

SUMMARY and FISCAL NOTE*

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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

Legislation Title: AN ORDINANCE relating to design review for affordable housing; adopting temporary regulations to exempt housing projects that meet Mandatory Housing Affordability requirements using on-site performance units from design review, and allowing permit applicants for all housing subject to full design review the option of complying with design review pursuant to administrative design review; amending Section 23.41.004 of the Seattle Municipal Code; and adopting a work plan.

Summary and Background of the Legislation: This legislation will allow more efficient and/or flexible permit review of development to address housing needs, including housing for low-income people. The legislation continues the City's efforts to assist in the production of housing by temporarily exempting certain projects from Design Review and allowing, at the applicant's option, different review processes.

This legislation will:

1. Provide a design review exemption for development projects that elect to meet the City's Mandatory Housing Affordability (MHA) requirement with on-site performance;
2. Provide an option for any housing development proposal to be reviewed under Administrative Design Review (ADR) rather than by the Design Review Board under Full Design Review (FDR);
3. Allow the SDCI Director to waive or modify certain development standards for the MHA performance projects;
4. Allow applicants who opt for the ADR process to return to FDR at their option; and
5. Be effective for an interim period of twelve months while the City studies permanent proposals to update the Design Review process.

SDCI is producing a report that summarizes permit turnaround times for Design Review projects. This report is being prepared to respond to City Council Statement of Legislative Intent (SLI) SDCI-004-A-001 dated November 16, 2021, related to Design Review. Analysis in this report shows that Administrative Design Review projects generally are reviewed more quickly than Full Design Review projects. The report finds that this may be due to factors such as the relatively less complex nature of projects required to go through Administrative Design Review, not having to wait for an open design review board meeting, and other factors that may not be related to Design Review.

One of the intents of this legislation is to test whether Administrative Design Review can be conducted more quickly than Full Design Review for housing projects and evaluate ways to help make Design Review more efficient for housing development. After studying the results of the process flexibility afforded by this legislation, SDCI intends to make recommendations to the Mayor and City Council for permanent legislation and identify the resources needed to carry out the recommendations, including business practice development, technology support and staffing.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes **X** No

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?

No. Permit applications for development that include MHA performance housing would be exempt from Design Review and result in fewer applications that include a Design Review permit component. The ability for applicants to opt to undergo administrative review rather than Design Review Board review is anticipated to result in a range of 10 to 30 permit applications compared to current regulations. The shift of applications from board to administrative review would necessitate more staff review time to conduct the reviews compared to the time required when helping facilitate board review. To the extent more permit applicants opt for MHA performance than historically observed, MHA payment revenue would be reduced during the effective period for this legislation, commensurate with the affordable housing directly provided by the applicants. This is not anticipated to be a significant or ongoing reduction in revenue.

Given the number of projects involved, SDCI anticipates accommodating the additional administrative review with existing staff. Existing resources will be used to train staff, create public information materials, and business practice development. No significant technology changes are anticipated.

The following summarizes the number of permit applications anticipated by SDCI to utilize this temporary legislation:

MHA Exemption Proposal. Based on the number of performance projects, 10 to 15, with a recorded MHA housing agreement and issued building permits since 2020, there could be an estimated 10-15 MHA performance projects that may be eligible for this exemption during the 12-month effective period of this legislation. Since this change is designed to provide an additional incentive, the number of performance projects could be on the higher end of that range, anywhere from 15 to 30, if the number of projects doubled with passage of this legislation.

ADR Option Proposal. The number of ADR and FDR projects with issued Master Use Permits (MUPs) with housing for the full year periods since the July 2018 Design Review code major update are as follows:

Design Review Projects with housing (Issued MUPs)			
Year	FDR	ADR	Total
2019	75	17	92
2020	70	45	115
2021	37	50	87
2022	32	53	85
Average over 4 years	53	41	95

During the COVID pandemic while the City was under a Mayoral emergency declaration, the City allowed development projects subject to FDR to elect ADR from April 2020 until August of 2022 if they were ready to be scheduled for a Design Review Board meeting (interim Ordinances 126072 and 126188). During this period, permit applicants for 68 out of 198 FDR projects (34%) elected to go through ADR (this includes both residential and commercial projects). Applying that same percentage to the 4-year average for FDR projects with housing from the table above, 18 housing projects might make the same election during the 12-month effective period of the proposed legislation. If the election is as high as 50 percent of FDR housing projects, the number would be 27 housing projects. Some applicants will still prefer to go through FDR to get instant feedback from the Design Review Board.

Are there financial costs or other impacts of *not* implementing the legislation?

Yes. Not implementing the legislation could result in delay in the permitting process for development projects, which could slow housing production. In addition, this legislation is an opportunity for the City to address inequity in access to housing by BIPOC persons and others seeking more affordable housing.

4. OTHER IMPLICATIONS

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

The Office of Housing (OH) has a role in reviewing permit applicants that are subject to MHA and specifically the applications for MHA performance that would be eligible for exemption from Design Review due to this legislation. OH has been consulted in the development of this legislation and they do not anticipate fiscal impacts.

b. Is a public hearing required for this legislation?

Yes.

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

Yes. Notices will be published in *The Daily Journal of Commerce* and in the City's Land Use Information Bulletin. The SEPA Draft legislation, the City's Determination, pursuant to environmental review under the State Environmental Policy Act (SEPA), was published on February 27, 2023.

d. Does this legislation affect a piece of property?

Yes. The legislation affects properties in zones throughout the City where Design Review is required.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This legislation is intended to help increase and speed up the production of housing, including those for low-income households, many of which are comprised of BIPOC individuals. The legislation is intended to speed access to housing, including for vulnerable and historically disadvantaged communities that are most impacted by the high cost and insufficient supply of housing in Seattle.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

This legislation will likely result in a reduction of greenhouse gas emissions by reducing the need for low-income and other households to seek housing outside of the City, which results in greater energy consumption and emissions related to longer commute distances.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

This legislation increases Seattle's resiliency and its ability to adapt to climate change by increasing housing supply, including low-income housing, in the City.

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).

Not applicable.