

SUMMARY and FISCAL NOTE*

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

1. BILL SUMMARY

- a. Legislation Title:** AN ORDINANCE relating to land use and zoning; modifying the Design Review program; repealing and replacing Section 23.41.004 of the Seattle Municipal Code (SMC); amending Sections 3.51.030, 23.41.002, 23.41.008, 23.41.010, 23.41.012, 23.41.014, 23.41.016, 23.41.020, 23.57.013, 23.66.020, 23.66.030, 23.66.035, 23.73.009, 23.73.010, 23.73.012, 23.73.014, 23.73.015, 23.73.024, 23.76.004, 23.76.006, 23.76.008, 23.76.011, 23.76.012, 23.76.026, 23.76.040, 25.11.070, 25.11.080, 25.12.320, 25.12.680, 25.12.690 and 25.12.730 of the SMC; adding new Sections 23.41.015 and 23.41.022 to the SMC; repealing Section 23.41.018 of the SMC; making technical corrections; and adding new Sections 23.66.050 and 25.12.735 to modify the duties of Special Review District Boards and Landmark Preservation Boards by authorizing these Board to make recommendations to SDCI on design review development standard departures.
- b. Summary and background of the Legislation:** The Department of Construction and Inspections (SDCI) has identified and is recommending organizational, structural, and procedural changes to the City's Design Review program. The changes are intended to improve the overall function of the program by enhancing the efficiency and predictability of project reviews, improving dialogue amongst project stakeholders, and making the program more transparent and accessible to the public and project applicants.

The Design Review program involves a public process with volunteer boards who evaluate the appearance of buildings and their relationship to adjacent sites, and review most new multifamily, commercial and mixed used development projects in Seattle. The program's parameters include the architectural quality, urban design, and height, bulk, and scale of development. Guidance and feedback focuses on priorities established in adopted citywide and neighborhood design guidelines. The regulatory structure for the program is located in Chapter 23.41 of the Land Use Code. It is administered by the Seattle Department of Construction and Inspections (SDCI). Under current rules and in today's development climate, about 190 projects currently go through Design Review each year.

In 2015, the City Council requested an evaluation of the Design Review program and funded consultant assistance to enhance community outreach around process improvements. Later that year, the Housing Affordability and Livability Agenda (HALA) identified reform of Design Review as one of the highest-impact recommendations. The HALA recommendation was included as a priority in both the Mayor's HALA Action Plan and the City Council's HALA Workplan. In March 2016, SDCI released draft Design Review Improvement recommendations, and in June 2017 released an environmental (SEPA) decision for changes to the Design Review program for public comment.

The City has made incremental improvements to the Design Review process over the last several years while waiting for the final Recommendation Report. One preliminary recommendation was to make the Design Review process more time and cost effective. In the 2016 and 2017 Adopted Budgets SDCI added three new Land Use Planner positions to facilitate more efficient Design Review and master use permit processing, a new Planning and Development Specialist position to help establish processes and procedures for implementing program improvements, and a Planning and Development Specialist position to provide staff support for writing up the Design Review board meeting reports and other ancillary activities that historically have added numerous weeks of additional time to the permit review process. Additionally, the 2017 2nd Quarter Supplemental Budget added funding for Design Review board recruitment and training.

The amendments to the Land Use Code and process reforms included in this legislation address the policy recommendations identified in the 2016 Recommendation Report. Key components of this legislation include:

- Simplify from a variety of thresholds for projects subject to Design Review based on use, units, and zoning to square footage thresholds that respond to the complexity of a site and type of project.
- Create a new “hybrid” process that allows one phase of Design Review to be handled administratively and the remainder by the Design Review board.
- Require applicants to establish a dialogue with the communities near their projects early in the Design Review process.

Other related amendments:

- Require certain institutional uses and non-industrial development in certain industrial zones and commercial areas to participate in Design Review.
- Allow affordable housing projects to be reviewed through an administrative Design Review process or opt into other types of Design Review.
- Limit the number of public board meetings for certain types of projects, such as those that do not include any departures from development standards.
- Modify the process for review of sites with “exceptional” trees in lowrise, midrise, and commercial zones.
- Modify the process for building height departures for minor communication facilities.
- Eliminate the Streamlined Design Review process.
- Adjust the configuration of the board seats, while maintaining the share of neighborhood and citywide seats.

Procedural changes (non-legislative):

- Explore updates to the Design Review board meeting format to allow time for clarifying questions and remarks.
- Provide additional training for board members and staff.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ____ Yes **X** No
- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

The financial impacts of the legislation include costs directly related to the adoption of the amendments to the Land Use Code, as well as the costs of various programmatic components of the proposal.

SDCI Training & Implementation (Short Term, 2017-2018)

SDCI anticipates that much of the implementation work will be conducted by the Design Review program manager and is accounted for within that current responsibilities of that role. Additional staff time of approximately 100 hours by subject matter experts (Land Use Planner III and IV staff) is also anticipated to be necessary for a successful implementation.

SDCI/IT Technology Enhancements (Short Term, 2017/2018)

The legislative and non-legislative changes would require business analysis to gather specifications and process details to update existing technology systems or create new supporting technology. Seattle IT costs associated with each technology enhancement will be determined in a collaborative process with SDCI. The costs below are preliminary estimates from Seattle IT.

Enhancements necessary to implement the code amendments:

- **Updates to the Accela project tracking system and the related geographic mapping system** (\$314,000). This work would include changes to the types of Design Review (DR) project types for Land Use Permits, and changes to linked reports that key off the DR project types such as the “Land Use report” and certain existing production reports. *SDCI, together with Seattle IT, will need to assess how to fold this enhancement into SDCI’s 2018 PI&T work plan and budget.*
- **Changes to the Preliminary Application Tool**, or its replacement system, to enable the Department of Neighborhoods (DON) to provide early information to Design Review applicants so that DON staff could help identify community contacts for the applicant’s required outreach efforts about their planned development. *Budgeted under existing permitting system replacement project. SDCI does not anticipate that any additional funding will be necessary.*

Other IT enhancements related to programmatic changes associated with the legislation:

- **Assess and improve the effectiveness of the “Shaping Seattle” app**, which was developed in early 2015 to provide access to new development information via a mobile “app.” Expand this app to include all land use

permitting and improve the effectiveness of information delivery. *Budgeted under existing permitting system replacement project. SDCI does not anticipate that any additional funding will be necessary.*

- **Update the SDCI web portal that accepts public comments** (\$157,000) for Land Use permitting (including Design Review projects). Allow comments to be automatically uploaded into our electronic document management system, collect contact information from commenters that can be used to provide updates on the project status, and send the comments directly to the assigned project planner for review. Add structured fields for commenting, to help guide the commenter to provide information that can be better utilized by the Design Review boards and SDCI staff when formulating recommendations on the final design of the project. *This cost is eligible for PI&T funds but currently unbudgeted. SDCI, together with Seattle IT, will need to assess how to fold this enhancement into SDCI's 2018 PI&T work plan and budget.*
- **Audio recording of Design Review meetings** (\$29,000). Purchase mobile hardware to support recording of meetings for upload to project file. *This cost will be funded with existing budget in SDCI.*
- **Update existing Land Use and Design Review production reports** (\$157,000), to enhance management ability to monitor production timelines for Land Use permit applications. *This cost is eligible for PI&T funds but currently unbudgeted. SDCI, together with Seattle IT, will need to assess how to fold this enhancement into SDCI's 2018 PI&T work plan and budget.*

DON and Seattle IT Staffing (Long-Term)

If the legislation is adopted, the Department of Neighborhoods will provide coordination and assistance associated with the new requirement for early outreach. This work is anticipated to consume approximately .5 FTE of a Community Engagement Coordinator on an annual basis. DON staff would use the Preliminary Application Tool to identify projects in the system, then deliver information and resources to applicants, assist in coordinating their outreach efforts, collect documentation, and confirm the outreach has been completed. DON anticipates that existing staffing resources will be sufficient to cover this new body of work, and will closely monitor staffing demands during the first year of implementation of the proposal to determine whether any additional resources may be necessary.

Seattle IT will perform project related work to implement the IT enhancements. Seattle IT will closely monitor staffing demands during the first year of implementation of the proposal to determine whether any additional resources may be necessary to support the technology supporting the legislation.

c. Is there financial cost or other impacts of *not* implementing the legislation?

SDCI believes that the cost of not implementing the legislation would not be significant.

However, the existing Design Review program requires considerable staff resources to support. As such, continuing current practices rather than implementing more efficient thresholds and processes would mean a continued strain on existing resources, and possible need for additional staff assignment devoted to the Design Review program. In addition, the benefits to the production of housing identified by the Housing Affordability and Livability Agenda (HALA) and the RSJI benefits described in question 4f below would not be realized if the legislation is not adopted.

3.d. Appropriations

_____ **This legislation adds, changes, or deletes appropriations.**

3.e. Revenues/Reimbursements

_____ **This legislation adds, changes, or deletes revenues or reimbursements.**

Revenue/Reimbursement Notes:

This ordinance does not include changes to fees, but SDCI's 2018 Fee Ordinance will be updated to eliminate Streamlined Design Review and include Hybrid Design Review.

3.f. Positions

_____ **This legislation adds, changes, or deletes positions.**

4. OTHER IMPLICATIONS

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

See question 3b above in regards to Seattle IT and Department of Neighborhoods resources.

b. Is a public hearing required for this legislation?

Yes. The City Council is required to hold a public hearing on the proposal and will conduct a public hearing during their review of the proposed legislation anticipated to be held in 2017.

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

No

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

Yes. Publication of notice of the Council public hearing will be made in The Daily Journal of Commerce and in the City's Land Use Information Bulletin. Environmental review under the State Environmental Policy Act (SEPA) is also required for this legislation, and publication of notice of the environmental determination was also made in The Daily Journal of

Commerce and in the City's Land Use Information Bulletin.

e. Does this legislation affect a piece of property?

The proposed amendments would apply to multiple parcels in locations with multifamily, commercial, downtown, and industrial zoning throughout the city. The proposal does not affect single-family development or properties located in Industrial General zones, landmark districts, special review districts, or in Major Institution Overlays, where Design Review does not apply.

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

The legislation is not anticipated to negatively impact vulnerable or historically disadvantaged communities. Potential benefits of the proposal to those communities include:

- Encouraging the production of housing by speeding up permitting (and thus project completion) for some projects, allowing units to reach the housing market more quickly, increasing supply.
- Shifting the emphasis in Design Review thresholds from the number of units produced to the total square footage of the project may result in projects with a larger number of housing units.
- Requiring a new form of outreach in the affected communities, which may increase the participation rate of lower-income households, communities of color, and immigrant communities in the Design Review process and increase how well board members and developers understand the community in which projects are located.
- Enhance web-based tools, which could allow for increased participation in the Design Review process.
- Allow for broader participation on the Design Review board, which may increase participation by board members that are more representative of city or district demographics.

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

N/A

h. Other Issues:

None.

List attachments/exhibits below:

None.