



Planning and Economic Development Committee Agenda

July 25, 2019
6:00 p.m.
SeaTac City Hall
Riverton Room

1st Floor

Councilmembers:
Joel Wachtel, Chair
Peter Kwon
Stanley Tombs

A quorum of the Council may be present.

Staff Coordinator: Steve Pilcher, CED Director

ITEM	TOPIC	PROCESS	WHO	TIME
1	Call to Order		Chair	6:00
2	Public Comment	Please raise your hand if you would like to speak. Public comments are limited to 10 minutes total and three minutes per individual speaker. Time may be reduced for each speaker to stay within the 10-minute time limit.	Chair	6:00 (10 min)
3	Minutes of 07/02/19 & 7/16/19 meetings	Review & approve	All	6:10
4	City Center Plan Update Phase 1 Contract Amendment	Review & recommendation	Kate Kaehny, Jennifer Kester	6:10 (10 min)
5	MultiFamily Tax Exemption: code amendments	Review & recommendation	Steve Pilcher, Aleksandr Yeremeyev	6:20 (40 min)
6	Potential Housing-related code amendments – determination of interest	Discussion	Steve Pilcher, Jennifer Kester	7:00 (20 min)
7	Future Topics	<ul style="list-style-type: none">• Maywood neighborhood zoning• Fire Stations 45 & 47 disposition• Small Wireless Facilities	All	7:20 (10 min)
8	Adjourn			7:30



SPECIAL

Planning & Economic Development Committee Minutes

Tuesday, July 2, 2019

4:00 PM

SeaTac City Hall – Riverton Room

Members:	Present:	Commence:	4:02 P.M.
		Adjourn:	5:26 P.M.
Joel Wachtel, Chair	X		
Peter Kwon	X		
Stanley Tombs	X		

Other Councilmembers: DM Clyde Hill; Rick Forschler

Staff Present: Steve Pilcher, CED Director; Jennifer Kester, Planning Manager; Kate Kaehny, Senior Planner; Sr. Assistant City Attorney Mark Johnsen

1. Public Comment	<p>Vicki Lockwood commented on MultiFamily Tax Exemptions (MFTE), expressing there is no need for more tax-exempt properties/projects. She objected specifically to the McMicken area being considered as an eligible area. She presented some theoretical figures for the amount of property taxes that would not be collected within this area. She also stated that property managers would most likely defer maintenance rather than raise rents at the end of the tax exempt period.</p> <p>Rune Harkestad, representing the Meyer property at 150th & Military Rd. He spoke in favor of the MFTE program and outlined some timing issues concerning the time of making application for the tax exemption. He indicated the tax exemption would make their proposed project viable.</p> <p>Tom Dantzler supports expanding the MFTE eligible areas, as it will help create a level playing field. The tax exemption can make a project viable in SeaTac that would not otherwise occur. He would like the City to consider other programs that help to equalize development costs in the Puget Sound area.</p>
2. Minutes of 05/23/19 meeting	Approved 3-0.

<p>3. 2019 Comprehensive Plan Amendments</p>	<p><u>X</u> Recommendation</p> <p>Senior Planner Kate Kaehny reviewed the amendment process. She noted that the Planning Commission has recommended that all proposals move forward to the Final Docket. The docket is scheduled to be presented to the Council on 7/9, with final action needed by 7/23. Final action on the approval process will occur in the fall, with the Planning Commission conducting a formal public hearing.</p> <p>Ms. Kaehny noted there are both map and text amendment proposals. Of the map amendments, two were initiated by private parties and three being recommended by staff. All text proposals have been recommended by staff.</p> <p>M-1 is a proposal from WSDOT concerning property north of Poulsbo RV on Military Rd. The proposed change to commercial will allow for mitigation of impacts to Poulsbo RV resulting from the SR 509 project.</p> <p>M-2 concerns Bow Lake MH Park and a change from Commercial Low to Residential High in order to accommodate expansion of mobile home placement within the park.</p> <p>M-3 concerns the north end of Military Rd. Initially withdrawn by the Committee, full Council later placed it back on the docket. At this time, no specific land use designation has been proposed, but the intention would be for higher residential densities.</p> <p>It was noted that Burien is considering an upzone to multifamily on the NE corner of S. 128th and Military Rd and that the zoning to the east, within Tukwila, is for higher intensity land uses. Concerns regarding increased traffic in the wider area were noted.</p> <p>M-6 involves no longer needed WSDOT right-of-way south of S. 200th St. The Parks Dept. hopes to acquire this land for parks/open space purposes.</p> <p>Ms. Kaehny then reviewed the various text amendments proposed for consideration.</p> <p>The Committee concurred with moving all of the proposed actions forward to the City Council with a recommendation they be placed on the Final Docket.</p>
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4. MultiFamily Tax
Exemption -
Potential
Expansion

 X Direction

CED Director Steve Pilcher outlined the questions that staff has for the Committee: possible expansion of the MFTE program beyond the S. 154th St. Station Area to other areas of the city and a possible sunset date for the program. He outlined options for expansion and noted that staff does not support creating a sunset date, but rather, that the program be reviewed every five years.

CM Kwon spoke in favor of expanding the program in order for SeaTac to effectively attract development.

Vicki Lockwood questioned the availability of transit, sanitary sewer and adequacy of the water system to support additional development in the McMicken area.

Mr. Harkestad related the experience of the City of Kent and the benefits that have resulted from their MFTE program.

The Committee discussed the desire for commercial development in the city. They also discussed ways to quantify the “losses” the City may incur by granting a tax exemption.

Tom Dantzler noted that the city needs to have more population and density in order to support the retail development that is desired. He stressed that since the City is in good financial shape, this is a good time to expand the program.

Vicki Lockwood spoke about the differences between renters and property owners. She reiterated her position that in order to make ends meet, owners will defer property maintenance and the result will be impacts to the community.

CM Forschler agreed with Mr. Dantzler’s comments. He noted there is a price that needs to be paid in order to move the City forward. He questioned whether there will be any loss of revenues, as development may not otherwise occur.

Planning Manager Jennifer Kester reminded the committee of the question of how to expand the program and other research the staff could perform.

Mr. Harkestad noted their project is proposed to include some commercial and that a developer has no incentive to let a property deteriorate.

CM Kwon advocated for the MFTE program to be allowed city-wide. He is in favor of requiring a five-year review. CM Tombs spoke in favor of a sunset

Moved and seconded to expand the MFTE area, potentially allowing it city-wide, with no sunset provision. Passed 3-0.

Staff will bring back code revisions to the next Committee meeting.

5. Future Topics	<ul style="list-style-type: none">• Fire Station disposition.• Small Wireless Facilities.
6. Adjourn	The meeting adjourned at 5:26 p.m.

CITY OF SEATAC
Planning & Economic Development Committee
Minutes of July 16, 2019

Special Joint Meeting
With the Planning Commission

PED Committee Members present: Joel Wachtel, Chair; Stanley Tombs

PED Committee Members absent: Peter Kwon

Planning Commission Members present: Leslie Baker, Tej Basra, Roxie Chapin, Tom
Danzler, Jagtar Saroya, Brandon Pinto, Andrew Ried-Monro

Members absent: None

Other Councilmembers: DM Clyde Hill; Mayor Erin Sitterley; Rick Forschler; Pam Fernald

Staff present: City Manager Carl Cole; Senior Planner Kate Kaehny; Jennifer Kester,
Planning Manager; Steve Pilcher, CED Director; Senior Assistant City
Attorney Mark Johnsen

1. Call to Order

PED Chair Wachtel called the joint meeting to order at 5:30 p.m.

2. Public Comment

Earl Gipson commented that he believes the Commission's Bylaws amendments must be approved by the City Council. He objected to the manner by which the Bylaws were transmitted to the Council. He stated that he sees a pattern of decreased transparency and is concerned that meetings are not being recorded. He asks that the Council vote in an open public meeting to decide whether they wish to see Bylaws amendments.

3. Planning Commission Bylaw Amendments

Chair Wachtel asked Sr. Asst. City Attorney Mark Johnsen to provide comments on the manner of the change to the Bylaws. Mr. Johnsen noted that the Municipal Code was changed in 2017 to state that the Council does not need to approve the Bylaws of the Commission. He also noted the matter will be on the Council meeting for next Tuesday's (July 23) meeting. Mr. Johnsen pointed out that the Code also makes it clear that the Council has oversight of the Commission and all committees.

Vicki Lockwood commented there is a distinction between "committee" and "commission."

Mr. Johnsen pointed out the Code typically refers to "boards, committees and commissions." It was noted that the Code could be amended to provide greater clarity.

A concern was raised that Section 6.2 deletes the reference to providing a summary of public hearings and inquired as to why this change was made.

CED Director Steve Pilcher noted that staff had recommended the changes to Section 6.2 since the same information is provided in a Council agenda bill. He also noted that the change to the Municipal Code had essentially indicated that the Council did not need to review Bylaws for any of its committees.

CM Fernald spoke in favor of providing more thorough minutes and recording of meetings.

City Manager Carl Cole noted that he has faith in his staff and that if there are issues, they should be brought to him instead of being discussed in an open public meeting.

CM Forschler related his concerns with prior Planning staff and his concern that the Bylaws changes give the Planning staff too much power.

CED Director Pilcher noted his approach to taking of minutes and the reason why Section 4.5 includes mention of the CED Director.

Commissioner Chapin explained that things were worse in the past, but she has confidence in the current staff. She noted that the Commission's Bylaws only relate to how they conduct their meetings.

Commissioner Dantzler expressed his appreciation for the meeting and individual comments.

Planning Commission Chair Basra agreed that he viewed the Bylaw changes as how the Commission chooses to run its meetings. He stated he was shocked when the recording of their meetings ceased. He indicated that he is pleased with the staff and has good communications.

CM Tombs spoke in favor of recording meetings. He stated that waiting two weeks to receive a report from public hearings is too long. He favors making the recordings available shortly after the meeting.

Chair Wachtel noted that the Bylaws should be rewritten to incorporate the changes discussed during the meeting.

Planning Manager Jennifer Kester noted there is not sufficient time to rewrite the Bylaws in time for this to be in front of the Council at its 7/23 meeting.

City Manager Cole indicated the item can be pulled from the 7/23 agenda.

PED Chair Wachtel adjourned the joint meeting at 6:30 p.m.



Community & Economic
Development Department
4800 South 188th Street
SeaTac, WA 98188-8605
Phone: 206.973.4750
Fax: 206.973.4809

MEMORANDUM

Date: July 23, 2019

To: Planning & Economic Development (PED) Committee

From: Kate Kaehny, Senior Planner

Re: Background Information on Contract Amendment Request for City Center Plan Update Phase 1 Project

Planning staff is attending the July 25th A&F Committee Meeting to request input on a proposed amendment to an existing consultant contract between the City and BDS Urban Planning & Design related to the City Center Plan Update Phase 1 Project. The current contract, signed by the City Manager, is for \$45,000. Staff is requesting that the contract be amended to include additional tasks that total \$25,000.

Project Background:

The PED Committee and Planning Commission have been working on the City Center Plan Update Phase 1 Project since Fall 2018. In June 2019, Mayor Sitterley and Planning Commission Chair Basra participated in the selection of the project consultant, BDS Planning & Urban Design. As part of the selection process, the Mayor and Chair Basra discussed the need to increase the project budget to ensure the successful completion of the project. Based on that discussion, Planning staff has worked with the consultant to identify supplemental tasks that are focused on increasing the number and frequency of opportunities for business stakeholder and community engagement activities throughout the project. (See the attached Summary Table document for a comparison of the existing contract tasks and the proposed contract addendum tasks.)

Proposed Contract & Budget Amendment Process:

In order to streamline the process, staff is recommending a two step process which includes:

- **Step 1) Contract Amendment in August:** Staff requests Council action on the proposed contract amendment (after review by both the A&F and PED committees) which identifies supplemental tasks and a budget of \$25,000.
- **Step 2) Budget Amendment in September:** The \$25,000 of funding for the contract amendment would be wrapped into the Finance department's budget amendment package which will be presented to City Council in September for review and adoption.

Funding:

This project is paid for out of the Planning Division Budget in the General Fund. The General Fund currently has an ending balance in excess of the 4-month reserve and Planning staff is requesting \$25,000 be allocated from the excess fund balance amount.

Summary Table: Proposed BDS Planning & Urban Design Contract Addendum Tasks for City Center Plan Update Project Phase 1

- Existing Contract: \$45,000
- Proposed Contract Addendum: \$25,000

EXISTING CONTRACT TASKS	PROPOSED CONTRACT ADDENDUM TASKS
Task 1: Project Management	
<ul style="list-style-type: none"> • Weekly PM mtg • TAC mtg as needed 	NA
Task 2: Project Initiation/Kick-Off	
<p>2.1: Planning Framework: confirm baseline data 2.2: Refine Project Scope and Develop Draft Work Plan 2.3: Confirm Study Area Boundaries 2.4: Discuss Organization and Formatting of Documents 2.5: Deliverable #1: Project Documents</p> <ul style="list-style-type: none"> • Finalized Work Plan • Docs for public distribution <p><i>City Staff Responsibilities:</i> Provide draft table of contents for UDF doc & sub-area plan</p>	NA
Task 3: Refine Community Engagement Process	
<p>3.1: Review Draft Community & Stakeholder Engagement Plan</p> <ul style="list-style-type: none"> • BDS will help refine City-developed engagement plan <p>3.2: Targeted Engagement (\$5K Ec Dev Funds)</p> <ul style="list-style-type: none"> • 8 property owner interviews • 5 organizational interviews/community/non-profits <p>2 structured visioning focus groups with residents/local workers This item will be re-purposed as a large Community Meetings facilitated by BDS (in September)3.3 Deliverable #2:</p> <ul style="list-style-type: none"> • Memo on 3.2 Activities <p><i>City Staff Responsibilities:</i> Draft Community/Stakeholder Engagement Plan document.</p>	<p>Task 3.2A: Additional Community & Stakeholder Engagement</p> <ul style="list-style-type: none"> • BDS to conduct four (4) additional stakeholder interviews and three (3) additional focus groups or community briefings. These additional engagement opportunities will allow for engagement activities and feedback throughout the visioning and urban design framework processes
Task 4: Local Market Overview	
<p>4.1: Existing Studies & Economic Opportunities Analysis</p> <ul style="list-style-type: none"> • Review of existing market studies • Demographic & employment update • Preliminary redevelopment site identification • Property owner validation <ul style="list-style-type: none"> - Contact up to 5 property owners of key redev sites (interview by phone using brief questionnaire) <p>4.2: Deliverable #3: Existing Studies & Economic Opportunity Report</p> <ul style="list-style-type: none"> - Results of #4.1 	<p>Task 4.1A: Additional Property Owner Interviews</p> <ul style="list-style-type: none"> • Eric Hovee to expand property owner research to conduct five (5) additional interviews and undertake second on-site visit. <p>Task 4.1B: Redevelopment Site Profiles</p> <ul style="list-style-type: none"> • Eric Hovee will complete up to five (5) one-page redevelopment site profiles that summarize the key opportunities and challenges associated with redevelopment at each site, including likely project scale and use (or mix of uses), owner interest and a summary of specific incentives that would be most pivotal to incent redevelopment. • Draft summaries will be reviewed by phone/email with both the interested property owners and city/project team – with revisions reflecting all comments received.
Task 5: Infrastructure Needs Assessment/Oppties & Constraints	
<p>5.1: Review Existing Plans & Studies</p> <ul style="list-style-type: none"> • Work w/City on best use of data to identify infrastructure gaps & oppties & constraints <p>5.2 Deliverable #4: Key Takeaways Memo on existing plans and studies</p> <p>5.3: Complete Infrastructure Needs Assessment/Opportunities & Constraints Analysis</p> <ul style="list-style-type: none"> • Baseline: High Density, walkable, urban area • Focus: Public ROW & Parcel Frontages • Assess Transportation/Access/Mobility: <ul style="list-style-type: none"> o Pedestrian, bicycle, vehicle, freight, delivery, shuttles, light rail, RapidRide) • Assess Utilities: <ul style="list-style-type: none"> - Stormwater, Sewer, Energy, Communications, Water • Potential strategies to address gaps <p>5.4 Deliverable #5: Infrastructure Needs/Oppties Report</p>	<p>5.4A: Streetscape Concept Illustrations</p> <ul style="list-style-type: none"> • Toole Design will complete illustrative cross sections for up to three (3) streets in the study area to assist with visioning and urban design framework processes.

EXISTING CONTRACT TASKS	PROPOSED CONTRACT ADDENDUM TASKS
Task 6: Planning Context Synthesis	
<p>6.1: Review Existing Plans and Studies</p> <ul style="list-style-type: none"> • Create baseline of existing conditions: Current land uses, property ownership, community assets, community image/urban design, transportation facilities (all modes), utility infrastructure, others as needed <p>6.2: Data Collection</p> <ul style="list-style-type: none"> • Supplement economic, infrastructure, transportation information & engagement info <p>6.3: Deliverable #6: Planning Context Synthesis Report To include needs, opties, constraints for: Current land uses, community assets, image/urban design, community perceptions, transportation/mobility infrastructure (all modes), utility infrastructure & key economic opportunities</p> <p>(This report compiled for UDF charrette)</p>	NA
Task 7: Vision Statement	
<p>7.1: Draft Vision Statement & Urban Design Principles</p> <p>7.2 Deliverable #7: Vision Statement Report</p>	<p>7.1A: Stakeholder Vetting of Draft Vision Statement</p> <ul style="list-style-type: none"> • BDS to conduct vetting of draft vision statement and urban design principles with a sample of the key stakeholders engaged in Task 3.2. This may occur through a mix of in-person and telephone interviews and community briefings.
Task 8: “Macro” Urban Design Concept	
<p>8.1: Prepare Development/Urban Design Concept Alternatives Up to three concept alternatives that are responsive to the Vision Statement. Up to one round of City edits</p> <p>8.2: Conduct Internal Staff Charrette Consultant will prepare for and conduct a charrette for City staff representatives</p> <p>8.3: Identify Preferred Alternative</p> <p>8.4: Complete Development/Urban Design Concept Report</p> <ul style="list-style-type: none"> • Image • Urban Design • Transportation/Access/Connectivity <p>Deliverable #8: Development/Urban design Concept Document</p>	<p>Task 8.1A: Urban Design Concept Materials</p> <ul style="list-style-type: none"> • BDS will complete two (2) additional perspective rendering (photo-realistic) of specific opportunity sites within the study area to be chosen by the City. <p>8.2A: Stakeholder Workshop/Charrette</p> <ul style="list-style-type: none"> • BDS to reengage targeted community stakeholder groups to participate in a workshop/charrette (which is likely to be scheduled as a separate event later the same day as the internal City staff charrette) to help educate those diverse voices about the tradeoffs in each urban design alternative, and also to help the City understand the concerns of these important constituencies. City Council and the Planning Commission will be invited to attend. • Toole Design will add staff to support in-depth discussion and presentation of the streetscapes in the project area at the internal charrette or stakeholder event. <p>Task 8.2B Second Large Community Meeting to Review & Validate Vision & Development Concept</p> <ul style="list-style-type: none"> • BDS to plan and facilitate a large open community meeting to give community members the opportunity to review and validate the results of project work to date, including outcomes of the Stakeholder Charrette.
Task 9: Complete Preliminary Urban Design Framework Document	
<p>9.1: Draft/Create Urban Design Framework Report</p> <p>9.2: Deliverable #9: Draft Urban Design Framework Report</p> <p>9.3: Deliverable #10: Final Urban Design Framework Report <i>Including:</i></p> <ul style="list-style-type: none"> • Name of area • Boundary of area • Project goals • Community-stakeholder supported Vision Statement • Market potential summary • Development/urban design concept • Documentation of process • Identification of key next steps <p>Two presentations:</p> <ul style="list-style-type: none"> • Planning Commission • City Hall 	NA

CONSULTANT CONTRACT

between the City of SeaTac and BDS Planning & Urban Design

Project Title: City Center Sub-Area Plan Update Phase 1: Preliminary Design Framework

THIS CONTRACT, is made and entered into effective on the date upon which the last party to sign this Contract so signs the Contract, by and between the CITY OF SEATAC, a municipal corporation of the State of Washington, hereinafter referred to as the "City", and The Watershed Company, hereinafter referred to as the "Consultant", on the following terms and conditions in conjunction with the project indicated above.

1. **EMPLOYMENT.** The City hereby agrees to retain and employ the Consultant, as an independent contractor, and the Consultant hereby agrees to serve the City pursuant to this Contract.
2. **SCOPE OF SERVICES.** The Consultant shall be responsible for completion of the scope of services detailed in Exhibit A to this Contract.
3. **TIME FOR COMPLETION.** All work shall be completed by February 28, 2020.
4. **PROFESSIONAL STANDARDS.** The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals in the same type of work in this community, for the professional and technical soundness, accuracy, and adequacy of all designs, drawings, specifications, plans, programs and other work and materials furnished under this Contract.
5. **COMPENSATION - REIMBURSEMENT OF EXPENSES.** The City shall pay to the Consultant compensation and expenses not to exceed \$45,000, and payment will only be made for actual services rendered.
6. **RECORDS INSPECTION AND AUDIT.** All compensation payments shall be subject to adjustments for any amounts found upon audit or otherwise to have been improperly invoiced, and all records and books of account pertaining to any work performed under this Contract shall be subject to inspection and audit by the City for a period of up to three (3) years from final payment of work performed under this contract.
7. **OWNERSHIP OF DOCUMENTS.** All plans, programs, specifications, designs, reports, records and other documents produced during or as a result of services rendered pursuant to this Contract shall be owned by and become the property of the City, and may be used by the City for any purposes beneficial to the City.
8. **COMPLIANCE WITH LAWS.** The Contractor agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now effective or in the future become applicable to Contractor's business, equipment, and personnel engaged in operations covered by this Agreement or accruing out of the performance of those operations. Contractor shall also obtain and/or maintain a City business license throughout the duration of this Agreement.



9. INDEMNIFICATION. Consultant shall defend, indemnify and hold harmless the City, its officers, officials, employees, directors, agents and volunteers from any and all claims, injuries, damages, losses or suits, including all legal costs and attorney fees, arising out of or in connection with the Consultant's performance of this Agreement, except for injuries and damages caused by the City's sole negligence. The City's inspection or acceptance of any of Consultant's work when completed shall not be grounds to avoid any of these covenants of indemnification. The provisions of this section shall survive the expiration or termination of this Agreement.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, agents and volunteers, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence.

IT IS FURTHER SPECIFICALLY AND EXPRESSLY UNDERSTOOD THAT THE INDEMNIFICATION PROVIDED HEREIN CONSTITUTES THE CONSULTANT'S WAIVER OF IMMUNITY UNDER INDUSTRIAL INSURANCE, TITLE 51 RCW, SOLELY FOR THE PURPOSES OF THIS INDEMNIFICATION. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE MUTUALLY NEGOTIATED THIS WAIVER.

10. INSURANCE. The Consultant shall procure and maintain insurance as outlined below for the duration of this Agreement. Any Commercial General Liability and Automobile Liability insurance policies obtained shall be underwritten by insurance companies which have an A.M. Best's rating of A VII or better, licensed to do business in the State of Washington. Liability insurance policies shall specifically name the City, its elected and appointed officials, officers, and employees as Primary-Non-Contributory Additional Insureds of said policies.

The Consultant shall not begin work under the Agreement until all required insurance has been obtained and until such insurances have been received by the City. The Consultant shall file with the City a certificate of insurance evidencing that the policies are in force. The certificate shall be accompanied by policy endorsements as are necessary to comply with these requirements.

The types and limits insurance are as follows:

COMMERCIAL GENERAL LIABILITY-Comprehensive Form
\$1,000,000 per occurrence liability/\$2,000,000 annual aggregate
Coverage to include Premise and Operations Liability
Blanket Contractual
OCP for subcontractors liability
Product and Completed Operations Liability
Stop Gap Liability-\$1,000,000/\$1,000,000/\$1,000,000

AUTOMOBILE LIABILITY

\$1,000,000 per accident bodily injury and property damage liability, including any owned, hired or non-owned automobile

PROFESSIONAL LIABILITY

Minimum of \$1,000,000 limits

WORKER'S COMPENSATION

Employees of Consultant and Subcontractors are to be insured under Washington State Industrial Insurance.

The General Aggregate provision of the Consultant's insurance policies shall be amended to show that the General Aggregate Limit of the policies applies separately to this contract.

Failure of the Consultant to fully comply with the requirements regarding insurance will be considered a material breach of contract and shall be cause for immediate termination of the contract.

11. **RESTRICTION AGAINST ASSIGNMENT.** The Consultant shall not assign this Contract or any interest herein, nor any money due or to become due hereunder without first obtaining the written consent of the City, nor shall the Consultant subcontract any part of the consulting services to be performed hereunder, without first obtaining the consent of the City.

12. **CONTINUATION OF PERFORMANCE.** In the event that any dispute or conflict arises between the parties regarding any of the performance of the Consultant and/or providing the required deliverables defined in the Scope of Services while this Contract is in effect, the Consultant agrees that, notwithstanding such dispute or conflict, the Consultant shall continue to make a good faith effort to cooperate and continue work toward successful completion of assigned duties and responsibilities, unless otherwise directed by the City. If any dispute or conflict arises that is not either of the above performance or product issues, the Consultant may elect to stop work until the dispute or conflict is resolved.

13. **TERMINATION OF CONTRACT.** Performance of the consulting services under this Contract may be terminated for any cause deemed sufficient by either the City or the Consultant, in whole or in part, at any time, by either party giving the other written notice of such termination, specifying the extent and effective date thereof, by not sooner than thirty (30) days from date of such notice, providing that the Consultant shall complete and be compensated for any projects or duties previously assigned and accepted, and shall be compensated for all expenses incurred or committed to, that cannot be canceled.

14. **CONTRACT ADMINISTRATION.** This Contract shall be administered by Gabriel Silberblatt on behalf of the Consultant and by Kate Kaehny on behalf of the City. Any written notices required by terms of this contract shall be served or mailed as follows:

TO THE CITY:

City of SeaTac
Attn.: CED Director
4800 S. 188th Street
SeaTac, WA 98198
Telephone: (206) 973-4800
Facsimile: (206) 973-4769
Email: spilcher@seatacwa.gov
kkaehny@seatacwa.gov

TO THE CONSULTANT:


BDS Planning & Urban Design
Attn: Brian Scott
750 Sixth Street South
Kirkland, WA 98033
Telephone: (206) 971-6030
Email: brian@bdsplanning.com
gabriel@bdsplanning.com

15. CONSTRUCTION AND VENUE. This Contract shall be construed in accordance with laws of this State of Washington. In the event of any litigation regarding the construction or effect of this Contract, or the rights of the parties pursuant to this Contract, it is agreed that venue shall be King County Superior Court, Maleng Regional Justice Center, King County, Washington.


16. MERGER AND AMENDMENT. This Contract contains the entire understanding of the parties with respect to the matters set forth herein and any prior or contemporaneous understandings are merged herein. This Contract shall not be modified except by written instrument executed by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this contract.

CONSULTANT


Printed Name: Brian D. Scott
Title: President

CITY OF SEATAC


Printed Name: CARL COLE
Title: City Manager
Date: 06/05/2019
ATTEST:

Not Applicable
~~Kristina Gregg, City Clerk~~

APPROVED AS TO FORM:


Mary Mirante Bartolo, City Attorney

EXHIBIT A

CITY OF SEATAC
Scope of Work and Fee Schedule

**Contract Title: City Center Sub-Area Plan Update Phase 1:
Preliminary Urban Design Framework**

SEATAC CITY CENTER SUB-AREA PLAN UPDATE PHASE 1

SCOPE OF WORK

TASK 1: PROJECT MANAGEMENT

Consultant will be responsible for coordinating all aspects of the project with the City of SeaTac's ("City") project manager. Consultant will be responsible for producing high quality products and meeting the agreed upon scope deliverables, schedule and budget. Assumption is weekly check-in meetings between *BDS Planning and Urban Design* ("*BDS*") and the City Lead and meetings between the consulting Leads and the City's Technical Advisory Committee as needed.

TASK 2: PROJECT INITIATION / KICK-OFF MEETING

A project kick-off meeting is an opportunity to get acquainted with the client, review the scope of work, set project goals, identify critical issues, talk through logistics, and tour the community. In our experience, a focused kick-off meeting among key leaders from the client organization and consulting team can set an effective tone for the whole project, align expectations, and allow us all to "begin with the end in mind."

Brian Scott will facilitate the Kick-off and any Key Stakeholder meetings, with Gabriel Silberblatt developing a real-time graphic record on the wall. Toole Design will attend by phone. Eric Hovee is anticipated to attend the kick-off, or will undertake one site-visit at a different mutually agree upon time. *BDS* is known for dynamic meetings with tight agendas, substantive facilitation, clear information, and working consensus for forward movement.

During the Kick-off meeting, *BDS* will work with City staff to address all of the subtasks in Task 2 defined below.

2.1: Planning Framework

The SeaTac/Airport Station Area Plan document and its related technical studies will provide a baseline for the project. *BDS* will review these documents prior to the kick-off meeting, and review them with the City to confirm understanding, nuances, and events since adoption of these plans. Documents include: City Center Plan (1999); Chapter 15.300 SMC: City Center Overlay District; SeaTac/Airport Station Area Plan (adopted 2006, rescinded 2010) along with its market and transportation studies and draft urban design report; SeaTac Comprehensive Plan; PSRC Growing Transit Communities Resolution; and Opportunity Zone documents

2.2: Refine Project Scope and Develop Draft Work Plan

BDS and City staff will review project scope elements and outline a refined project work plan and schedule.

2.3: Confirm Study Area Boundaries:

BDS and City staff will confirm the process for defining a final boundary and how to allocate project resources to consider various locations within the study area including: ¼ mile focal point, ½ mile transit community, and areas that are currently within the City Center boundary.

2.4: Discuss Organization and Formatting of Documents:

At the kick-off meeting, BDS will work with City staff to understand the City's expectations for the outlines of Phase 1 and Phase 2 project documents. We understand that the City expects the Phase 1 and Phase 2 documents to be concise, graphic rich documents that are written as a set of directions rather than a policy tome (using SeaTac's *Angle Lake District Station Area Plan* as an example)

2.5: Deliverable #1: Project Documents

After the kick-off meeting, BDS will prepare a finalized work plan and process documents that are suitable for public distribution, including a project overview, goals, and process diagram. These materials will connect the Sub-Area Planning process with other community activities.

TASK 3: COMMUNITY & STAKEHOLDER ENGAGEMENT PROCESS

3.1: Review Draft Engagement Plan

BDS will help the City refine a City-developed Community/Stakeholder Engagement Plan. BDS will help in the preparation of outreach materials such as displays, information handouts, and presentation documents, and that City staff are expected to be the primary public leads for community and stakeholder engagement activities supplemented by BDS-led activities as defined by 3.2 below.

3.2: Targeted Engagement

BDS will augment the City's engagement activities with targeted in-person interviews and facilitated meetings with key stakeholders and community groups in order to build authentic consensus among powerful economic stakeholders and traditionally underrepresented voices alike. Brian Scott will conduct up to eight (8) property owner interviews; Gabriel Silberblatt will conduct up to five (5) organizational interviews with leaders of local community or non-profit groups; and Ben Han will convene up to two (2) structured visioning focus groups with residents and/or local workers.

3.3 Deliverable #2: Targeted Engagement Memo

BDS will summarize engagement findings in a simple memo.

TASK 4: LOCAL MARKET OVERVIEW

4.1 Existing Studies & Economic Opportunities Analysis

E. D. Hovee proposes to integrate the subtasks of the local market overview – resulting in a single Economic Opportunities Report deliverable, which he will present to the project team. Key work steps will include:

Review of existing market studies. In addition to airport economic impact and station area studies referenced by the RFP, we also plan to review results of the *E.D. Hovee* conducted business cluster/marketing projects conducted from 2004-06. While including the center city area, these reports are also useful to set a broader city- and region-wide context from which to better understand SeaTac's competitive market strengths and challenges. This analysis will aim to indicate which of the takeaways remain important today and which have been supplanted or modified by changing conditions locally and regionally over the 10-15 year – especially in the wake of the Great Recession, ensuing recovery and now re-normalized growth opportunities.

Demographic & employment update. Using readily available data sources, we will briefly profile key changes to the community's population and economic base over the last decade. This update will be useful to provide context for the review of past market studies and to set the stage for a more current understanding of current and emerging opportunities for SeaTac – both city-wide and for the Center City subarea. Key findings will be portrayed in windshield style graphic and mapped formats together with crisp supporting narrative – for ready use with subsequent Opportunity Zone marketing.

Preliminary redevelopment site identification. A starting point for this analysis will be *E. D. Hovee's* prior 2005-06 mapping of development sites city-wide (including Center City sites). Working with *BDS*, this will be followed by parcel-based assessor/GIS based analysis of current redevelopment sites based on such mutually determined factors as site vacancy, presence or absence of new construction, low overall assessed valuation, low improvements to land value ratios, parking utilization, identified site development constraints, and property ownership.

Property owner validation. Historically, much of the Center City land along and near International Boulevard has been in long-term holdings. While ownership patterns have changed in recent years, it remains important to distinguish between owners looking to retain their interest long-term versus those looking to invest and then eventually cash out. Understanding the motivations of the players is particularly important for defining those who would invest for Opportunity Zone benefits – largely associated with capital gains from future property disposition. *E. D. Hovee* will contact and interview up to five (5) selected owners of key redevelopment sites – to better understand their long-term investment interests including capacity for participating with Opportunity Zone or other public-private development opportunities. Interviews will be conducted by phone and/or email with parties using a brief questionnaire as determined mutually with the project team.

4.2: Deliverable #3: Existing Studies & Economic Opportunity Report

Results of these work steps will be provided in an Economic Opportunities draft report deliverable, finalized as a result of project team and City input.

TASK 5: INFRASTRUCTURE NEEDS ASSESSMENT / OPPORTUNITIES & CONSTRAINTS ANALYSIS

Working with City of SeaTac staff and the *BDS team*, *Toole Design* brings experience working in the City of SeaTac and understand the existing conditions and the owners of the

various infrastructure. Our team of planners, engineers, and landscape architects have a deep understanding of local design standards and guidelines that new development and redevelopment would be required to follow.

The opportunities and constraints analysis will be closely coordinated with the land use recommendations for the City Center to identify opportunities that are specific to the proposed strategy for implementing the vision. Our team will engage the stakeholders in confirming how the infrastructure can support the vision for community and economic growth. We understand that we need to understand the infrastructure opportunities and constraints from both a technical, quantitative perspective as well as a qualitative perspective.

5.1: Review Existing Plans and Studies

Toole will build upon its knowledge of the project area from previous projects and review existing plans and technical studies created for this area. *Toole* will work with City staff to identify how best to use the data to identify infrastructure gaps, and development opportunities and constraints in the area to leverage applicable and useful data from existing documents. *Toole* will prepare a concise memorandum summarizing relevant existing plans and studies. A list of all documents reviewed will be included.

5.2 Deliverable #4: Technical memo on key takeaways from existing plans and studies

Toole will identify opportunities to address infrastructure gaps and make improvements. *Toole* will summarize what infrastructure could be provided under current development codes. In addition, potential funding sources will be identified for infrastructure retrofits including transportation and stormwater management.

5.3: Infrastructure Needs Assessment/Opportunities and Constraints Analysis

Toole will complete a Report that identifies opportunities and constraints to creating a high density, walkable urban area. This report will be focused on the public rights-of-way and parcel frontages. Specific components include:

- Infrastructure Needs Assessment/Opportunities and Constraints: The analysis will address the following:
 - Transportation/Access/Mobility (Pedestrian, Bicycle, Vehicle, Freight, Delivery, Shuttles, Light Rail, Rapid Ride)
 - Utilities (Stormwater, Sewer, Energy, Communications, Water)
- Potential Strategies to Address Infrastructure Gaps

5.4 Deliverable #5: Infrastructure Needs Assessment/Opportunities & Constraints Report

Toole recommends that this “report” be in the form of a highly graphical slide deck, rather than a wordy report. In our experience, this format makes it much more likely that the information will be used effectively.

TASK 6: PLANNING CONTEXT SYNTHESIS

6.1: Review Existing Plans and Studies

BDS will collect and analyze City-provided data to create a baseline of existing conditions in the area. We will review existing land uses, property ownership, community assets, community image/urban design, transportation facilities (all modes), utility infrastructure and other information as needed.

6.2: Data Collection

To supplement the economic, infrastructure, and transportation information being collected in Tasks 4 & 5, *BDS* will use the following data sources for analysis as a part of the overall existing conditions report: Meta-review of City's existing plans, raw notes and input from community and stakeholder engagement, and *BDS* team member field notes on district image and urban design from site visits.

6.3 Deliverable #6: Planning Context Synthesis Report

Drawing on Tasks 3, 4, and 5, *BDS* will complete a report synthesizing all of the needs, opportunities, and constraints for the following: current land uses, community assets, image/urban design, community perceptions, transportation/mobility infrastructure (all modes), utility infrastructure, and key economic opportunities.

TASK 7: PREPARE COMMUNITY-STAKEHOLDER SUPPORTED VISION STATEMENT

7.1 Draft Vision Statement & Urban Design Principles

BDS will work with City staff to develop a Vision Statement that is based on community and stakeholder input and aligned with the project goals and activities.

7.2 Deliverable #7: Vision Statement Report

BDS will complete a Vision Statement Report that will include a vision statement and set of Development and Urban Design Principles.

TASK 8: PREPARE "MACRO-LEVEL" DEVELOPMENT/URBAN DESIGN CONCEPT

BDS will work with City staff to create a high-level development and urban design concept that is based on community and stakeholder input and aligned with the project goals and activities.

8.1: Prepare Development/Urban Design Concept Alternatives

BDS will work with City staff to develop up to three (3) graphic concept alternatives (e.g. site plans) that are responsive to the Vision Statement. *BDS* will incorporate one round of consolidated City edits to the alternatives.

8.2: Conduct City Center Charrette

BDS will prepare for and conduct a charrette for City staff representatives, including Community and Economic Development, Public Works, Parks, the City Manager's Office and others, to get input on the concept alternatives.

8.3: Identify Preferred Alternative

BDS will assess impacts of various development/urban design concepts and work with City staff to identify a preferred alternative.

8.4: Deliverable #8: Development/Urban Design Concept Report

BDS will complete a report that identifies the preferred alternative for the area's development/urban design concept. The Report will address image, urban design principles, transportation, access, and connectivity.

TASK 9: COMPLETE PRELIMINARY URBAN DESIGN FRAMEWORK DOCUMENT

9.1 Draft Urban Design Framework Report

BDS will use the organizational format for the Vision Document agreed to during Project Initiation Task 2 to produce a clear, concise and user-friendly draft document. We understand that this document is anticipated to include: name and boundary for the area; project goals; community-stakeholder supported Vision Statement; market opportunity summary; development/urban design concept; documentation of process tasks; and identification of key next steps to be addressed in Phase 2 sub-area planning.

Task 9.2 Deliverable #9: Draft Urban Design Framework Report

BDS will prepare a draft Urban Design Framework Document for review by the City. We ask that the client project manager coordinate City review and incorporate all feedback into a single set of comments to avoid contradictions and redundancies.

Task 9.3 Deliverable #10: Final Urban Design Framework Report

Based on this feedback, *BDS* will prepare a final Urban Design Framework Document. *BDS* documents are known for their accessibility, written clarity, and dynamic graphics. The *BDS Team* will also prepare and conduct presentations for the SeaTac Planning Commission and City Council if desired.

BUDGET & COST BREAKDOWN

The *BDS Team* is prepared to deliver the SeaTac Preliminary Urban Design Framework, as described in the baseline scope without alternatives for \$45,000, including expenses.

Hourly billing rates are as follows:

MEMORANDUM

Date: July 22, 2019

To: Planning & Economic Development (PED) Committee

From: Steve Pilcher, CED Director

Re: Expansion of Multi-Family Tax Exemption (MFTE) Eligible Areas

At your July 2nd special meeting, the PED Committee agreed to expand areas eligible to participate in the Multi-Family Tax Exemption (MFTE) program. Currently, the program is limited to the S. 154th St. Station Area Plan boundaries. Staff agreed to come back to the Committee with specific code amendment language (attached).

Essential feature of the MFTE Program

When a project is approved under the MFTE program, the value of eligible multifamily housing improvements is exempted from property taxes for 8 or 12 years. Land, existing improvements, and non-residential improvements (like commercial space in a mixed use project) are not exempt. Property tax is still collected on the values of those improvements. Once the 8 or 12-year period ends, the property tax is calculated on the full value of all improvements.

Potential expansion of MFTE eligible areas

The Committee had a healthy discussion at the July 2nd meeting about potential expansion areas. Staff had provided a “menu” of options of where the program could be expanded. Recall that State law states the intended use of MFTE is primarily for urban centers, which are defined in RCW 84.14 as “compact identifiable district[s] where urban residents may obtain a variety of products and services.” Given that definition, it is questionable to designate all multifamily lands within the City as being eligible for use of the MFTE.

Currently, city code only provides the MFTE incentive within the S. 154th St. Station Area. Staff has drafted the code amendments to include the entire Urban Center (almost the entire length of International Blvd. through the city); this will capture the three light rail station areas.

Duration of the program

Currently, the Code (SMC 3.85.130) calls for the program to be reviewed approximately five years after its effective date. The draft code amendments change this to requiring a review by the City (could be the full Council or a committee) every five years.

Other proposed changes

Two other minor changes are proposed: 1) eliminating an exact application fee amount and instead, deferring to the City's fee schedule (staff is suggesting increasing the fee to \$1500; the existing fee has been in place since 2008) and 2) allowing an application to be made either before or in conjunction with application for a building permit (3.85.060.C).

Desired Action

Direct staff to make any changes and forward to City Council for consideration in September.

**Chapter 3.85
MULTI-FAMILY PROPERTY TAX EXEMPTION**

Sections:

- 3.85.010 Findings of fact.
- 3.85.020 Purpose.
- 3.85.030 Definitions.
- 3.85.040 Tax exemption – Duration – Valuation – Exceptions.
- 3.85.050 Project eligibility.
- 3.85.060 Application procedure.
- 3.85.070 Application review – Approval – Required findings – Issuance of conditional certificate – Denial – Appeal.
- 3.85.080 Amendment of contract.
- 3.85.090 Extension of conditional certificate – Required findings – Denial – Appeal.
- 3.85.100 Final certificate – Application – Issuance – Denial – Appeal.
- 3.85.110 Annual certification.
- 3.85.120 Cancellation of tax exemption – Appeal.
- 3.85.130 Review of program.

3.85.010 Findings of fact.

A. The ~~South 154th Street Station Area and the SeaTac/Airport Station Area~~ City of SeaTac's established ~~Urban Center~~ is an are "urban centers" as defined in RCW 84.14.010 because ~~they it is an are~~ identifiable districts where urban residents may obtain a variety of products and services and enjoy access to high capacity transit in the form of bus RapidRide and light rail service.

B. The ~~South 154th Street Station Area and the SeaTac/Airport Station Area~~ Urban Center currently lacks sufficient, available, desirable, and convenient residential housing to meet the needs of the public who would be likely to live in ~~the this station~~ areas if desirable, attractive, and livable places to live were available.

C. The provision of special property tax valuations within the ~~South 154th Street Station Area and the SeaTac/Airport Station Area~~ Urban Center will encourage construction of new multi-family housing, and the provision of such additional housing opportunities in the ~~station~~ areas will assist in achieving the goals of the City's Comprehensive Plan, the S. 154th St. and Angle Lake Station Area ~~Action~~ Plans, and the purposes set forth in RCW 84.14.007.

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D. Encouraging the development of new residential units in the ~~South 154th Street Station Area and the SeaTac/Airport Station Area Urban Center~~ will enhance the use and redevelopment of existing developed areas, reducing sprawl, maximizing the public investment in the infrastructure of the community and ultimately increasing the valuation of property in the station areas.

3.85.020 Purpose.

As provided for in Chapter 84.14 RCW, the purpose of this chapter is to provide limited exemptions from ad valorem property taxation for qualified new multi-family housing constructed in the ~~South 154th Street Station Area and the SeaTac/Airport Station Area Urban Center~~ in order to:

- A. Accomplish the planning goals of the Growth Management Act (Chapter 36.70A RCW), the City of SeaTac Comprehensive Plan, ~~and the South 154th Street Station Area and SeaTac/Airport Angle Lake Station Area Action Plans~~; and
- B. Encourage residential opportunities within the ~~South 154th Street Station Area and the SeaTac/Airport Station Area Urban Center~~; and
- C. Stimulate new construction of multi-family housing in the ~~South 154th Street Station Area and the SeaTac/Airport Station Area Urban Center~~ to increase housing opportunities; and
- D. Assist in directing future population growth into the ~~South 154th Street Station Area and the SeaTac/Airport Station Area Urban Center~~, thereby encouraging the most efficient use of the City's infrastructure and high capacity transit; and
- E. Achieve development densities that enhance the use of the community's mass transit opportunities and the public investment in such opportunities and promote community development and fulfillment of the City's South 154th Street and ~~SeaTac/Airport Angle Lake Station Area Action Plans~~.

3.85.030 Definitions.

In construing the provisions of this chapter, the definitions set forth in RCW 84.14.010, as set forth now or hereafter amended, shall apply, unless modified in this section. The following definitions shall also apply:

- ~~A. A.~~ "Assessor" means the King County Assessor.
- B. "Affordable Housing" means residential housing that is within the means of low or moderate-income households, as defined by RCW 84.14.010.

BC. "City Manager" means the City of SeaTac City Manager, or his/her authorized designee.

DC. "Multi-family housing" or "multiple-unit housing" means a building having twenty (20) or more dwelling units designed for permanent residential occupancy.

DE. "Residential targeted area" means an area ~~within an urban center~~ that has been designated by the City Council as a residential targeted area in accordance with RCW 84.14.040. If a part of any legal lot is within the residential targeted area, then the entire lot shall be deemed to lie within the residential targeted area.

Specifically, the following areas ~~are is~~ designated as a residential targeted areas:

1. ~~The South 154th Street Station Area, as designated in the City's Comprehensive Plan;~~

3.85.040 Tax exemption – Duration – Valuation – Exceptions.

A. Duration of Exemption. The value of improvements for property qualifying under this chapter is exempt from ad valorem property taxation as follows:

1. For eight (8) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption; or
2. For twelve (12) successive years beginning January 1st of the year immediately following the calendar year of issuance of the final certificate of tax exemption, if the property otherwise qualifies for the exemption under Chapter 84.14 RCW and this chapter, and meets the conditions in this subsection. For the property to qualify for the twelve (12) year exemption under this subsection, the applicant must commit to renting or selling at least twenty percent (20%) of the multi-family housing units as affordable housing units to low- and moderate-income households, and the property must satisfy that commitment and any additional affordability and income eligibility conditions adopted by the local government under this chapter. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection may be satisfied solely through housing affordable to moderate-income households.

B. Limits on Exemption. The exemptions provided in subsections (A)(1) and (2) of this section do not include the value of land or the value of nonhousing improvements, nor does the exemption apply to increases in assessed valuation of land and nonqualifying improvements. This chapter also does not apply to increases in assessed valuation made by the assessor on nonqualifying portions of building and value of land, nor to increases made by lawful order of a county board of equalization, the Department of Revenue, or a county, to a class of property throughout the county or a specific area of the county to achieve the uniformity of assessment or appraisal required by law.

3.85.050 Project eligibility.

To qualify for exemption from property taxation under this chapter, the property must satisfy all of the following requirements:

- A. The property must be located in the designated residential targeted area; and
- B. The project must consist of at least twenty (20) dwelling units of multi-family housing, located within a residential structure or a mixed use development, which are intended for permanent residential occupancy; and
- C. The property must be used and/or developed in a way that increases or preserves property valuation, and the use or development of the property must represent an increased investment in the property and property maintenance that results in an increase in the over-all property values in the target area; and
- D. The project must comply with all zoning requirements, land use regulations, and building code requirements contained in the SeaTac Municipal Code and applicable upon land use permit approval or submittal of a complete building permit application, whichever occurs sooner; and
- E. For the duration of the exemption granted under this chapter, the property shall be in full compliance with the provisions of the SeaTac Municipal Code; and
- F. New construction of multi-family housing must be completed within three (3) years from the date of approval of the application or by any extended deadline granted by the City Manager, pursuant to SMC 3.85.070; and
- G. The owner must enter into a written agreement with the City, approved by the City Manager, in which the owner has agreed to the implementation of the development on terms and conditions satisfactory to the City.

3.85.060 Application procedure.

A. The owner of property applying for exemption under this chapter shall submit an application to the City Manager or designee, on a form established by the City. The owner shall verify the correctness of the information contained in the application by his/her signature and affirmation made under penalty of perjury under the laws of the state of Washington. The application shall contain such information as the City Manager may deem necessary or useful, which at a minimum shall include:

- 1. A completed City of SeaTac application form, including information setting forth the grounds for tax exemption; and

2. A brief written description of the project, and schematic site and floor plans of the multi-family units and the structure(s) in which they are proposed to be located; and
3. Floor and site plans of the proposed project, which plans may be revised by the owner, provided, in the opinion of the City Manager, such revisions do not materially alter the nature of the project or the rationale substantiating the exemption application; and
4. A statement from the owner acknowledging the potential tax liability when the property ceases to be eligible for exemption under this chapter;

B. At the time of initial application under this section, the owner shall pay to the City an initial application fee ~~of~~ ~~as established in the City's fee schedule, one thousand dollars (\$1,000),~~ plus an amount necessary to cover recording fees under SMC 3.85.100; and

C. Except as otherwise provided in SMC 3.85.070, the application shall be submitted any time before ~~or in~~ ~~conjunction with (1) an application for a land use approval process and (2) an application for a building or other construction permit, whichever occurs first.~~

3.85.070 Application review – Approval – Required findings – Issuance of conditional certificate – Denial – Appeal.

A. The City Manager may approve an application if he or she finds that:

1. When a new structure is being created, a minimum of twenty (20) new multi-family units are being constructed; and
2. The proposed project is, or will be at the time of completion, in conformance with all approved plans, and all applicable requirements of the SeaTac Municipal Code or other applicable requirements or regulations in effect at the time the application is approved; and
3. The owner has complied with all of the requirements of this chapter, including but not limited to project eligibility requirements contained in SMC 3.85.050, and application requirements contained in SMC 3.85.060; and
4. The project site is located within a designated residential targeted area.

B. The City Manager shall deny an application if the foregoing criteria are not met. If the application is denied, the City Manager shall state in writing the reasons for the denial and send notice of denial to the owner's last known address within ten (10) working days of the denial.

C. If the application is approved, the owner shall enter into a contract with the City, approved by the City Council, regarding the terms and conditions of the project under this chapter.

D. Following City Council approval of the contract, and acceptance of the contract by the owner, the City Manager shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate shall expire three (3) years from the date of approval unless an extension is granted as provided in SMC 3.85.090.

E. An owner may appeal a denial of a tax exemption application to the City Council by filing a notice of appeal with the City Clerk within fifteen (15) calendar days of the date that the notice of the denial was mailed, and paying an appeal fee of ~~two hundred fifty dollars (\$250.00)~~ as established in the City's fee schedule. The appeal before the City Council shall be based upon the record before the City Manager, and the City Manager's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the City Manager's decision. The decision of the City Council on appeal is final.

3.85.080 Amendment of contract.

A. Any owner seeking amendment(s) to the contract approved by the City Council may do so by submitting a request in writing to the City Manager at any time within three (3) years of the date of the City Council's approval of the contract. Within sixty (60) days of the City's receipt of the written request, the City Council shall either approve or deny the amendment.

B. Any owner seeking amendments to the approved form of contract shall pay to the City an amendment application fee of ~~five hundred dollars (\$500.00)~~ as established in the City's fee schedule for administrative costs, plus any amount necessary to cover recording fees.

C. The date for expiration of the conditional certificate shall not be extended by contract amendment unless all conditions for extension set forth in SMC 3.85.090 are met.

3.85.090 Extension of conditional certificate – Required findings – Denial – Appeal.

A. The conditional certificate may be extended by the City Manager for a period not to exceed twenty-four (24) consecutive months. The owner shall submit a written request stating the grounds for the extension together

with a fee of five hundred dollars (\$500.00) for the City's administrative cost to process the request. The City Manager may grant an extension if the City Manager finds that:

1. The anticipated failure to complete construction within the required time period is due to circumstances beyond the control of the owner; and
2. The owner has been acting, and could reasonably be expected to continue to act, in good faith and with due diligence; and
3. All the conditions of the original contract between the owner and the City will be satisfied upon completion of the project.

B. If an extension is denied, the City Manager shall state in writing the reason for denial and shall send notice to the owner's last known address within ten (10) working days of the denial. An owner may appeal the denial of an extension to the Hearing Examiner by filing a notice of appeal with the City Clerk within fourteen (14) calendar days after issuance of the notice of the denial. The appeal before the Hearing Examiner shall be based upon the record before the City Manager, and the City Manager's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the City Manager's decision. The decision of the Hearing Examiner on appeal is final.

3.85.100 Final certificate – Application – Issuance – Denial – Appeal.

A. Upon completion of the construction as provided in the contract between the owner and the City, and upon issuance of a temporary certificate of occupancy, or a permanent certificate of occupancy if no temporary certificate is issued, the owner may request a final certificate of tax exemption. The owner shall file with the City Manager such information as the City Manager may deem necessary or useful to evaluate eligibility for the final certificate, which shall at a minimum include:

1. An audited statement of expenditures made with respect to each multi-family housing unit and the total expenditures made with respect to the entire property, including total project costs, which statement shall be approved by the City of SeaTac Finance Director.
2. A description of the completed work and a statement of qualification for the exemption.
3. A statement that the work was completed within the required three (3) year period or any approved extension; and

B. At the time of application for final certificate under this section the owner shall pay to the City a fee ~~of two hundred fifty dollars (\$250.00)~~ as established in the City's fee schedule to cover the City's administrative costs.

C. Within thirty (30) calendar days of receipt of all materials required for a final certificate, the City Manager shall determine whether the completed work is consistent with the contract between the City and owner, whether all or a portion of the completed work is qualified for exemption under this chapter and, if so, which specific improvements satisfy the requirements of this chapter.

D. If the City Manager determines that the project has been completed in accordance with the contract between the owner and the City and the requirements of this chapter, the City shall file a final certificate of tax exemption with the Assessor within ten (10) calendar days of the expiration of the thirty (30) calendar day period provided under subsection C of this section.

E. The City Manager is authorized to cause to be recorded or to require the owner or owners to record, in the real property records of the appropriate office of the county in which the property is located, the contract with the City required under SMC 3.85.050, or such other document(s) as will identify such terms and conditions of eligibility for exemption under this chapter as the City Manager deems appropriate for recording.

F. The City Manager shall notify the owner in writing that the City will not file a final certificate if the City Manager determines that the project was not completed within the required three (3) year period or any approved extension, or was not completed in accordance with the contract between the owner and the City and the requirements of this chapter, or the owner's property is otherwise not qualified for the limited exemption under this chapter.

G. The owner may appeal the City Manager's decision to the Hearing Examiner by filing a notice of appeal with the City Clerk within fourteen (14) calendar days after issuance of the notice of the denial. The appeal before the Hearing Examiner shall be based upon the record before the City Manager, and the City Manager's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the City Manager's decision. The owner may appeal the Hearing Examiner's decision to the King County superior court according to the procedures contained in RCW 34.05.510 through 34.05.598, as provided in RCW 84.14.090(6), within thirty (30) days of notification by the City to the owner of the decision.

3.85.110 Annual certification.

A. Within thirty (30) days after the first anniversary of the date the City filed the final certificate of tax exemption and each year thereafter, for the duration of the exemption as set forth in SMC 3.85.040, the property owner

shall file a certification with the City Manager, verified upon signed affirmation under penalty of perjury under the laws of the state of Washington. The certification shall contain such information as the City Manager may deem necessary or useful, and shall at a minimum include the following information:

1. A statement of occupancy and vacancy of the multi-family units during the previous year; and
2. A certification that the property has not changed use since the date of filing of the final certificate of tax exemption, and continues to be in compliance with the contract with the City and the requirements of this chapter; and
3. A description of any improvements or changes to the property made after the filing of the final certificate or most recent certification, as applicable.

B. Failure to submit the annual certification may result in cancellation of the tax exemption.

3.85.120 Cancellation of tax exemption – Appeal.

A. If at any time the City Manager determines that the property no longer complies with the terms of the contract or with the requirements of this chapter, or the use of the property for any reason no longer qualifies for the tax exemption, the tax exemption shall be cancelled and additional taxes, interest and penalties shall be imposed pursuant to state law.

B. If the owner intends to convert the multi-family housing to another use the owner must notify the City Manager and the King County Assessor within sixty (60) days of the change in use. Upon such change in use, the tax exemption shall be cancelled and additional taxes, interest and penalties shall be imposed pursuant to state law.

C. Upon determining that a tax exemption shall be cancelled, the City Manager shall notify the property owner by certified mail, return receipt requested. The property owner may appeal the determination by filing a notice of appeal with the City Clerk, together with the required appeal -within fee, within thirty (30) calendar days after issuance of the decision by the City Manager, specifying the factual and legal basis for the appeal. The appeal will be heard by the Hearing Examiner. At the appeal hearing, all affected parties may be heard and all competent evidence received. The Hearing Examiner shall either affirm or repeal the decision to cancel the exemption based on the evidence received. The Hearing Examiner shall give substantial weight to the City Manager's decision to cancel the exemption, and the City Manager's decision will be upheld unless the owner can show that there is no substantial evidence on the record to support the City Manager's decision. An aggrieved party may appeal the Hearing Examiner's decision to the King County superior court in accordance

with the procedures in RCW 34.05.510 through 34.05.598, as provided in RCW 84.14.110(2), within thirty (30) days after issuance of the decision of the Hearing Examiner.

3.85.130 Review of program.

The provisions of this chapter shall be reviewed by the City ~~Council~~ approximately every five (5) years after the effective date of the ordinance codified herein. Such review may include, but not be limited to, the number of dwelling units granted property tax exemption under this program, consideration of the multi-family development trends in the City and region, review of administrative processes and procedures, as well as public comment. If the program is terminated, no further applications for a conditional certificate of tax exemption shall be accepted. Incomplete applications shall be returned to the owner.

MEMORANDUM

Date: July 22, 2019

To: Planning & Economic Development (PED) Committee

From: Steve Pilcher, CED Director
Jennifer Kester, Planning Manager

Re: E2SHB 1923

On May 9, 2019, Governor Inslee signed E2SHB 1923, legislation intended to increase residential building capacities within cities and thereby address an identified statewide housing shortage. Cities planning under the Growth Management Act have a series of actions they are encouraged to take to facilitate new housing construction. The law goes into effect in a matter of days (July 28).

[Attached are informational materials prepared by the Washington State Department of Commerce and the Master Builders Association of King and Snohomish counties.]

The Commerce Department is authorized to award grants of up to \$100,000 to either 1) develop a housing action plan or 2) adopt two items from a variety of code amendment or planning actions. Staff wishes to discuss the various options with the PED Committee to determine if there is interest in pursuing a grant to adopt any of the alternatives offered.

Some of the suggested approaches are already occurring here in SeaTac, for example, allowing higher densities near light rail stations or along high frequency transit corridors. Of the “laundry list” of code amendment options, the following are suggested as potentially “good fits” for SeaTac:

- Authorizing cluster zoning/lot size averaging in all zones that allow single family homes (SeaTac currently regulates by minimum lot size standards)
- Authorizing a duplex on corner lots within all zones that allow single family homes
- Adopting a planned action pursuant to RCW 43.21C.440(1)(b)(ii)
- Adopting an infill exemption under RCW 43.21C.229 for residential or mixed use development

The other option the bill provides is to adopt a Housing Action Plan. This would be a significant effort, one that demands a strong, on-going commitment by the City to address housing needs in the community. Adopting an Action Plan would also likely result in on-going staffing commitments in order to achieve identified objectives.

From a process standpoint, one of the big enticements to take any form of action, regardless of whether grant funding is pursued, is that if adopted by April 1, 2021, the action would be exempt from SEPA appeals and legal challenges pursuant to the Growth Management Act.

In summary, if there is any interest in considering these issues, now is the time to do so, because of the potential of obtaining grant funding and the diminishment of legal risk.

We look forward to discussing this matter with the Committee.



Department of Commerce

Increasing Residential Building Capacity E2SHB 1923 Grant Opportunity Overview

Growth Management Services Local Government Division

E2SHB 1923 (2019) encourages all cities planning under the Growth Management Act (GMA) to adopt actions to increase residential building capacity. Cities are especially encouraged to increase residential building capacity in areas that have supportive transportation and utility infrastructure, and are served with frequent transit service. Cities are also encouraged to prioritize the creation of affordable, inclusive neighborhoods and to consider the risk of residential displacement, particularly in neighborhoods with communities at high risk of displacement.

This bill provides a total \$5,000,000 in grants assistance, prioritized by the legislature for cities over 20,000 in population. A city may receive up to \$100,000 in grant funds must take at least two of the actions to increase residential building capacity listed below, or develop a housing action plan.

Commerce will reach out directly to eligible cities to apply for the funding. Those cities will be asked to complete a survey about eligible actions, specifically if they already have them, and for which ones they intend to apply for funding. The survey will be open until July 10, after which date, Commerce will use the information to make decisions about the grant program. Applications will be available after July 15, and will be due August 30. Until July 15, we recommend that eligible jurisdictions work with decision makers to review the list of eligible activities below, and decide which ones they may pursue for funding. If your city has not received notification of the survey, please contact Paul Johnson at (360) 725-3048 or paul.johnson@commerce.wa.gov.

After the first round of grants, if funding allows, Commerce may consider accepting and funding applications from cities with a population of less than 20,000 if the actions proposed will result in significant housing capacity or regulatory streamlining.

Commerce contacts:

Dave Andersen, GMS Managing Director / Project Lead, (509) 434-4491

Paul Johnson, GMS Grants Coordinator, (360) 725-3048

Email: dave.andersen@commerce.wa.gov and paul.johnson@commerce.wa.gov

Activities eligible for E2SHB 1923 funding

1. Select at least two of the actions listed below:

- a) ***Increase residential density near commuter or light rail stations to 50 dwelling units per acre. Designated areas should be at least 500 acres in size.***

This may be done in the form of a sub-area plan or rezoning within a designated area in response to or anticipation of commuter or light rail stations. Special attention should be paid to prioritize bicycle, pedestrian, and transit access to station areas. Regulations should require *no more than an average of one on-site parking space per two bedrooms* in multifamily areas.

- b) ***Increase residential density along high frequency transit corridors to 25 dwelling units per acre. Designated areas should be at least 250 acres for cities with a population of less than 40,000 people, or 500 acres for cities with a population over 40,000.***

This may be done in the form of a sub-area plan or rezoning along a transit corridor in response to or in anticipation of high frequency transit corridors. *High frequency transit service is defined as bus service at least four times per hour, at least 12 hours per day.* Rezones should include higher density residential development within a 10- to 15-minute walk of transit stops, with special attention to considerations for road crossings to transit service. Regulations should require *no more than an average of one on-site parking space per two bedrooms* in multifamily areas.

- c) ***Authorize at least one duplex, triplex, or courtyard apartment on each parcel in one or more zoning districts that permit single-family residences unless a city documents a specific infrastructure or physical constraint that would make this requirement unfeasible for a particular parcel.***

This option would allow much more diversity in housing stock within single family zoning districts. Documentation of specific infrastructure or physical constraints should go beyond whether sewer or other services currently exist at the location. Documentation should describe how specific geographic features of the land, such as water bodies or critical areas make it extremely difficult to develop, or serve isolated parcels with urban services.

- d) ***Authorize cluster zoning or lot size averaging in all zoning districts that permit single-family residences;***

Cluster zoning is a zoning method in which development density is determined for an entire specified area, rather than on a lot-by-lot basis. Within the specified cluster

zone, a developer can exercise greater flexibility in designing and placing structures, as long as the total density requirement is met.

Lot size averaging allows the size of individual lots within a development to vary from the zoned maximum density, provided that the average lot size in the development as a whole meets that maximum. Housing can then be developed on lots smaller than otherwise permitted in a zone, allowing for greater densities in some areas and more diversity throughout the development.

These tools can be especially useful in lands encumbered by critical areas or other constraints that point to a more flexible approach.

- e) ***Authorize attached accessory dwelling units (ADUs) on all parcels containing single-family homes where the lot is at least 3,200 square feet in size, and permit both attached and detached ADUs on all parcels containing single-family homes, provided lots are at least 4,356 square feet in size. Qualifying city ordinances or regulations may not provide for on-site parking requirements, owner occupancy requirements, or square footage limitations below 1,000 square feet for the accessory dwelling unit, and must not prohibit the separate rental or sale of accessory dwelling units and the primary residence. Cities must set applicable impact fees at no more than the projected impact of the accessory dwelling unit. To allow local flexibility, other than these factors, accessory dwelling units may be subject to such regulations, conditions, procedures, and limitations as determined by the local legislative authority, and must follow all applicable state and federal laws and local ordinances.***

All jurisdictions planning under the GMA over 20,000 in population and all counties over 125,000 in population are already required to allow accessory dwelling units (ADUs) in single family zones.¹ To be eligible for funding under E2SHB 1923, eligible jurisdictions must adopt an ADU ordinance that is consistent with these specifications for lot size, unit size, no parking requirement, no owner occupancy requirement, reduced impact fees, and subsequent separate sale of separate units. Beyond these items, local governments may choose to waive utility connection fees, building or permit fees, or address design. For more information please review [MRSC's guidance](#) on this topic, except that the 1994 CTED ADU guidance is superseded by these requirements.

- f) ***Adopt a subarea plan pursuant to RCW 43.21C.420.***

Cities with populations over 5,000 may adopt optional elements of comprehensive plans of development regulations that apply within subareas for areas that are either:

- a. Areas designated as mixed use or urban centers in a land use or transportation plan adopted by a regional transportation planning organization; or

¹ See RCW 36.70A.400 and RCW 43.63A.215(3) (laws of 1993)

- b. Areas within one half mile of a major transit stop, zoned for an average minimum density of 15 units per gross acre. A major transit stop is defined as a stop on a high capacity transportation service funded under RCW 81.104, commuter rail stops, stops on rail or fixed guideways, stops on bus rapid transit routes or routes that run on high occupancy vehicle lanes; or stops for a bus or other transit mode providing fixed route service at intervals of at least thirty minutes during the peak hours of operation.

The plan must be accompanied by an environmental impact statement (EIS) assessing and disclosing the probable significant adverse environmental impacts. Any development proposed within 10 years of the EIS, which is consistent with the plan and regulations may not be challenged under SEPA.²

g) *Adopt a planned action pursuant to RCW 43.21C.440(1)(b)(ii).*

A planned action is an adopted plan and environmental review on a sub-area within an urban growth area, consistent with a comprehensive plan adopted under the Growth Management Act. The plan and environmental review are completed before projects are proposed. Project-level significant impacts must be addressed in a State Environmental Policy Act (SEPA) document, unless the impacts are specifically deferred for consideration at the project level. The SEPA document may be a determination of non-significance (DNS), a mitigated determination of significance (MDNS), or an environmental impact statement EIS). To be eligible for funding, the planned action area should:

- Contain mixed use or residential development; and
- Encompasses an area that is within one-half mile of a major transit stop; or will be within one-half mile of a major transit stop no later than five years from the date of the designation of the planned action. Major transit stop means a commuter rail stop, a stop on a rail or fixed guideway or transitway system, or a stop on a high capacity transportation service funded or expanded under chapter 81.104 RCW.

For more information see <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Planned-Action.aspx>

h) *Adopt an infill exemption under RCW 43.21C.229 for residential or mixed-use development*

This section allows for exemptions from SEPA evaluation if the city or county's applicable comprehensive plan was previously subjected to environmental analysis and if the local government considers the specific probable adverse environmental impacts of the proposed action and determines they are adequately addressed by the development regulations or other requirements.

² See RCW 43.21C.420 (amended by E2SHB 1923, laws of 2019)

Such an exemption categorically exempts government action related to development proposed to fill in an urban growth area, where current density and intensity of use in the area is lower than called for in the goals and policies of the applicable comprehensive plan and the development is either (i) Residential development, (ii) Mixed-use development, or (iii) Commercial development up to 65,000 square feet, excluding retail development. It does not exempt government action related to development that is inconsistent with the applicable comprehensive plan or would exceed the density or intensity of use called for in the comprehensive plan.

- i) Adopt a form-based code in one or more zoning districts that permit residential uses. "Form-based code" means a land development regulation that uses physical form, rather than separation of use, as the organizing principle for the code;***

The purpose of a form-based code is to control the size and bulk of buildings, instead of regulating by the number of units. This can help a local government encourage development that meets the desired community character, but encourages a greater number of units of a given parcel, as the number of units are not restricted. For more information see mrsc.org/Home/Explore-Topics/Planning/Development-Types-and-Land-Uses/Form-Based-Codes.aspx.

- j) Authorize a duplex on each corner lot within all zoning districts that permit single-family residences.***

A duplex on a corner lot can have the advantage of looking like a single-family housing unit with a front-facing door on each corner. This approach can add density in single-family areas without appearing to add a traditional duplex, but provides the benefit of additional smaller units which can be more affordable.

- k) Allow for the division or redivision of land into the maximum number of lots through the short subdivision process provided in chapter 58.17 RCW;***

RCW 58.17.020(6) defines a short subdivision as "the division or re-division of land into four or fewer lots, tracts, parcels, sites, or divisions for the purpose of sale, lease, or transfer of ownership. However, the legislative authority of any city or town may by local ordinance increase the number of lots, tracts, or parcels to be regulated as short subdivisions to a maximum of nine. This applies in all cities and for counties within urban growth areas. By increasing the number of lots in short plat, more development may be permitted by the quicker short plat process, which can be processed administratively, rather than the longer subdivision process, which generally requires approval of the legislative body. Local governments may also wish to review RCW 58.17.100 which allows for delegation of final plat approval to the planning commission or staff rather than going back to council.

- l) Authorize a minimum net density of six dwelling units per acre in all residential zones, where the residential development capacity will increase within the city.**

This option is applicable where net density in residential zones is less than six dwelling units per acre. Net density is the gross acreage minus public right of ways, divided by the number of units. Where areas are encumbered by critical areas, clustering can help achieve the target density.

2. Cities may instead adopt a Housing Action Plan

The goal of any such housing plan must be to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes, including strategies aimed at the for-profit single-family home market. The housing action plan should:

- (a) Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households; and c) Analyze population and employment trends, with documentation of projections;**

Data should document the type and age of housing within the community, and the demographics of the households within the communities. It should look across income segments and identify how many households in each income segment are paying more than 30 percent of their income for housing costs. The analysis should also project population demographics and income levels for the planning period and identify the types and densities of housing that are needed for housing suitable and affordable for all demographic and economic segments. This analysis should specifically consider multifamily and attached housing types. For more information see WAC 365-196-410.

- (b) Develop strategies to increase the supply of housing, and variety of housing types, needed to serve the housing needs identified in (a) of this subsection;**

Data gathered in the previous section should point to the types of housing that should be allowed by local zoning, and the types of incentives and regulations that will be needed to encourage the development of appropriate housing affordable to all income segments of the community. Trade-offs in parking requirements, setbacks, and open space considerations may be reviewed as they affect the yield in housing. Strategies to encourage and support the development of subsidized housing, such as fee waivers and free land should be considered, along with options for creating more housing. For a full menu of strategies, see www.ezview.wa.gov (Affordable Housing

Planning Resources). Policy actions can be evaluated on the whether they are short term, or long term, how effective they are, or whether they have a fiscal impact.

(d) Consider strategies to minimize displacement of low-income residents resulting from redevelopment;

Economic displacement occurs where low-income residents are forced out of traditional low-cost areas as redevelopment occurs and rents rise. Strategies to minimize displacement include preserving existing affordable housing, encouraging greater housing development, including, but not limited to affordable housing (so more housing is available for all income segments), using collective ownership of housing, engaging existing residents in identifying strategies, and taking a broader look using regional rather than localized strategies. For more information consider US Department of Housing and Urban Development (HUD) resources such as: www.huduser.gov/portal/sites/default/files/pdf/DisplacementReport.pdf

(e) Review and evaluate the current housing element adopted pursuant to RCW 36.70A.070, including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;

The housing element of the comprehensive plan should be evaluated for how well development is implementing policies, specifically whether the community is on track to accommodate the portion of the countywide population allocated to the community within the planning period, and whether the housing types are affordable to all economic segments. If these metrics are not met, new comprehensive plan policies should be proposed to support zoning that allow the size and types of housing that can be affordable to most economic segments of the population. Policies may also encourage or incentivize the development of subsidized affordable housing. Action strategies or housing metrics can help the plan stay on track over time.

(f) Provide for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and local religious groups; and

Broad participation from all parts of the community can help to understand and communicate the housing need. Members of the public can provide information and perspective on how the community can meet the state requirements to plan for housing affordable to all economic segments.

(g) Include a schedule of programs and actions to implement the recommendations of the housing action plan.

The housing action plan should cumulate in a broad array of potential programs and actions that the jurisdiction has committed to pursue, or can partner with other organizations to implement. The actions should include an update to policies in the comprehensive plan, along with actions to update regulations to implement selected strategies. The schedule should include a timeline for actions and funding, if required to implement the plan.

Actions projected from appeal

If adopted between July 28, 2019, and April 1, 2021, ordinances, amendments to development regulations, and other nonproject actions taken by a city are not subject to administrative or judicial appeal under the State Environmental Policy Act (SEPA).³ This excludes the adoption of a sub-area plan adopted pursuant to RCW 43.21C.420. In addition, any action taken by a city prior to April 1, 2021 to amend their comprehensive plan, or adopt or amend ordinances or development regulations to enact any of the twelve actions to increase residential building capacity is not subject to appeal to the Growth Management Hearings Boards.⁴

³ E2SHB 1923, Section 1(3)

⁴ E2SHB 1923, Section 1 (4)

Increase Housing Supply & Affordability



Actions Local Governments Can Take Under E2SHB 1923

On May 9, 2019, Governor Jay Inslee signed into law [E2SHB 1923](#), legislation to increase residential building capacity in cities. The bill is designed to address the statewide housing shortage by encouraging cities planning under the Growth Management Act (GMA) to facilitate new housing. The new law goes into effect July 28, 2019.

Planning Grants

To support cities taking actions specified by the bill, E2SHB 1923 establishes a Growth Management Planning and Environmental Review Fund. With the creation of this new fund, local governments meeting certain criteria may seek grants or loans from the Department of Commerce for the costs associated with implementation of this act. E2SHB 1923 provides funding via a \$2.50 document recording fee.

Commerce is authorized to award grants of up to \$100,000 to cities with a population larger than 20,000 that either take two actions listed below (Option A) or develop a housing action plan (Option B).

The new law also authorizes Commerce to award grants in excess of \$100,000 for applications “with extraordinary potential to increase housing supply or regulatory streamlining.”

More details on how cities and counties can apply for this grant assistance through the Department of Commerce will be available later this year.

SEPA Appeals and Legal Challenges Under GMA

Additionally, E2SHB 1923 protects local governments from certain legal appeals under the State Environmental Policy Act (SEPA) or legal challenges under GMA when they adopt any of the actions specified in the new law to accommodate new housing. With only one exception¹, these actions are exempt from SEPA appeals and legal challenges under GMA if adopted by April 1, 2021. This provision should help reduce the risk of lengthy and costly appeals when cities choose to pursue these changes.

Implement 2 or More Actions to Increase Housing Supply and Affordability

E2SHB 1923 lays out the following optional actions municipalities can take to increase residential building capacity. Cities planning to take at least two of these actions prior to April 1, 2021 are eligible to apply for planning grant assistance from the Department of Commerce:

- **Zone to allow an average of at least 50 homes per acre around train stations** served by commuter or light rail;
 - **Authorize an average of at least 25 homes per acre around bus stops with frequent service** (defined as specified areas that include at least one bus stop served by scheduled bus service of at least four times per hour for 12 or more hours per day);
 - **Allow at least one duplex, triplex, or courtyard apartment** on each parcel in one or more areas zoned for single-family residences, unless a city documents a specific physical constraint that would make this requirement infeasible on a parcel;
 - **Allow cluster zoning or lot size averaging** in single-family zones. "Lot size averaging" is a development tool that puts buildable land to more efficient use by allowing smaller lots on constrained sites while complying with the underlying zoning.
- "Cluster zoning" is a development option that provides density bonuses in exchange for public amenities such as open space;
- **Authorize accessory dwelling units (ADUs)** on all parcels containing single-family homes, provided lots are at least 4,356 square feet in size. Furthermore, a city's ADU regulations may not provide for on-site parking requirements, owner-occupancy requirements, or square footage limitations below 1,000 square feet for the ADU and must not prohibit the separate rental or sale of ADUs and the primary residence.
 - **Adopt a subarea plan** using the planned action ordinance provisions under [RCW 43.21C.420](#). This tool allows upfront SEPA review in order to facilitate environmental review of subsequent individual development projects;
 - **Adopt a planned action** pursuant to [RCW 43.21C.440 \(1\) \(b\) \(ii\)](#), except that an environmental impact statement pursuant to [RCW 43.21C.030](#) is not required for such an action;

- **Expand categorical exemptions from SEPA review**, pursuant to [RCW 43.21C.229](#), for certain homebuilding projects proposed to fill in an urban growth area;
- **Adopt a form-based code** in one or more zoning districts that permit residential uses. “Form-based code” means a land development regulation that uses physical form, rather than separation of use, as the organizing principle for the code;
- **Allow a duplex on each corner lot** within all single-family zones;
- **Allow subdivision into the maximum number of lots authorized in [chapter 58.17 RCW](#)**; and
- **Establish a minimum density of six homes per acre in all residential zones**, where the residential development capacity will increase within the city.

OPTION B ➤

Develop a Housing Action Plan

Cities that develop a housing action plan may also apply for planning grant assistance from the Department of Commerce. The housing action plan should:

- Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics and cost-burdened households;
- Develop strategies to increase the supply of housing and variety of housing types needed to serve the housing needs identified in the above point;
- Analyze population and employment trends with documentation of projections;
- Consider strategies to minimize displacement of low-income residents resulting from redevelopment;
- Review and evaluate the current housing element adopted pursuant to [RCW 36.70A.070](#), including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions;
- Provide for participation and input from community members, community groups, local builders, local real estate agents, nonprofit housing advocates, and local religious groups; and
- Include a schedule of programs and actions to implement the recommendations of the housing action plan.

Other Measures Contained in E2SHB 1923

SEPA Exemption for Transportation

A project action pertaining to residential, multifamily, or mixed-use development where impact fees are paid is exempt from SEPA appeals related to transportation impacts, provided the project does not present significant adverse impacts to the state-owned transportation system.

Exemption From Appeals

Until July 1, 2029, a proposed development may not be challenged in administrative or judicial appeals for noncompliance with SEPA, so long as a complete application has vested and sets aside or requires the occupancy of at least 10% of the dwelling units for low-income households (as considered affordable by a city's housing programs).

Housing Supply and Affordability Study

Every two years, the Washington Center for Real Estate Research at the University of Washington will produce a study that compiles housing supply and affordability metrics for each city with a population of 10,000 or more planning under GMA. The initial study must be completed by October 15, 2020. The study must include a compilation of objective criteria related to development regulations, zoning, income, housing and rental prices, the percentage of cost-burdened households, and other metrics. This data will highlight actions cities have taken to increase residential building capacity and should help inform discussions about housing at both the state and local levels.

¹ The one exception is, "adopt a subarea plan pursuant to RCW 43.21C.420," which remains subject to administrative or judicial appeal under chapter 43.21C RCW.