or federal law.
- 15 (e) The tenant establishes tenancy in the unit after
16 the 120 day notice required by Section 16 of this
17 ordinance was delivered to the tenants in the
18 building: provided, that the owner must advise
19 the tenant, in writing, prior to the tenant's
20 acceptance of tenancy, that the unit will be
21 demolished within 120 days. Any eligible tenant
22 who is not advised of the intended demolition
23 shall be entitled to full relocation benefits.

24 Any owner seeking an exemption from the relocation assistance
25 requirements of this ordinance based upon the exceptions in
26 Section 13(a) and (b) must secure from the tenant a written
27 waiver of relocation assistance on a form which shall be
28 provided by the Director which states the basis for the waiver.
No waiver of relocation assistance shall be permitted for
any reason other than those enumerated in Section 13 of this
ordinance.

1 Section 14. Relocation Assistance Credited to License
2 Fee. An amount equal to 120% of relocation assistance
3 payments either made to or waived by eligible tenants shall
4 be credited to the license fee required by Section 7 of this
5 ordinance up to the total amount of the license fee.

6 Section 15. Tenant Notice. At least 120 days prior to
7 issuance of a Housing ~~Preservation~~ ^{Demolition} License, the owner must
8 deliver to each tenant in the building written notice of his
9 intention to apply for a Housing ~~Preservation~~ ^{Demolition} License and
10 the relocation assistance certification form described in
11 Section 12 of this ordinance. The notice, which shall be in
12 a form provided by the Director, shall describe the relocation
13 benefits available to eligible tenants and shall explain the
14 tenant's right to remain in possession unless evicted for
15 just cause. Notice shall be delivered to each tenant personally
16 and written acknowledgement of service by the tenant shall
17 be secured, or notice shall be delivered by registered or
18 certified mail with return receipt requested. In addition,
19 a copy of the notice shall be posted at every entrance to
20 the building.

21 Section 16. Housing Replacement Fund. There is hereby
22 created in the City Treasury a Housing Replacement Fund into
23 which all Housing ~~Preservation~~ ^{Demolition} License fee payments made
24 pursuant to Sections 5 and 6 of this ordinance shall be
25 deposited. Money deposited in the fund shall be used only
26 for costs related to production of housing for low income
27 persons. All appropriations from the fund shall be authorized
28 ← by the City Council by ordinance.

29 Section 17. Administration. The Director shall
30 administer the provisions of this ordinance and is authorized
31 to adopt reasonable rules and regulations consistent with

1 the ordinance to carry out his duties. Any violation of
2 this ordinance shall be reported to the Director who shall
3 investigate the complaint and take whatever action he deems
4 necessary. Whenever an owner fails to comply with the
5 provisions of this ordinance, the Director shall refuse the
6 requested license.

7 Section 18. There is hereby established in the
8 Department, of Construction and Land Use at the salary rate
9 provided for like positions in the Salary Ordinance, one
10 position of Research and Evaluation Assistant, and the Director
11 is authorized to fill the position subject to Civil Service
12 laws and rules.

13 Section 19. Penalties. Violation of Sections 4, 10,
14 11 or 15 of this ordinance or any deliberate attempt by an
15 owner to evade application of this ordinance, or any mis-
16 representation of a material fact in any application or other
17 writing required by this ordinance shall constitute violations
18 subject to the provisions of Chapter 12A.01 and Chapter 12A.02
19 of the Seattle Criminal Code (Ordinance 102843), and any person
20 convicted thereof may be punished by a civil fine or forfeiture
21 not to exceed Five Hundred Dollars (\$500.00). Each day's
22 violation of any provision of this ordinance shall constitute a
23 separate offense.

24 Section 20. The provisions of this ordinance are declared
25 to be separate and severable. The invalidity of any clause,
26 sentence, paragraph, subdivision, section or portion of this
27 ordinance, or the invalidity of the application thereof to any
28 person or circumstance shall not affect the validity of the
remainder of this ordinance, or the invalidity of its
application to other persons or circumstances.

(To be used for all Ordinances except Emergency.)

subject to the provisions of Chapter 12A.01 and Chapte

Section 21. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the day of, 19,
and signed by me in open session in authentication of its passage this day of, 19

President of the City Council.

Approved by me this day of, 19

Mayor.

Filed by me this day of, 19

Attest:
City Comptroller and City Clerk.

(SEAL)

Published

By
Deputy Clerk.

The City of Seattle--Legislative Department

MR. PRESIDENT:

Date Reported
and Adopted

Your Committee on

Urban Development and Housing

JUL 21 1980

to which was referred

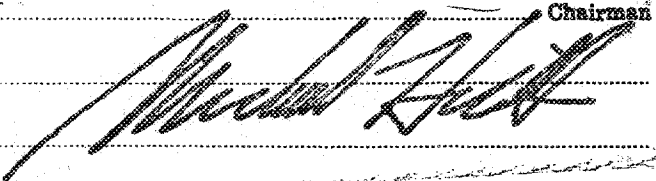
C.B. 101505

Regulating and licensing the demolition and change of use of residential housing units, etc., to be known as the "Housing Preservation Ordinance".

Regulating and Licensing the Demolition and change of use of residential housing units, imposing a license fee to raise revenue, creating a Low Income Housing Replacement Fund, providing protection and assistance for displaced tenants, providing penalties for violations, and establishing a position in the Department of Construction and Land Use.

DO PASS (with 3 divided issues to be resolved) as amended

Chairman



Chairman

Committee

Committee

Affidavit of Publication

STATE OF WASHINGTON KING COUNTY—SS.

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a _____
Ordinance No. 109220

_____ was published on July 30, 1980

Subscribed and sworn to before me on

July 30, 1980

Notary Public for the State of Washington,
residing in Seattle.

ORDINANCE 106300

AN ORDINANCE regulating and licensing the demolition and change of use of residential housing units, imposing a license fee to raise revenue, creating a Low Income Housing Replacement Fund, providing protection and assistance for displaced tenants, providing penalties for violations, and establishing a position in the Department of Construction and Land Use.

WHEREAS, for several years the vacancy rate for residential rental units in the City has remained less than three percent (3%); and

WHEREAS, projections indicate that there will be a steady increase in the number of households in need of rental housing for the foreseeable future; and

WHEREAS, a significant number of residential housing units, especially low and moderate income units, are lost each year to demolitions; and

WHEREAS, the loss of residential housing units is exacerbating an already critical rental housing shortage; and

WHEREAS, tenants displaced by demolitions, frequently on short notice, have been unable to find affordable housing and are increasingly unable to find any decent, safe and sanitary housing; and

WHEREAS, demolitions are imposing severe hardships upon all classes of displaced tenants but especially upon the elderly and those of low and moderate income with the result that an increasing number of tenants are becoming dependent upon governmental assistance; Now, Therefore,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Short Title. This ordinance may be cited as the "Housing Preservation Ordinance."

Section 2. Definitions. As used in this ordinance, the following words and phrases shall have the following meanings:

- (a) Average-Cost Rental Housing: Any housing unit which for a continuous period of five years or more will be rented at a rate equal to, or less than, the federal Section 8 Fair Market Rent for comparable units in the Seattle area, as determined by the Department of Housing and Urban Development.
- (b) Change of Use: The conversion of any housing unit from a residential to a non-residential use.
- (c) Housing Unit: Any dwelling unit, housekeeping room or guest room, as defined by the Seattle Housing Code (Ordinance 106319), which was not ordered vacated and closed to entry by the Director of Construction and Land Use pursuant to Chapter 5 of the Housing Code prior to January 1, 1988; Provided, that any housekeeping or guest room which can be shown by the owner, to the satisfaction of the Director, to have been used as non-residential lodging shall not be considered a housing unit under this ordinance.
- (d) Low Income Tenant: A tenant, as defined herein, whose total household income and assets are at or below the federal Section 8 Income Eligibility Standards as determined by the Department of Housing and Urban Development.
- (e) Net Residential Area: The total number of square feet of living space in a building based upon the interior dimensions of each housing unit and excluding stairwells, halls, lounges and other common areas.
- (f) Non-required Parking Lot: Any parking spaces not required by the Zoning Ordinance (86300) as accessory to a principal use nor as a mitigating measure pursuant to the State Environmental Policy Act.
- (g) Rental Unit: Any housing unit, as defined herein, which is occupied pursuant to a lawful rental agreement, oral or written, express or implied.
- (h) Subsidized Housing: A housing unit in which the occupant receives a rent subsidy pursuant to the federal Section 8 Rent Subsidy Program, or a housing unit in which low income tenants are not required to pay more than 25% of their incomes for rent, and which will remain subsidized for a period of 20 years or more.
- (i) Tenant: Any person who occupies a housing unit pursuant to a lawful lease or rental agreement, whether oral or written, express or implied. Two or more individuals who live together in a rental unit shall be considered one tenant for purposes of this ordinance.
- (j) Director means the Director of the Department of Construction and Land Use or its successor department.

(k) Owner: Any person, firm, partnership, association, joint venture, corporation or other entity or combination of entities who undertakes the demolition of any residential housing unit in the City of Seattle. The term "owner" shall also include the owner's agent or other person acting on the owner's behalf.

(l) Person: Any individual, corporation, partnership, association or other legal entity.

(m) Agent: Any person, firm, partnership, association, joint venture, corporation or other entity or combination of entities who represent or act for or on behalf of another.

(n) Notice: A written notice unless otherwise specified.

(o) Demolition: The destruction of any housing unit.

(p) Residential use: The use of any housing unit designed, arranged, intended, occupied, maintained, leased, or rented as the primary residence of any person.

(q) Section 8 Housing: The Federal Government's Low Income Housing Assistance Program as codified in Section 8 of the United States Housing Act of 1937, as amended, 42 U.S.C. 1437F.

(r) Use Permit: A use permit as described in and required by the Seattle Zoning Ordinance (86300).

Section 3. Application of Ordinance. This ordinance shall apply to the demolition and change of use of all housing units, as defined herein, in The City of Seattle, including those demolished pursuant to any order, decision or other action of the Director. No owner shall cause the demolition of any housing unit without first obtaining a Housing Demolition License. Housing units which are the subject of demolition proceedings or a demolition order but which have not been demolished on the effective date of this ordinance shall be subject to the terms of this ordinance. Any housing unit ordered demolished by the Director because of damage caused by civil commotion, malicious mischief, vandalism, tenant waste, natural disaster, or other destruction beyond the owner's control shall not be subject to the terms of this ordinance. This ordinance shall not apply to the demolition of any housing unit owned by the Seattle Housing Authority or any public development authority or to the demolition of a detached single family house which will be replaced by a detached single family house.

Section 4. Residential Housing Demolition License. Before demolishing any housing unit, owners must first secure a use permit for the intended use of the property. After obtaining a use permit, owners must obtain a Housing Demolition License. When there is a proposed change of use of any housing unit, owners must obtain a Housing Demolition License prior to obtaining a use permit. No Housing Demolition License shall be issued by the Director until owners have fully complied with the requirements of this ordinance. The Director shall not issue a Housing Demolition License or use permit when a housing unit or units are proposed to be demolished and no replacement use is proposed, or when the proposed replacement use is a non-required parking lot; Provided, that when demolition is ordered by the Director for reasons of health and safety a demolition permit shall be issued without the requirement of a use permit.

Section 5. License Requirements. To receive a Housing Demolition License every owner must:

- (a) Submit to the Director a statement, on a form to be provided by the Director, certifying the number of housing units to be demolished and the net residential area to be lost by the demolition.
- (b) Submit a list containing the name of each tenant currently residing in the structure to be demolished and a list of the name and last known address of each tenant who has resided in the structure during the 120 days immediately preceding the date of application, indicating those whose tenancies were terminated and the reason for each termination.
- (c) Submit written verification of compliance with the tenant notice, eviction and relocation assistance requirements of Sections 11, 12, 13, 14 and 15 of this ordinance.

(d) Submit the Housing Demolition license fee as provided in Section 7 of this ordinance.

(e) Except in the case of a proposed change of use, secure a use permit.

Section 6. Housing Cost Index. The Director shall compute and publish a housing cost index for replacement housing by multiplying the monthly federal Section 8 Fair Market Rent for one bedroom walk-up rental units, as determined by the Department of Housing and Urban Development, by 240 and dividing the product by 600. The resulting number shall be the housing cost index.

Section 7. Computation of Housing Demolition License Fee. The Housing Demolition license fee shall be computed by multiplying the net residential area to be demolished by the Housing Cost Index. The product of these numbers shall be the replacement cost for the demolished units. When housing units are demolished in Single Family Residence (RS), Residential Duplex (RD), Multiple Residence Lowest Density (RM 1600), Residence Waterfront (RW), General Industrial (IG), Manufacturing (M) or Heavy Industrial (IH) zones, as described in the Zoning Ordinance (86300), owners shall pay a license fee of 3% of estimated replacement costs. When housing units are demolished in a Multiple Residence Low Density (RM 800), Neighborhood Business (RN), or an Intermediate Business (BI) zone, as described in the Zoning Ordinance (86300), owners shall pay a license fee of 5% of estimated replacement costs. When housing units are demolished in any Multiple Residence High Density Variable Height (RMV) or in a Multiple Residence High Density (RMH) zone, as described in the Zoning Ordinance (86300), owners shall pay a license fee of ~~5%~~ ^{13%} of estimated replacement costs. When housing units are demolished in a General Commercial (CG) or Community Business (CB) zone, owners shall pay a license fee of ~~5%~~ ^{17%} of estimated replacement costs. When housing units are demolished in a Metropolitan Commercial (CM), Commercial Temporary (CMT), or Multiple-Residence-Mixed Density (RM-MD) zone, as described in the Zoning Ordinance (86300), owners shall pay a license fee of ~~5%~~ ^{20%} of estimated replacement costs. When no more than two adjacent single family houses are demolished in RS, RD, RW, RM, IG, M, IH, RN and BI zones, no license fee shall be required but all other provisions of this ordinance shall apply. When more than two adjacent single family houses are demolished, the license fee shall be computed based upon the total square feet of housing demolished.

Section 8. Fee Reductions for Certain Replacement Uses. The Housing Demolition License fee computed pursuant to Section 7 of this ordinance shall be reduced when demolished housing units are replaced by new housing units. When demolished housing units are replaced by subsidized housing, the license fee shall be reduced by subtracting from the net residential area to be demolished the number of square feet of net replacement subsidized housing. When demolished housing units are replaced by housing units whose rents or monthly mortgage payments do not exceed monthly Section 8 fair market rents for comparably sized housing units in the Seattle area, the license fee shall be reduced by subtracting from the net residential area to be demolished, 90% of the net number of square feet of replacement housing. When housing units are replaced by housing units whose rents or monthly mortgage payments exceed monthly federal Section 8 Fair Market Rents the license fee shall be reduced by subtracting from the net residential area to be demolished 50% of the net number of square feet of replacement housing. When calculating fee reductions pursuant to this section, the net residential area of replacement housing subtracted from the net residential area of demolished housing shall not exceed the net residential area of demolished housing. When an owner relocates the structure to be demolished to another site in the City at his sole cost and expense, the license fee shall be reduced by 100%. In all other cases and whenever the housing replacement use is not under construction within three years following issuance of a Housing Demolition License the full license fee as determined in Section 7 of this ordinance shall be required. If another use permit is subsequently issued for the same site then the license fee shall be recomputed based upon the proposed new use.

Section 9. Demolition Ordered by Director. Whenever the

(b) The owner secures temporary housing acceptable to the tenant during rehabilitation or reconstruction and guarantees the tenant a unit in the replacement structure acceptable to the tenant.

(c) The tenant's tenancy is terminated for good cause pursuant to Section 10 of this ordinance.

(d) The tenant receives relocation benefits under state or federal law.

(e) The tenant establishes tenancy in the unit after the 120 days notice required by Section 16 of this ordinance was delivered to the tenants in the building: provided, that the owner must advise the tenant, in writing, prior to the tenant's acceptance of tenancy, that the unit will be demolished within 120 days. Any eligible tenant who is not advised of the intended demolition shall be entitled to full relocation benefits.

Any owner seeking an exemption from the relocation assistance requirements of this ordinance based upon the exceptions in Section 13(a) and (b) must secure from the tenant a written waiver of relocation assistance on a form which shall be provided by the Director which states the basis for the waiver. No waiver of relocation assistance shall be permitted for any reason other than those enumerated in Section 13 of this ordinance.

~~Section 14. Relocation Assistance Credited to License Fee. An amount equal to 100% of relocation assistance payments either made to or waived by eligible tenants shall be credited to the license fee required by Section 7 of this ordinance up to the total amount of the license fee.~~

Section 15. Tenant Notice. At least 120 days prior to issuance of a Housing Demolition License, the owner must deliver to each tenant in the building written notice of his intention to apply for a Housing Demolition License and the relocation assistance certification form described in Section 12 of this ordinance. The notice, which shall be in a form provided by the Director, shall describe the relocation ~~the Housing Demolition License fee required by Sections 3, 6 and 7 of this ordinance except when demolition is necessitated by vandalism, malicious mischief, tenant waste, natural disaster, civil commotion, or other destruction beyond the control of the owner. Whenever the license fee or any portion thereof is not paid on or before the date of the demolition by the Director, the amount owing shall be reduced to judgment by the City Attorney and made a lien against the real property.~~

Section 10. Subsidized Housing. To qualify as a subsidized housing replacement under Section 8 of this ordinance the owner must present proof of a final commitment for subsidization from the Department of Housing and Urban Development or other proof acceptable to the Director that the replacement units will be subsidized housing. An owner who builds any subsidized housing within the City after the effective date of this ordinance may set off the net residential area of the subsidized housing constructed against the net residential area lost through demolition on any property of the owner. Any amount of net residential area of subsidized housing which is in excess of net residential area demolished may be carried over and applied to future demolitions.

Section 11. Tenant Evictions. For 120 days prior to issuance of the Housing Demolition License for any housing unit, tenants in those units shall be evicted only for failure to pay rent after service of a three day notice to pay rent or vacate pursuant to RCW 59.12.030(3); for failure to comply with reasonable terms of a lease or rental agreement after service of a ten day notice pursuant to RCW 59.12.030(4), or for destroying property or creating a nuisance after service of a three day notice pursuant to RCW 59.12.030(5).

Section 12. Relocation Assistance. Tenants displaced by demolition or change of use shall receive from the owner, at least five days before the date they are required to vacate, a relocation assistance payment in the following amount:

(a) Low income tenants shall receive \$1,000;

(b) Tenants whose household income exceeds 80% of median household income but is less than 140% of median

Shall receive an amount calculated as follows:

80% of median household income
Tenant's household income x \$1,000
not to exceed \$1,000;

- (c) Tenants whose household income exceeds 160% of median household income shall receive no relocation assistance payment.

Relocation assistance payments shall be in addition to the refund of any deposits or other sums to which the tenant is entitled. At the option of the owner or the tenant, relocation assistance shall be paid in the form of excused rent payments.

Owners shall give each tenant written notice in advance of his or her entitlement to relocation assistance in the form of excused rent. Tenants who vacate prior to receiving full relocation assistance in the form of reduced rents shall receive, at least five days before the date they vacate, the difference between the set off rent and their full relocation

entitlement. Each tenant claiming relocation assistance shall submit to the owner, within 30 days of receipt, a sworn, notarized statement, setting forth the tenant's total annual gross income for the previous calendar year and the total gross income for the current year when the statement is submitted. The statement shall be on the form provided by the Director and shall be delivered to the tenants with the tenant notice required by Section 16 of this ordinance.

The owner may challenge the income verification of any tenant by submitting proof to the Director of income not disclosed by the tenant. Any tenant who refuses to provide information regarding his or her income when requested by the Director, or any tenant who misrepresents any information regarding relocation benefits, shall be denied relocation assistance.

Section 13. Relocation Assistance Exceptions. Owners shall not be required to pay relocation assistance to eligible tenants when:

- (a) The owner, at the owner's expense, relocates the tenant into a housing unit acceptable to the tenant.

benefits available to eligible tenants and shall explain the tenant's right to remain in possession unless evicted for just cause. Notice shall be delivered to each tenant personally and written acknowledgement of service by the tenant shall be secured, or notice shall be delivered by registered or certified mail with return receipt requested. In addition, a copy of the notice shall be posted at every entrance to the building.

Section 14. Housing Replacement Fund. There is hereby created in the City Treasury a Housing Replacement Fund into which all Housing Demolition License fee payments made pursuant to Sections 5 and 6 of this ordinance shall be deposited. Money deposited in the fund shall be used only for costs related to production of housing for low income persons. All appropriations from the fund shall be authorized by the City Council.

Section 15. Administration. The Director shall administer the provisions of this ordinance and is authorized to adopt reasonable rules and regulations consistent with the ordinance to carry out his duties. Any violation of this ordinance shall be reported to the Director who shall investigate the complaint and take whatever action he deems necessary. Whenever an owner fails to comply with the provisions of this ordinance, the Director shall refuse the requested license.

Section 16. There is hereby established in the Department of Construction and Land Use at the salary rate provided for like positions in the Salary Ordinance, one position of Research and Evaluation Assistant, and the Director is authorized to fill the position subject to Civil Service laws and rules.

Section 17. Penalties. Violation of Sections 4, 10, 11 or 15 of this ordinance or any deliberate attempt by an owner to evade application of this ordinance, or any misrepresentation of a material fact in any application or other writings required by this ordinance shall constitute violations subject to the provisions of Chapter 12A.01 and Chapter 12A.02 of the Seattle Criminal Code (Ordinance 122431), and any person

convicted thereof may be punished by a civil fine or forfeiture not to exceed Five Hundred Dollars (\$500.00). Each day's violation of any provision of this ordinance shall constitute a separate offense.

Section 18. 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 the application thereof to any person or circumstance shall not affect the validity of the remainder of this ordinance, or the invalidity of its application to other persons or circumstances.

Section 20. This ordinance shall take effect and be in force thirty days from and after its passage and approval, if approved by the Mayor; otherwise it shall take effect at the time it shall become a law under the provisions of the city charter.

Passed by the City Council the 21st day of July, 1980, and signed by me in open session authentication of its passage this 21st day of July, 1980.

PAUL KRAABEL,
President of the City Council

Approved by me this 24th day of July, 1980.

CHARLES ROYER,
Mayor

Filed by me this 24th day of July, 1980.

Attest: TIM HILL,
City Comptroller and City Clerk

(Seal)

By DOROTHY L. McFARLIN,
Deputy Clerk

Publication ordered by TIM HILL, Comptroller and City Clerk.

Date of official publication in the Daily Journal of Commerce,
Seattle, July 28, 1980. (C-482)