3 History and Planning Context

Throughout the 20th century, race- and class-based planning and housing policies and practices created disparities in the economic status of households and neighborhoods. These practices have often excluded lower-income households — disproportionately racial and ethnic minorities — from living in higher-cost neighborhoods. Because higher-density housing is generally more affordable than lower-density housing, areas restricted for lower-density housing contribute to, and reinforce, patterns of segregation. Reviewing historic practices that have contributed to racial, ethnic, and class segregation provides context for the subsequent discussion of current population and household characteristics.

This chapter (1) describes historical planning practices and housing policies that underlie race- and class-based housing patterns in the study area; and (2) describes the current planning context and the history of ADU legislation. The first section describes how the historical exclusion of less wealthy, typically non-white populations from single-family zones has informed the objectives for this EIS and summarizes pertinent demographic information that illustrates these patterns. The City of Seattle and Seattle Housing Authority's Joint Assessment of Fair Housing (Seattle 2017a) provides deeper discussion of factors that cause, increase, contribute to, maintain, or perpetuate segregation, racially or ethnically concentrated areas of poverty, significant disparities in access to opportunity, and disproportionate housing needs.

3.1 Historical Context

HISTORY OF RACIAL SEGREGATION

In the early 1900s, efforts began to control the type and intensity of land use in cities across the U.S. Los Angeles introduced the first citywide regulations on use to separate its expanding residential areas from industrial activities. In 1916, New York City adopted the nation's first citywide zoning code, a set of limits

on coverage and required setbacks aimed primarily at preventing massive buildings from blocking light and air from reaching the streets below. Over the next two decades, cities across the country began regulating the height, area, location, and use of buildings.

In addition to regulating the physical characteristics of buildings and stabilizing land values, many cities used zoning to enforce systems of racial segregation. First Baltimore and then other cities adopted ordinances that explicitly enforced racial segregation by identifying separate living areas for black and white families (Rothstein 2017). This practice persisted until a 1917 Supreme Court decision found a Louisville, Kentucky, racial zoning ordinance unconstitutional.[1]

Following that decision, other race-based public policy interventions substituted for racial zoning.[2] For example, exclusionary zoning regulations prohibiting higher-density housing (like apartment buildings) in areas with primarily low-density, detached single-family homes tend to deepen economic segregation, thus reinforcing racial segregation since people of color have disproportionately lower incomes. These patterns are visible in the study area of this EIS. Despite these effects, zoning ordinances separating higher-density residential uses from single-family residential uses were ruled constitutional in *Euclid v. Ambler*, where the Supreme Court found that the "police power supports also, generally speaking, an ordinance forbidding the erection in designated residential districts, of business houses, retail stores and shops, and other like establishments, **also of apartment houses in detached-house sections** [emphasis added] — since such ordinances, apart from special applications, cannot be declared clearly arbitrary and unreasonable, and without substantial relation to the public health, safety, morals, or general welfare."[3]

Even absent explicit references to race, public housing, slum clearance, private deed restrictions or racial covenants, and redlining practices also perpetuated racial, ethnic, and class segregation. The practice of redlining, or "drawing lines on city maps delineating ideal geographic areas for bank investment and the sale of mortgages," was formalized in the National Housing Act of 1934 (Housing Act), which created the Federal Housing Administration (FHA) as part of the federal programs

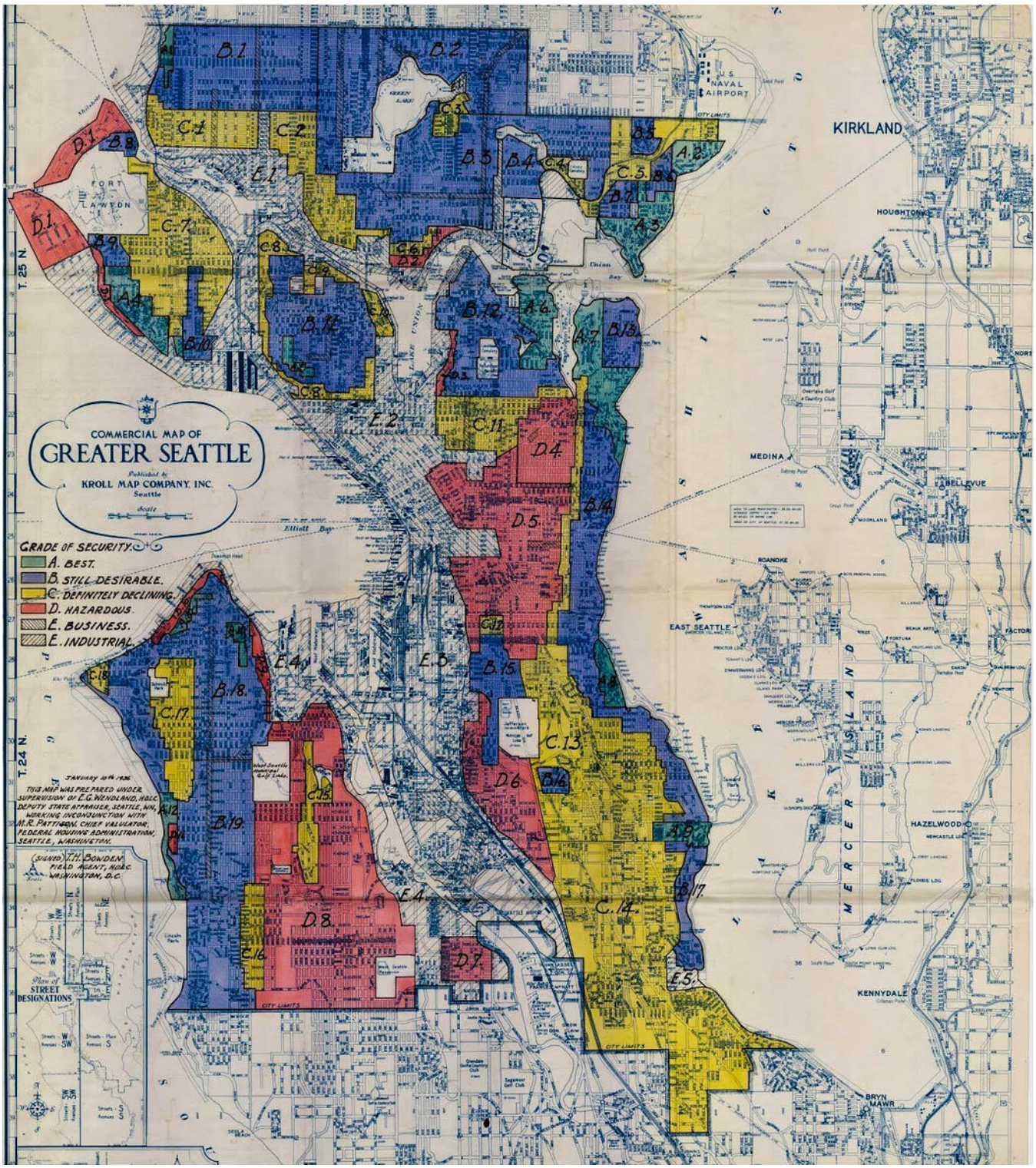
1 *Buchanan v. Warley*; 245 US 60 (1917).

2 In *The Color of Law*, Rothstein reveals the racial motivations of many regulators who devised zoning schemes to circumvent the 1917 *Buchanan* decision.

3 *Euclid v. Ambler*; 272 US 390 (1926).

and regulations known as the New Deal (Silva 2009). Adopted to increase housing stability and expand homeownership by underwriting and insuring home mortgages, the Housing Act endorsed the separation of land uses, including single-family houses and apartments, and facilitated the segregation of people by race and ethnicity through its insurance practices. To determine eligibility for government-backed home mortgages, the FHA conducted its own appraisal to ensure the loan had a low risk of default. As Rothstein writes in *The Color of Law*, "Because the FHA's appraisal standards included a whites-only requirement, racial segregation now became an official requirement of the federal mortgage insurance program" (Rothstein 2017). Through practices of denying mortgages based on race and ethnicity, the federal government played a significant role in the legalization and institutionalization of racism and segregation. Exhibit 3-1 is an example of a Seattle 1936 redlining map with areas deemed "hazardous" for mortgage investments shown in red. For years, these restrictions prevented people of color from buying, improving, and developing property and building wealth.

Exhibit 3-1 1936 City of Seattle Redlining Map



The use of racially restrictive covenants arose in reaction to *Buchanan v. Warley* in 1917, which outlawed municipal racial zoning, and it proliferated when upheld in the 1926 ruling in *Corrigan v. Buckley*. Covenants are legal contracts contained in the deed for a property and enforceable on its future owners. While *Buchanan v. Warley* dealt only with municipal laws, *Corrigan v. Buckley* found that the Fourteenth Amendment barred states from creating race-based zoning ordinances but did not extend to private deeds and developer plat maps. Racially restrictive covenants consequently superseded segregation ordinances as instruments to promote and establish residential racial segregation in U.S. cities.

Unlike many American cities, Seattle never had an explicitly racialized zoning ordinance. But zoning in Seattle nevertheless contributed to racial and ethnic segregation. Indeed, racial deed restrictions were applied to private property in many parts of the EIS study area. Found in neighborhoods across Seattle, these covenants made it difficult or impossible for people of color to find housing outside central neighborhoods (e.g., Central Area, Chinatown), reinforcing patterns of racial segregation that remain today. Efforts to establish and sustain racial covenants continued until ruled unenforceable in the 1948 case of *Shelley v. Kraemer*, though realtors continued the practice of refusing to sell to racial and ethnic minorities. Until the 1960s, racial restrictive covenants kept people of color from moving to residential neighborhoods throughout the city, where they still compose a small share of the population. Further, by limiting access to homeownership, these policies have contributed to the growing wealth disparities by race and ethnicity. Data collected nationally illustrates that householders of color have, on average, substantially less wealth than households with White householders. As shown in Exhibit 3-2, the median net worth in 2013 for households with non-Hispanic White householders was $132,483, compared to $9,211 for Black households and $12,458 for Hispanic (any origin) households (U.S. Census Bureau, 2014). Exhibit 3-3 shows that the share of households with Black householders whose net worth is zero or negative is more than twice that of White householders. Households with Asian householders have the smallest share in this category.

Exhibit 3-2 National Median Wealth by Race and Ethnicity

Source: U.S. Census Bureau, Survey of Income and Program Participation, 2014 Panel, Wave 1

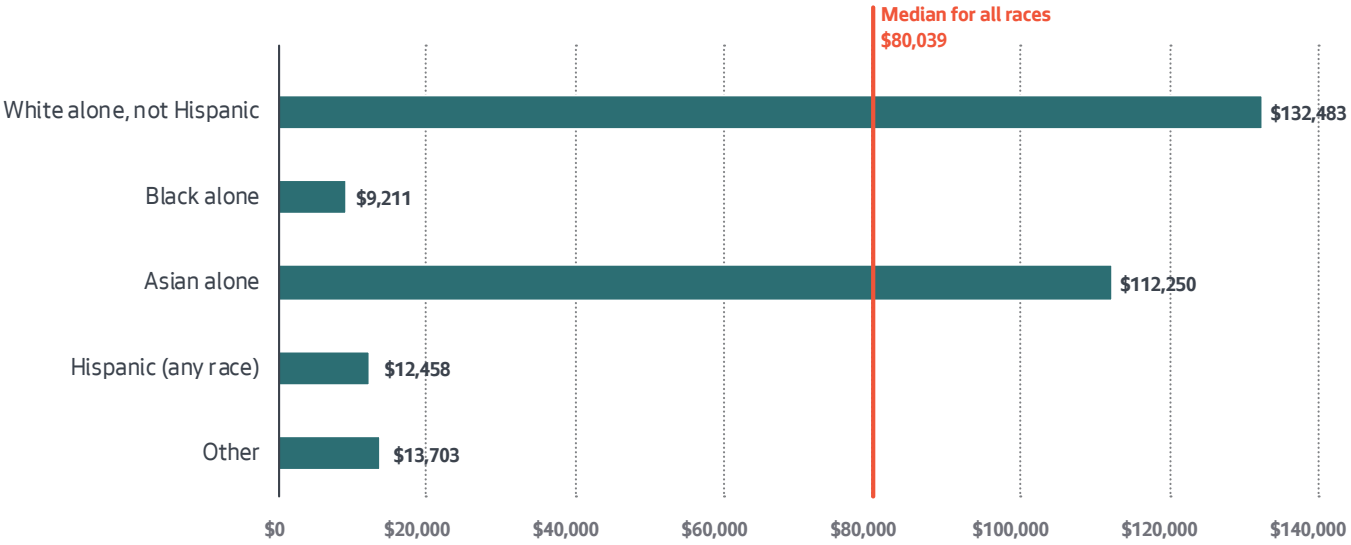
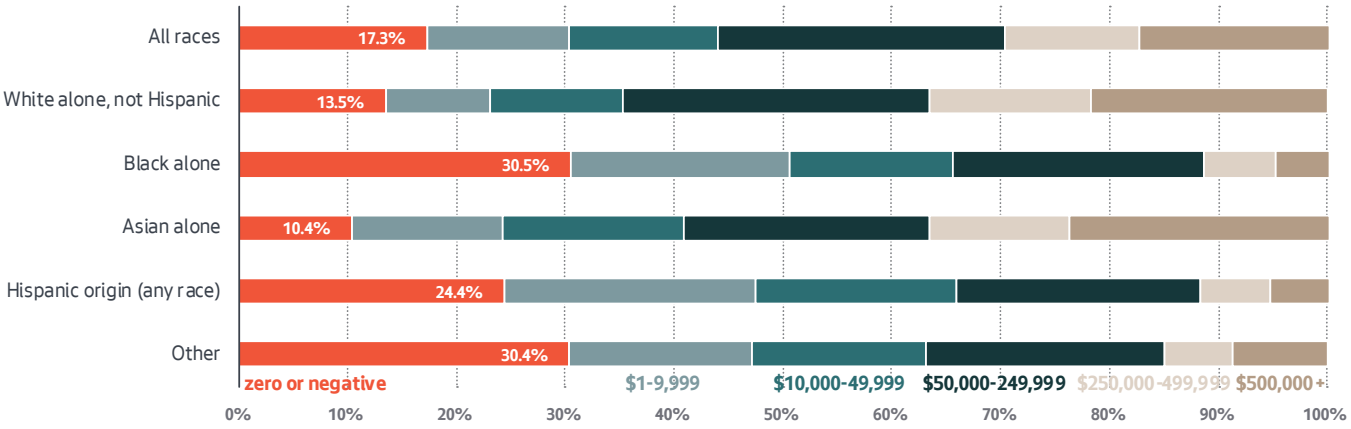


Exhibit 3-3 National Wealth Distribution by Race and Ethnicity

Source: U.S. Census Bureau, Survey of Income and Program Participation, 2014 Panel, Wave 1



HISTORY OF ZONING IN THE EIS STUDY AREA

Before zoning existed in Seattle, the City's building code regulated land use, and dwellings containing up to two families and tenement houses of three or more families were allowed throughout the city (City of Seattle 1909). In 1923, Seattle's first zoning ordinance established several distinct districts according to use, height, and area (Seattle 1923). The ordinance created two districts for residential uses — First Residence District and Second Residence District — distinguished primarily by the number of dwellings allowed on a lot. The First Residence District allowed "Single

Family Dwellings," defined as detached buildings occupied by one family only, plus churches, schools, and parks. Second Residence Districts expanded the allowed uses to include "all dwellings, flats, apartment houses and boarding and lodging houses without stores." Maximum heights were a separate dimension of the zoning ordinance and varied across these use districts. (Business Districts also allowed all the uses of the Residence Districts, plus various commercial activities.) The 1923 zoning ordinance was amended continually over time and then replaced entirely, first in 1957, and then again in the 1980s, when the City Council adopted the Seattle Municipal Code and the general zoning framework still in place today.

This legislative timeline not only traces Seattle's history of separating higher- and lower-density residential uses but also identifies how zoning in the EIS study area has changed over time. Though it comprises only single-family zoning today, the study area includes land first zoned in 1923 as Second Residence District, where multifamily housing was legal. As an example of these areas, Exhibit 3-4 shows a plate from Seattle's 1923 zoning ordinance and Exhibit 3-5 a map of current zoning for the same geography. Blocks with diagonal hatching in Exhibit 3-4 were zoned in 1923 to allow multifamily housing. Several blocks in the study area for this EIS originally allowed multifamily housing and were later downzoned through subsequent legislation to limit residential development to detached single-family dwellings only. Two areas outlined in blue exemplify this pattern. Most of the area between NW 50th Street and NW 65th Street and between 14th Avenue NW and 5th Avenue NW was zoned Second Residence District in 1923, but nearly all this land has more restrictive single-family zoning today. The same is true for the area between N 46th Street and N 50th Street and between Aurora Avenue N and Stone Avenue N. Other examples exist throughout the EIS study area of areas that previously allowed multifamily housing types. In these locations, structures built during this period remain today as markers of prior zoning schemes — but could not legally be constructed under current rules (Exhibit 3-8). See Exhibit 4.2-6 for a map of multifamily uses in single-family zones.

Exhibit 3-4 Plate 3 from 1923 Seattle Zoning Ordinance

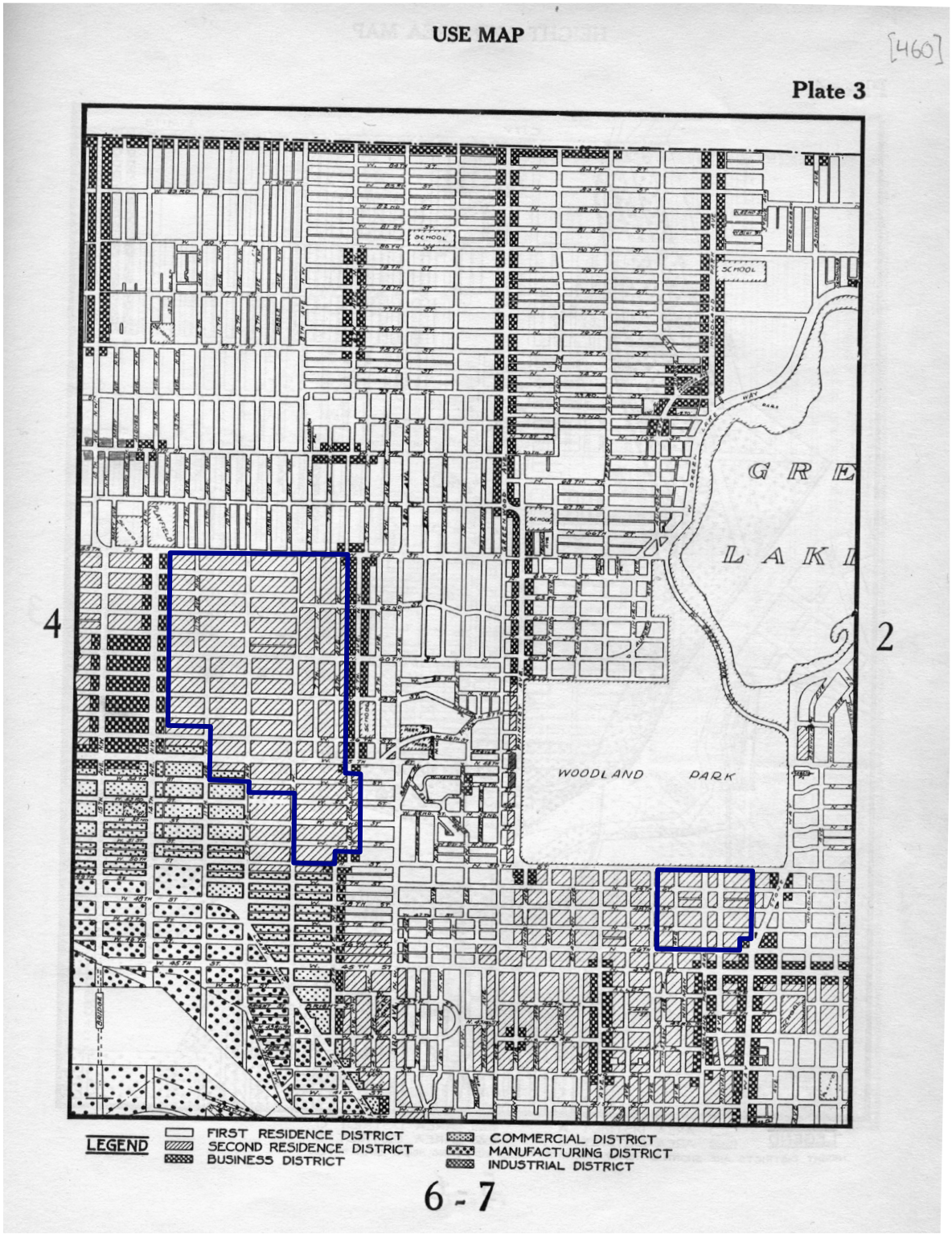
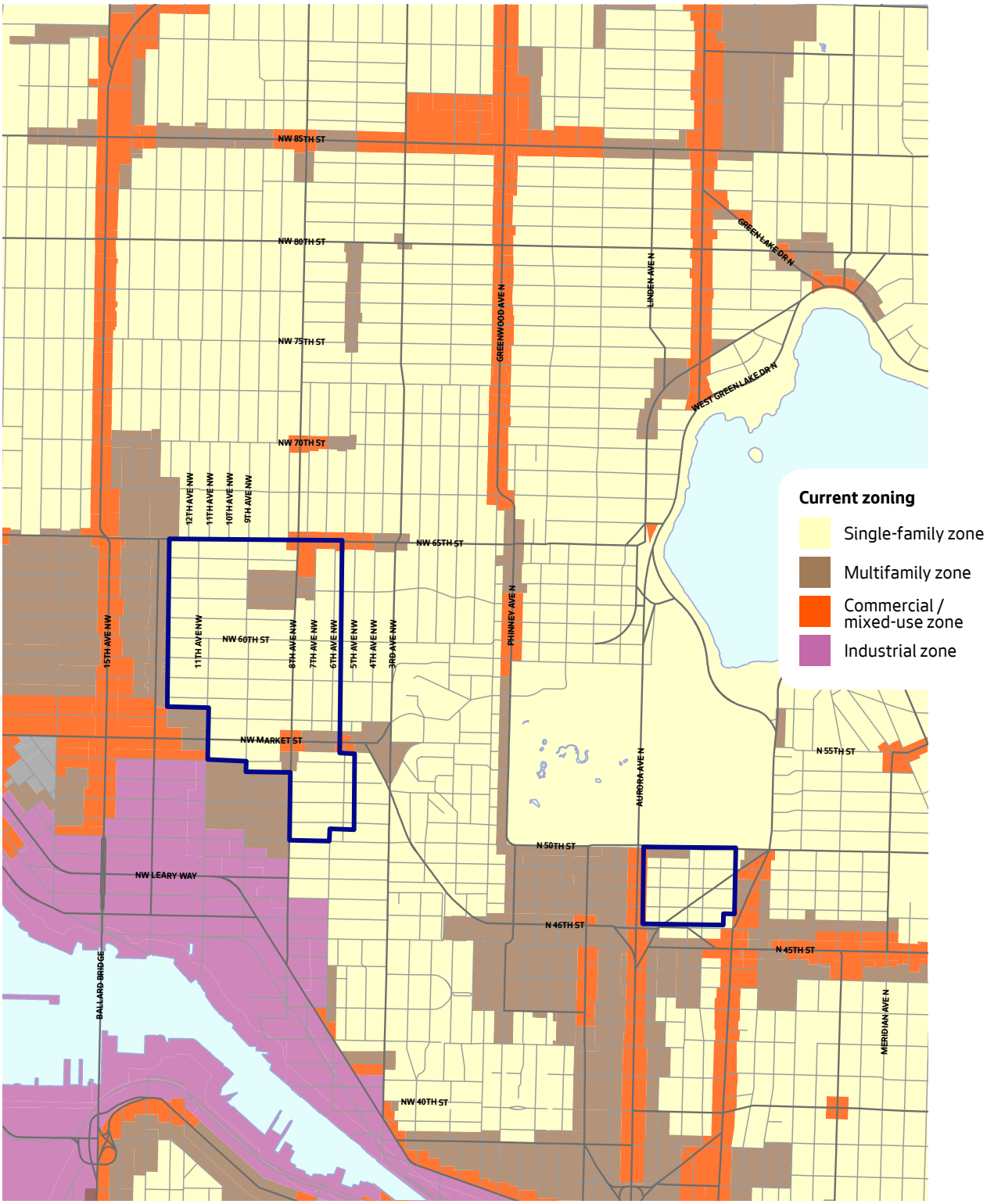


Exhibit 3-5 Current Seattle Zoning Ordinance



By digitizing original zoning plates, we can compare Seattle's 1923 zoning ordinance with current zoning. Approximately 2,567 acres currently located in single-family zones (11 percent of today's single-family land) previously had a designation other than First Residence District, the most restrictive zone in 1923. Six percent of this area was designated Second Residence District, where multifamily residential uses were allowed. Two percent was zoned Business District and Commercial District each; multifamily uses were legal here, too. Exhibit 3-6 summarizes these approximate estimates of changes in area of zoning designations between 1923 and today.

Exhibit 3-6 Summary of Land Area by 1923 and Current Zoning Designation

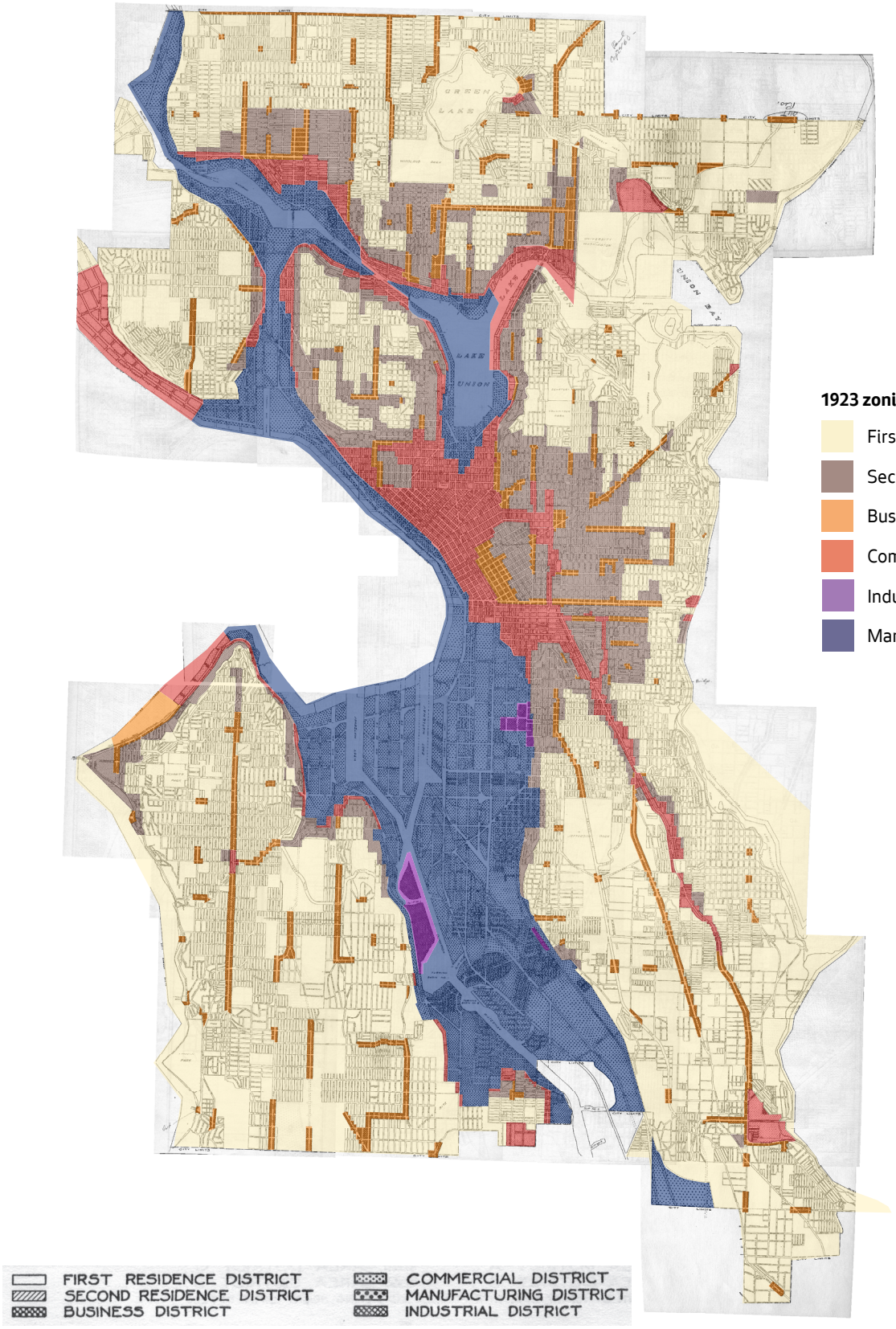
	1923 Zoning Designation (acres)					
Current Zoning	**First Residence District**	**Second Residence District**	**Business District**	**Commercial District**	**Manufacturing District**	**Industrial District**
SF 5000	17,891	1,325	392	89	138	0
SF 7200	3,954	105	57	366	22	0
SF 9600	1,230	29	5	6	34	0
Total	**23,075**	**1,459**	**454**	**461**	**193**	**0**

These area figures approximate zoned land in Seattle's 1923 municipal boundary as illustrated in Exhibit 3-7, an area smaller than Seattle's current land area.

New in the FEIS Exhibit 3-6 is new in the Final EIS.

Exhibit 3-7 presents a georeferenced version of the 1923 zoning plates. It is overlaid with a digitized version of this zoning using conventional land use colors. While this digitization exercise has a margin of error associated with georeferencing older zoning plates to current locations, it identifies areas where multifamily uses were legal in 1923 and are banned today.

Exhibit 3-7 Digitized Version of Seattle's 1923 Zoning Ordinance



New in the FEIS

Exhibit 3-7 is new in the Final EIS.

1923 zoning designations

- First Resident District
- Second Residence District
- Business District
- Commercial District
- Industrial District
- Manufacturing District

Exhibit 3-8
Example of Nonconforming Multifamily Housing in the Study Area

POPULATION AND HOUSEHOLD CHARACTERISTICS

Population and household patterns in the study area have changed substantially over time. In April 2017, the Washington State Office of Financial Management (OFM) estimated that Seattle had about 713,700 residents. Since 2010, the population of Seattle is estimated to have grown by some 105,000 people, an increase of about 17 percent (OFM 2017). Seattle has an estimated 304,157 households, with an average household size of 2.12 persons (U.S. Census Bureau 2016).

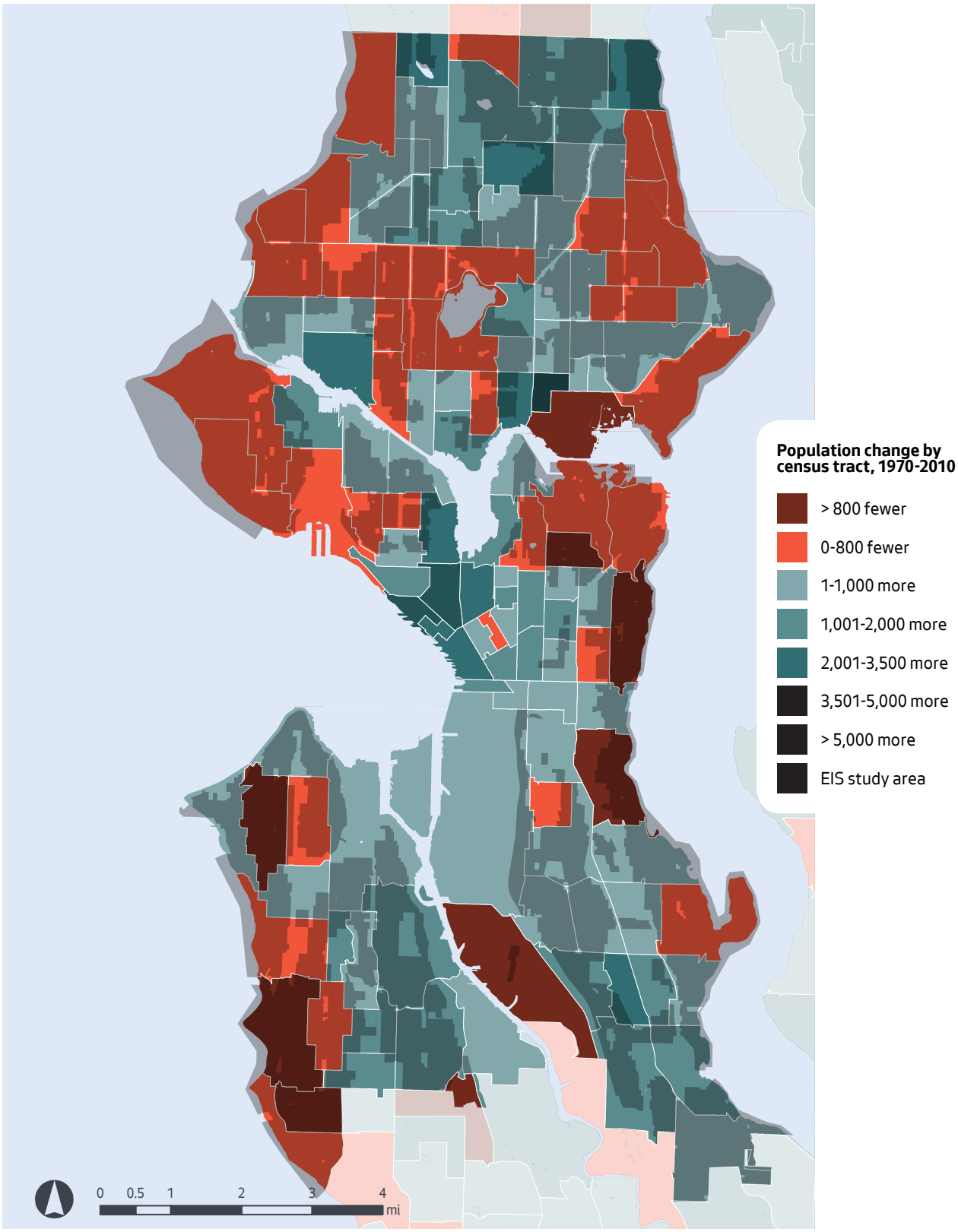
While the city's total population has grown, in certain areas the population has remained stable or declined. Exhibit 3-6 shows population growth from 2000 to 2010 at the census tract level. Unfortunately, census tracts in Seattle tend not to align well with zoning boundaries, making it difficult to identify specific tracts as inside or outside the study area. But we can examine the characteristics of areas that gained and lost population. Roughly one-third of Seattle's census tracts (45 of 131) had more people in 1970 than in 2010, and nearly all these tracts consist primarily of single-family zoning. In tracts that lost population, 81 percent of land area has single-family zoning, eight percent has industrial zoning, five percent has multifamily zoning, four percent has commercial and mixed-use zoning, and three percent has institutional zoning.

U.S. Census Terminology

For reporting purposes, the U.S. Census Bureau divides the country into different geographic areas. At the local level, counties are typically divided into smaller geographic units called Census Tracts. Census Blocks are a smaller subdivision found within Census Tracts.

Exhibit 3-9 Population Change by Census Tract, 1970-2010

Source: U.S. Census Bureau



Meanwhile, in census tracts that gained population between 1970 and 2010, single-family zoning comprises 31 percent less land area. Comparing zoning of gross land area in tracts that lost and gained population is not the only way to explore why population growth has historically varied across Seattle, but it indicates that many parts of the EIS study area likely have fewer residents today than decades ago.

We also see this pattern in data at the census block level. Due to their smaller geographic size, census blocks let us examine the study area more closely than with census tracts. Unfortunately, since census block geography has changed with each decennial census, it is not possible to study precise block-by-block population change over time. But we can approximate the study area by examining census blocks completely or substantially within the study area, even if some boundaries have changed over time. Based on this method, the population in the study area increased by about three percent from 1990 to 2010. During this same period, the total Seattle population increased 18 percent. While the study area comprises 60 percent of the city's land area, it accounted for about eight percent of Seattle's population growth from 1990 to 2010.

Exhibit 3-10 shows the city's population by race over time, highlighting a shifting geographic pattern of major racial groups following the period of redlining and racial covenants discussed above. In Exhibit 3-11, we see the composition of the city's population by race in each decade since 1960. Exhibit 3-12 shows the share of the population of color in each census block from the 2010 Census. The Joint Assessment of Fair Housing (Seattle 2017a) found that people of color disproportionately live closer to major arterials, state highways, and Interstate 5. Non-Hispanic White people are, by contrast, disproportionately likely to live in areas where single-family housing predominates, and in proximity to Puget Sound, Lake Washington, and other shorelines. In other words, people of color are disproportionately likely to live in multifamily zones outside the EIS study area with two exceptions — single-family zones in southeast Seattle and near the Central Area, Squire Park, and Madrona/Leschi neighborhoods — where people of color comprise a substantial share of the population.

Exhibit 3-10 Historical Geographic Distribution of Seattle Population by Race, 1970-2010

Source: U.S. Census Bureau

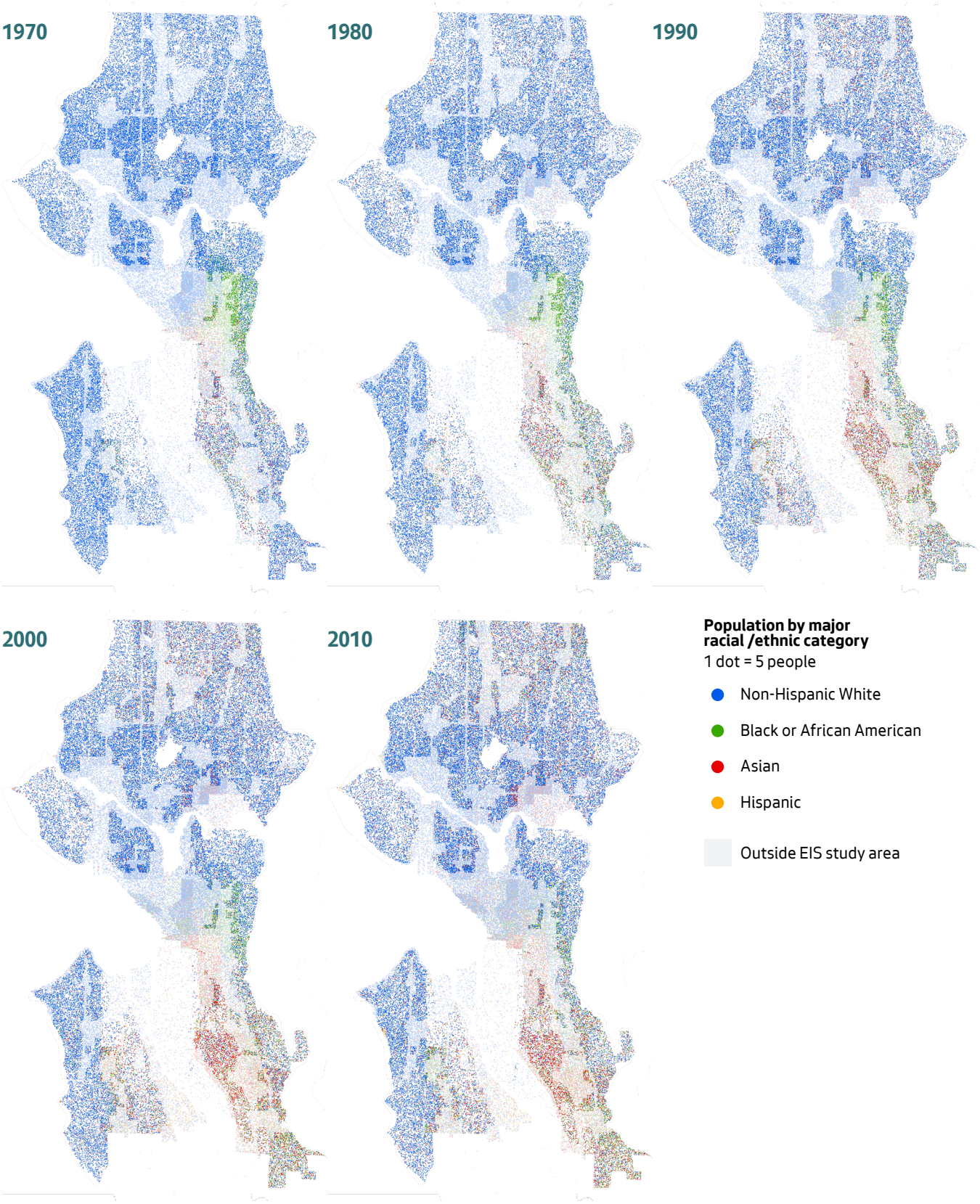


Exhibit 3-11 Historical Seattle Population by Major Racial and Ethnic Group, 1960-2010

Source: U.S. Census Bureau

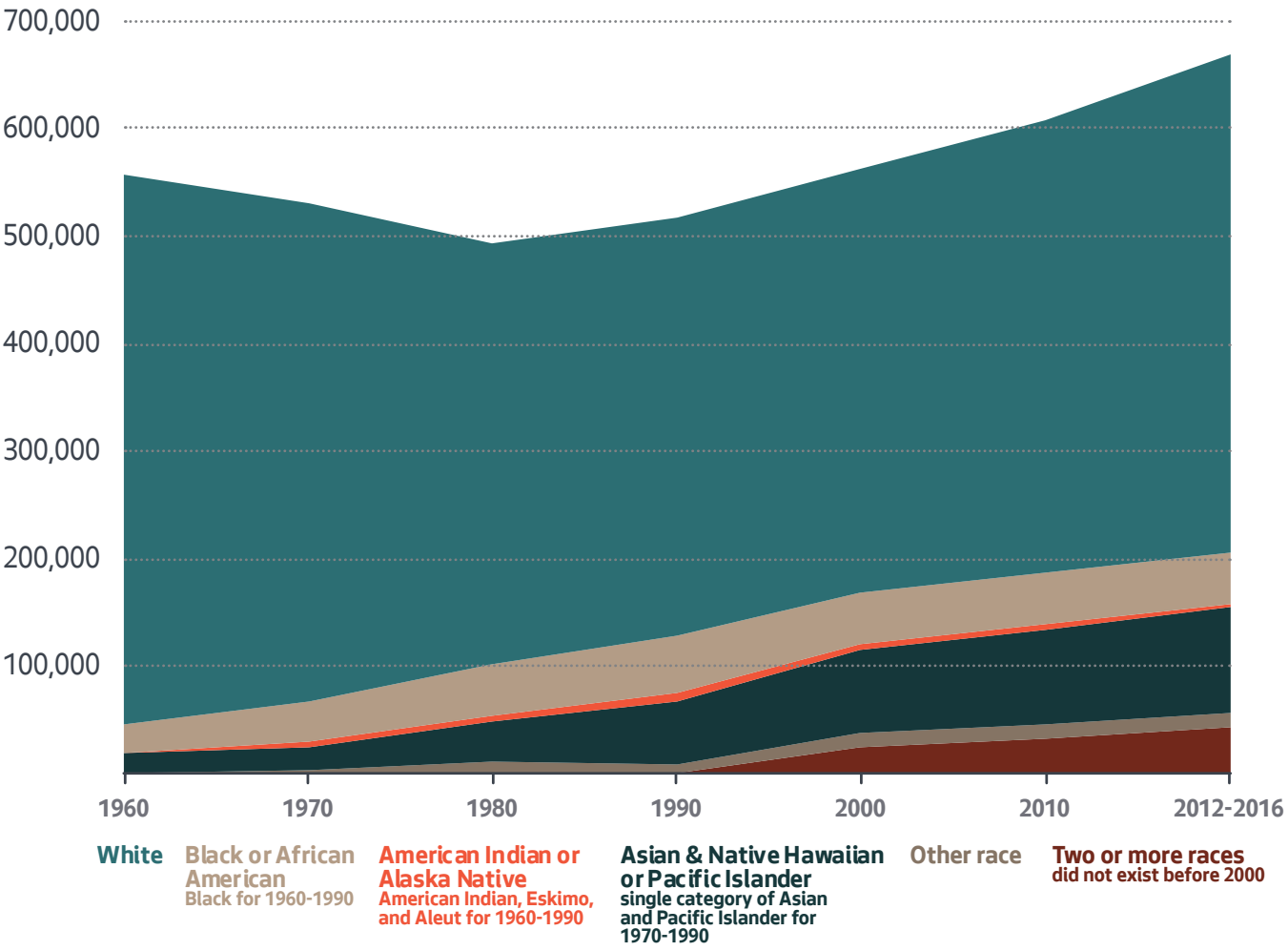
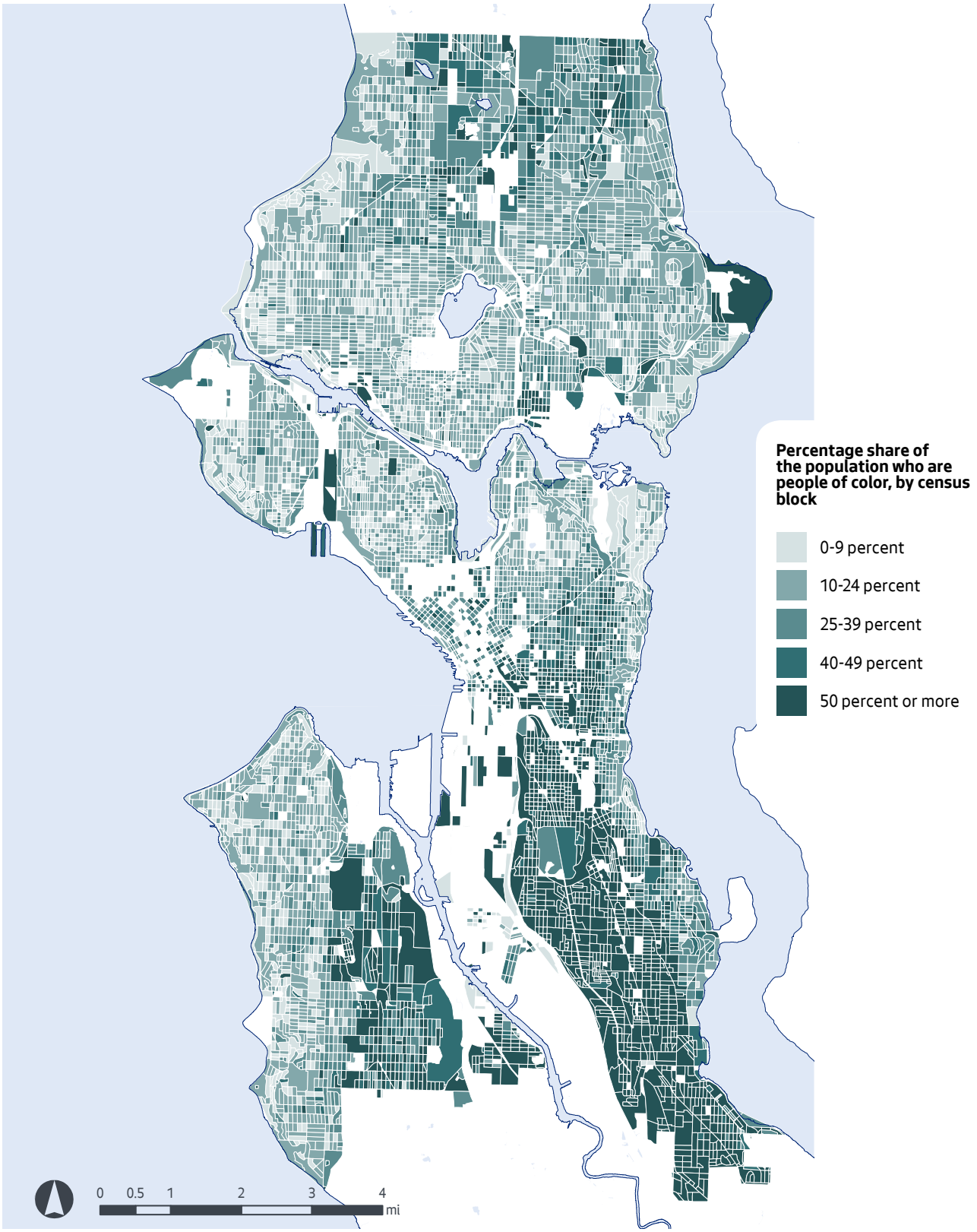


Exhibit 3-12 ~~Population Change~~ People of Color by Census ~~Tract~~ Block, ~~1970-~~2010

Source: U.S. Census Bureau



Census data describing the characteristics of households in one-unit structures gives us a picture of the population living in Seattle's single-family zones, where most homes consist of one detached unit:

- About 44 percent of all Seattle homes are detached one-unit structures.
- Another five percent are attached one-unit structures like townhouses.
- Three in five Seattle residents live in these one-unit structures (detached or attached), and more than three-quarters of them own their home.

Exhibit 3-13 shows housing tenure (owner- versus renter-occupied housing units) by housing unit type (i.e., single-family attached, single-family detached, or multifamily housing). Citywide, 53.8 percent of homes are renter occupied and 46.2 percent owner occupied. If we break this down further, there is clear variation by race in homeownership rates. Exhibit 3-14 shows the tenure of housing units by the racial or ethnic group of its householder. Renting is more common than homeownership for householders of every racial and ethnic group except non-Hispanic White. Non-Hispanic White householders are slightly more likely to own than rent their home, while Black or African American and Hispanic or Latino householders are about three times more likely to rent than own.

Exhibit 3-13 Housing Tenure by Housing Unit Type, Seattle

Source: 2016 5-Year American Community Survey

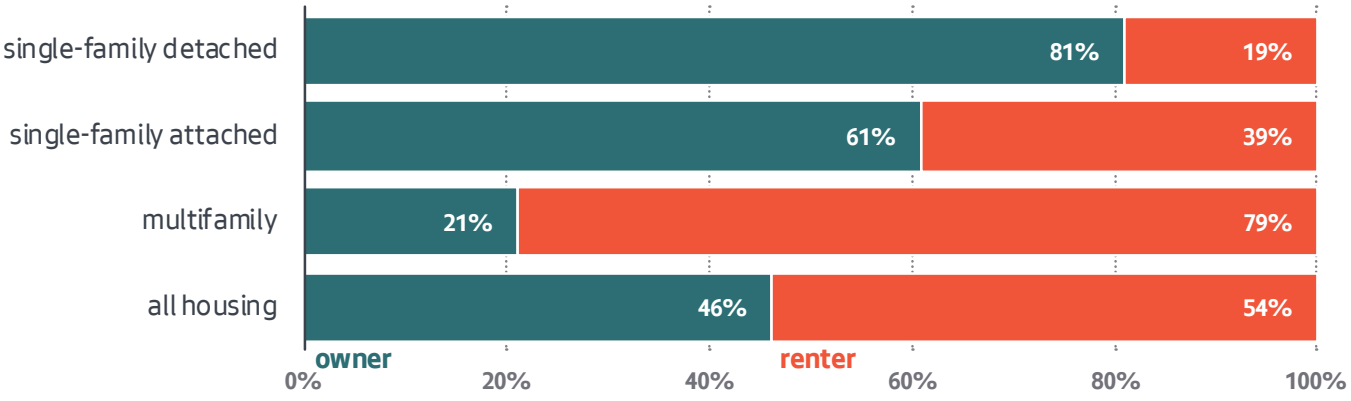
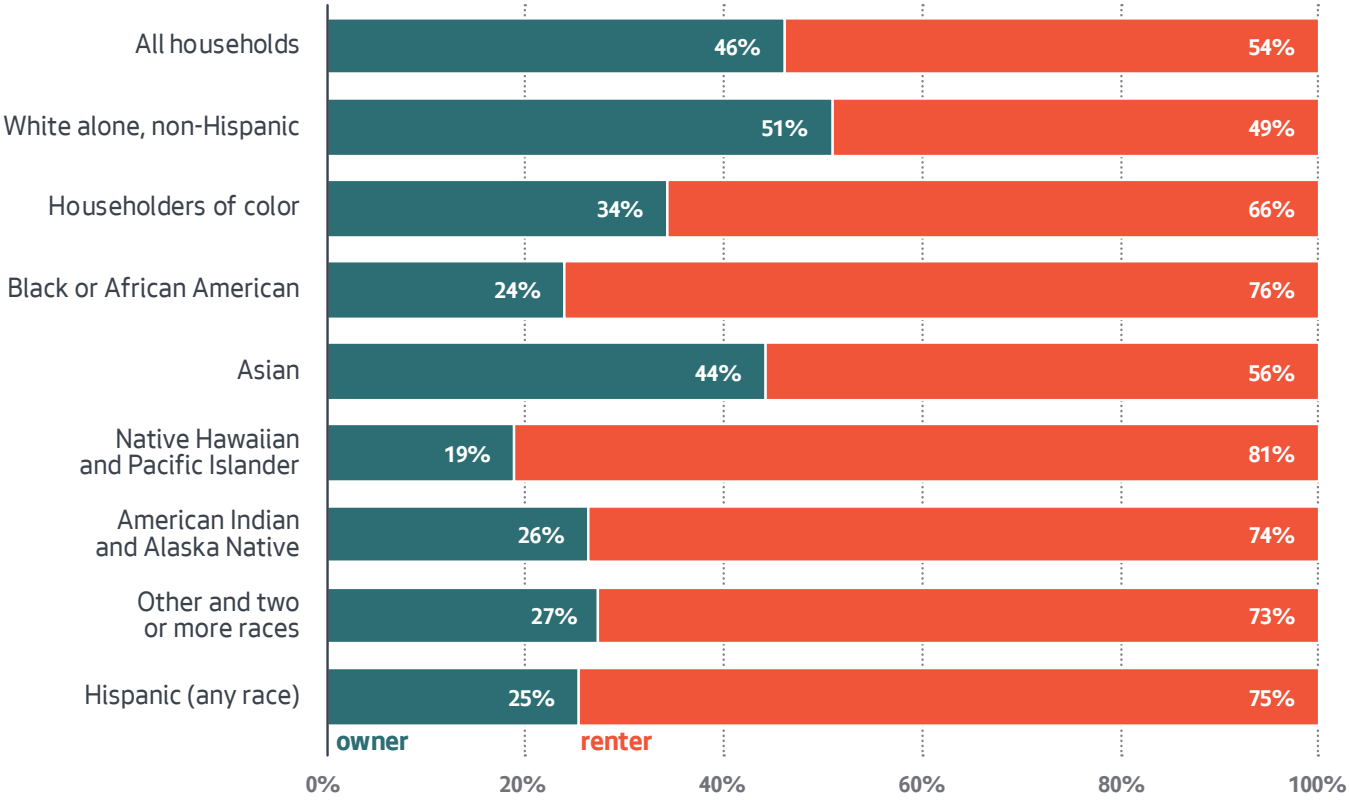


Exhibit 3-14 Housing Tenure by the Householder's Racial or Ethnic Group, Seattle

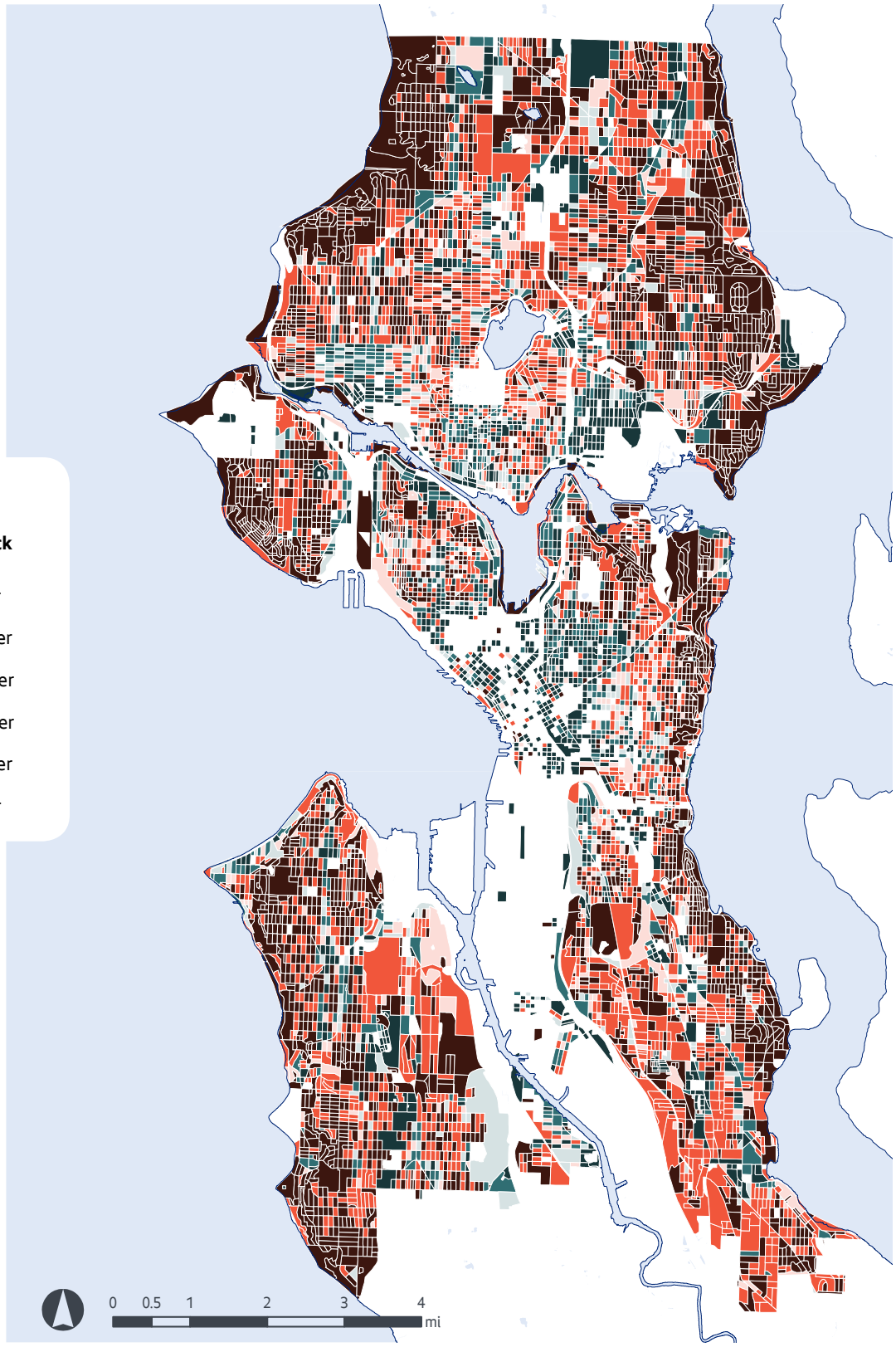
Source: 2016 5-Year American Community Survey



Homeownership also varies geographically. Exhibit 3-15 shows the percentage of households by census block who rent or own their home. According to the 2010 Census, 73.2 percent of housing units are owner occupied in the study area and 26.8 percent are renter occupied. Outside the study area, 27.0 percent of homes are owner occupied and 73.0 percent are renter occupied. Citywide, 54 percent of households are renters.

Exhibit 3-15 Housing Tenure by Census Block

Source: 2010 Census



Like homeownership, the type of housing a household occupies also varies by race. Exhibit 3-16 shows that almost 48 percent of non-Hispanic White households live in detached one-unit structures. No other racial group exceeds 40 percent on this measure. One-third of all households of color, and less than 30 percent each of Black or African American households and Hispanic or Latino households, live in detached one-unit structures. More non-Hispanic White householders live in detached one-unit structures than any other housing type, while more householders of color live in apartment buildings with 20 or more units than any other unit type. Exhibit 3-17 presents the same data but with race distributed across unit type. The disparity between households with non-Hispanic White householders and householders of color is greatest for homes in detached one-unit structures. Non-Hispanic White householders occupy more than three-quarters of homes in detached one-unit structures. While the race and ethnicity of a householder is an imperfect proxy for a home's total population, these citywide statistics illustrate that housing type varies along racial lines and are suggestive of patterns in single-family zones, where detached one-unit structures are the only housing type allowed.

Exhibit 3-16 Housing by the Number of Units in Structure and Race/Ethnicity of Householder, Seattle
Source: 2016 5-Year American Community Survey

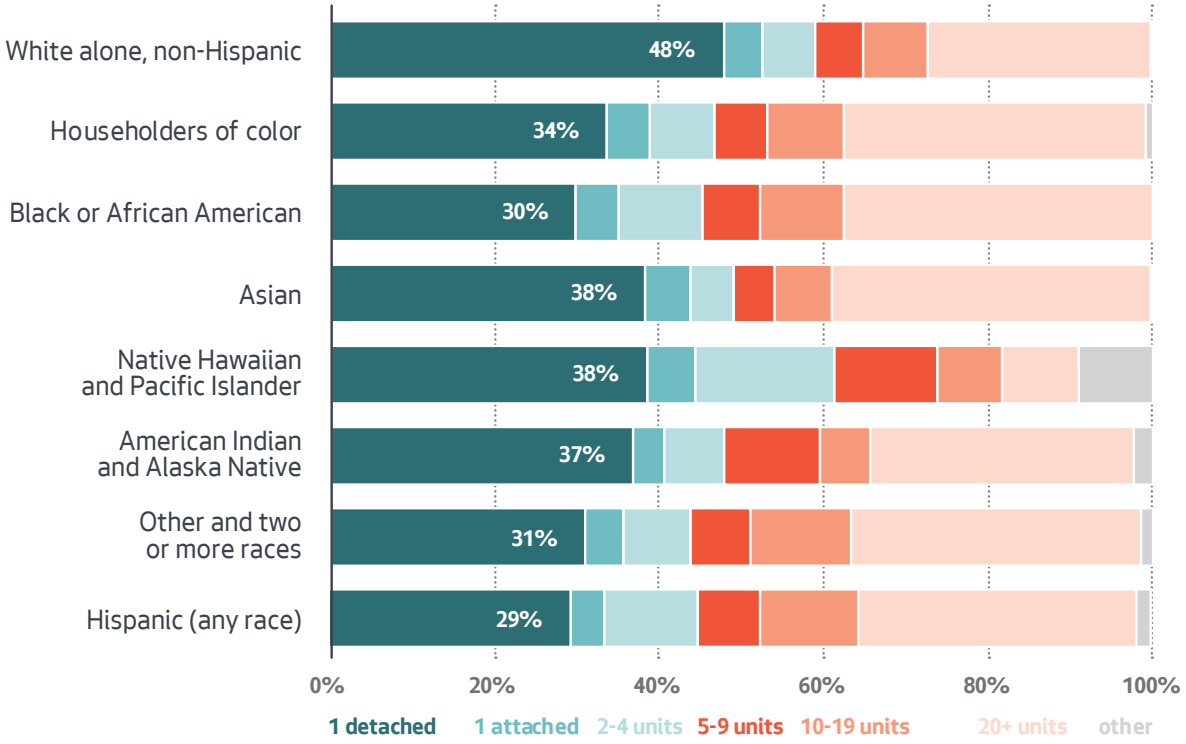
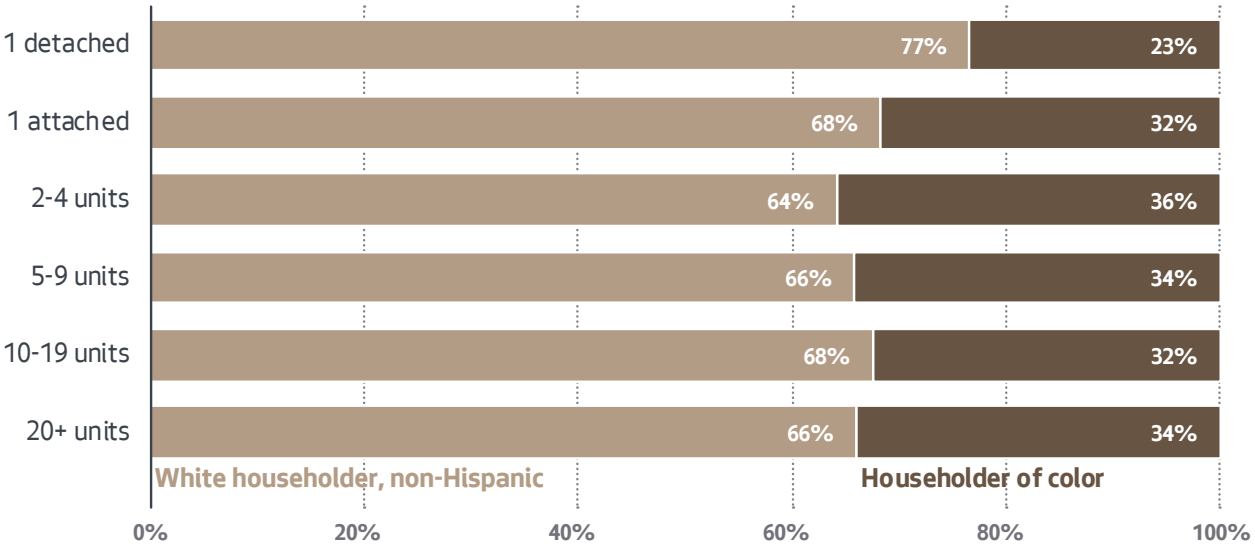


Exhibit 3-17 Housing by the Number of Units in Structure and Race/Ethnicity of Householder, Seattle

Source: 2016 5-Year American Community Survey



One likely reason for this pattern is the high cost of housing in single-family zones and disparities in household income according to race. Exhibit 3-18 shows that, across the Seattle metropolitan region, households living in detached one-unit structures tend to have high incomes. Median income for households in detached one-unit structures is $98,000. Only 22 percent of these households earn $50,000 or less, which is where the median income for Black or African American households falls in the Seattle metropolitan region (see Exhibit 3-19, which shows median income for Seattle households). For non-Hispanic White households, median income was $83,224, 12 percent above the city median, almost $35,000 above households of color, and more than two-and-a-half times the median income of Black or African American households. These disparities are slightly sharper if we look specifically at households living in detached one-unit structures that own their home: 42 percent of these households earn more than $120,000. Meanwhile, median income for households living in housing types other than detached one-unit structures is $47,233.

Exhibit 3-18 Median Household Income by Number of Units in Structure, Seattle Metropolitan Area

Source: 2015 American Housing Survey

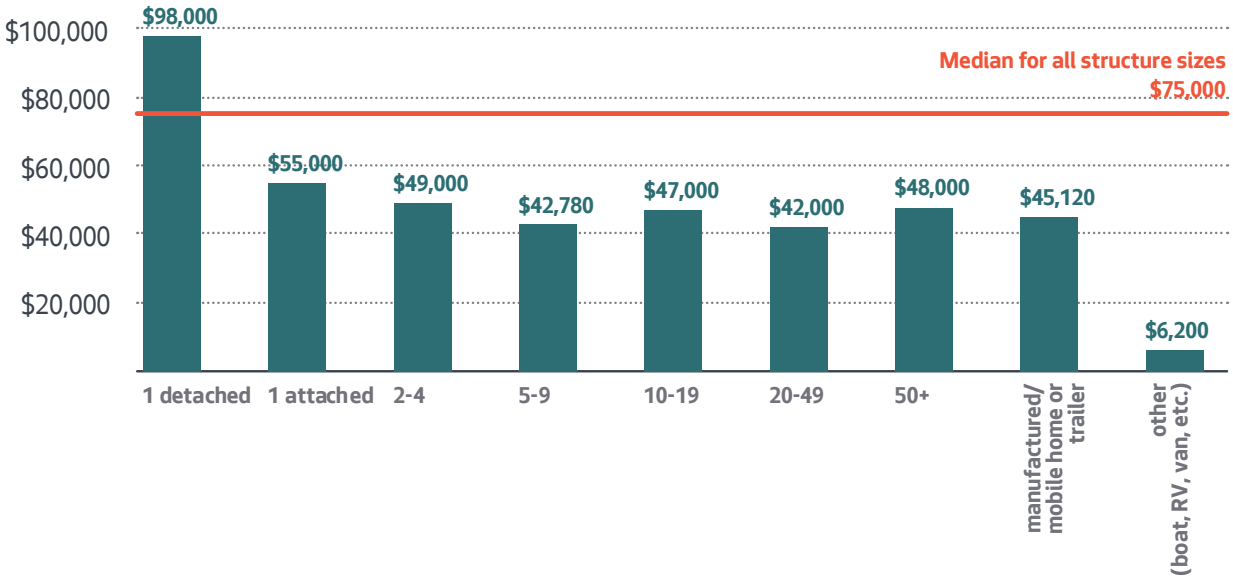
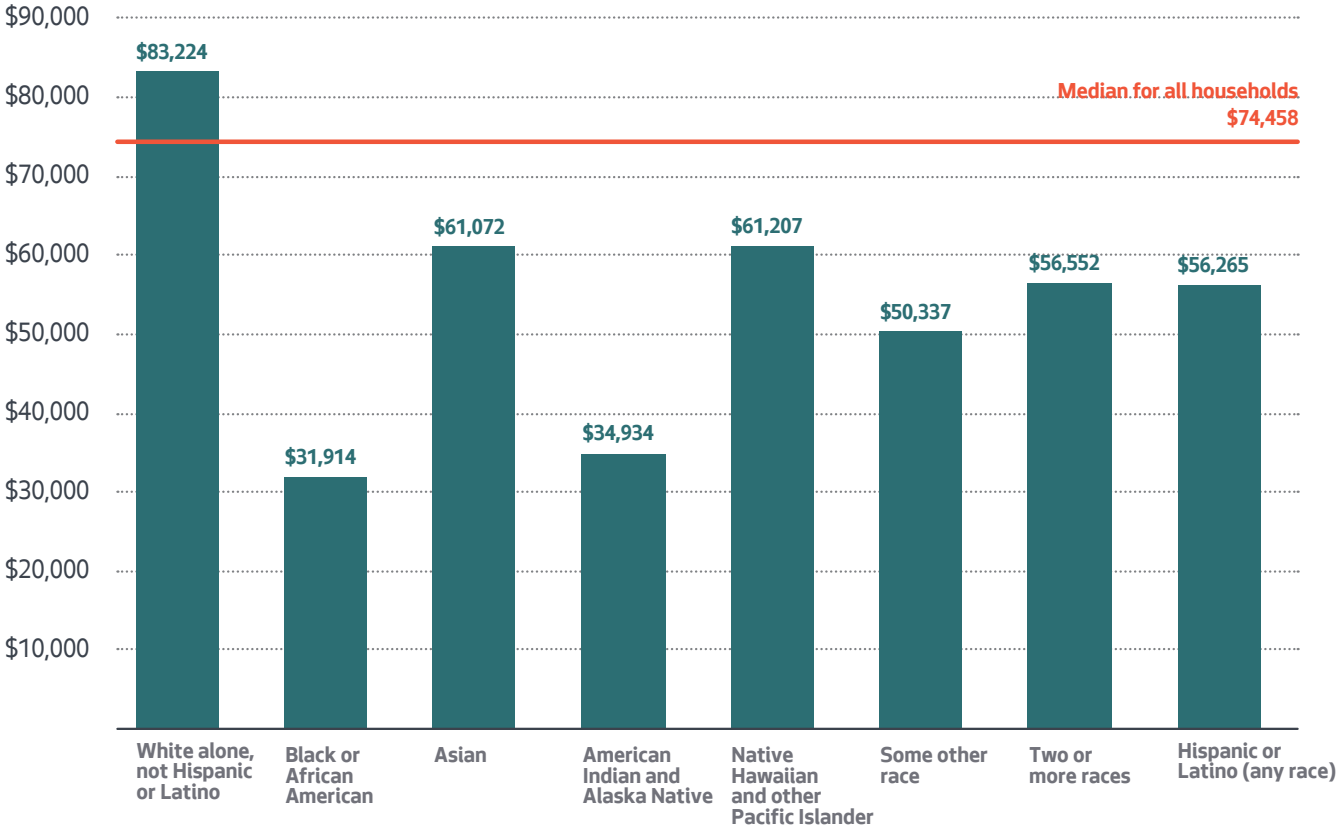


Exhibit 3-19 Median Household Income by Race, Seattle

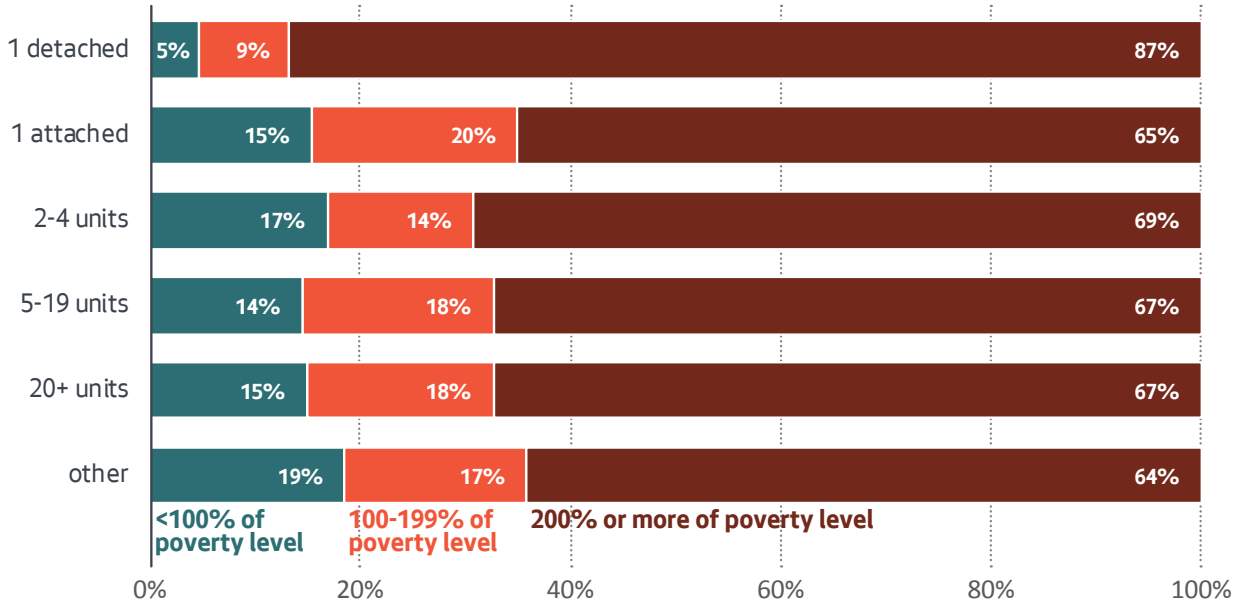
Source: 2016 5-Year American Community Survey



Another way to understand income disparity is examine household income relative to the poverty level. Exhibit 3-20 distributes households in the Seattle metropolitan area across three poverty categories according to units in structure. Relatively few households in detached one-unit structures are below the poverty level. The share of households below the poverty level is about three times higher for all household types other than detached one-unit structures. Only 14 percent of households in detached one-unit structures are below 200 percent of the poverty level, a common threshold to be eligible for certain assistance programs, while for most other housing types about one-third of households are below 200 percent of the poverty level.

Exhibit 3-20 Median Household Income by Number of Units in Structure, Seattle Metropolitan Area

Source: 2015 American Housing Survey



3.2 Planning Context

SEATTLE'S COMPREHENSIVE PLAN

Since 1994, the Comprehensive Plan has guided growth in Seattle in a manner that supports the City's core values. In October 2016, the City Council adopted the Seattle 2035 Comprehensive Plan (Seattle 2016a) and in October 2017, the Council adopted amendments to the plan (Seattle 2017b). The Seattle 2035 Comprehensive Plan was evaluated in an EIS finalized in May 2016 (Seattle 2016b). The Comprehensive Plan continues to emphasize the core values established in 1994, especially in the face of Seattle's continued population growth, housing shortage, and increasing income inequality.

The Seattle 2035 Comprehensive Plan EIS studied potential impacts of four different growth strategies. Each considered a different pattern of growth, but all anticipated growth of 70,000 housing units and 115,000 jobs in Seattle through 2035, the growth target allocated by the King County Countywide Planning Policies and the minimum that Seattle must plan to accommodate. The EIS also included a sensitivity analysis that analyzed the impacts of a hypothetical increase in housing growth greater than the City's adopted growth planning estimate. This sensitivity analysis evaluated growth of 100,000 new households through 2035.

A central feature of the Comprehensive Plan is the urban village strategy, an approach to growth management that concentrates most expected future growth in designated urban centers and villages. The Plan also anticipates that more modest growth will occur in various places outside urban villages, including long arterials where current zoning allows multifamily and commercial uses. While single-family zones outside urban villages are not assigned a specific share of the City's 20-year residential growth estimate, the Comprehensive Plan notes that "different housing types, such as accessory dwelling units or backyard cottages, could increase the opportunity for adding new housing units in these [single-family residential] areas."

Where this EIS considers the potential impacts of additional ADUs in the study area, we assume that any consequent household growth would not exceed the increment evaluated in the Comprehensive Plan EIS sensitivity analysis that considered growth of 100,000 households by 2035. Further, if Land Use Code changes contemplated in Alternatives 2 and 3 result in more ADU development than under Alternative 1 (No Action), we assume some new households living in the study area might have otherwise

occupied housing elsewhere in the area outside urban villages, like apartments or townhouses in places zoned for multifamily housing. In other words, additional ADU production could result in a partial shift of housing growth from multifamily and commercial areas outside the study area to single-family zones inside the study area.

HOUSING AFFORDABILITY AND LIVABILITY AGENDA

Affordable Housing

Informally, the term affordable housing is used to describe a home where a household can afford its housing costs ~~and still have~~ with sufficient remaining income for basic needs like transportation, food, and healthcare. Formally, affordable housing is defined in the Land Use Code as "a housing unit for which the occupant is paying no more than 30 percent of household income for gross housing costs, including an allowance for utility costs paid by the occupant."

In recent years, addressing the critical need for housing, especially affordable housing for low-income households, has been a central feature of Seattle's planning context. In 2014, the City Council adopted Resolution 31546 (Seattle City Council 2014b), establishing the Housing Affordability and Livability Agenda (HALA). In July 2015, the HALA Advisory Committee identified 65 strategies to meet the City's ambitious goal of creating 50,000 homes, including preservation and production of 20,000 net new affordable homes, by 2025 (HALA Advisory Committee 2015). The committee's report discussed the history of housing in single-family zones, highlighting its contribution to Seattle's current land use patterns, where approximately ~~54~~ 65 percent of Seattle's land is zoned single-family. Single-family zoning limits the variety of housing options available in parts of the city and access for households with lower incomes to live in areas zoned single-family. Accordingly, the HALA Advisory Committee issued several recommendations focused on increasing access, diversity, and inclusion in Seattle's single-family zones.

Among these strategies was the recommendation to increase the supply of ADUs. The report noted that although "both [attached and detached] accessory units are allowed, citywide production has been lower than expected…." The report also underscored that ADUs offer several benefits, such as providing options for extended family sharing of housing resources, allowing homeowners to earn additional income, and offering additional rental housing options in family-friendly areas at a similar scale as surrounding single-family development. The HALA committee recommended three specific strategies to increase the supply of ADUs:

- **SF.1a.** Remove code barriers to accessory dwelling units and backyard cottages
- **SF.1b.** Create pre-approved standard plans for backyard cottages
- **SF.1c.** Develop a clemency program to legalize undocumented ADUs (HALA Advisory Committee 2015)

Strategy SF.1a focuses on removing barriers to ADUs through the types of Land Use Code changes evaluated in this EIS.

Changes in single-family zones

In addition to increasing ADU production, another HALA recommendation was to allow a broader mix of lower-density housing types in single-family zones within the same building envelope allowed under current zoning. These housing types could include small lot dwellings, cottages or courtyard housing, rowhouses, duplexes, triplexes, and stacked flats.

Mandatory Housing Affordability

A key HALA recommendation was to ensure that Seattle's growth supports affordability. Accordingly, the City is implementing MHA, a new policy requiring commercial and multifamily residential development to contribute to affordable housing. MHA requirements take effect when the City Council adopts zoning changes that increase development capacity (i.e., allow taller buildings and/or more floor area). To comply with MHA, developers must include income-restricted affordable homes in the proposed development or make a payment to support affordable housing development throughout Seattle. In 2017, the City Council adopted legislation to put MHA into effect in six neighborhoods: the University District, Downtown, South Lake Union, certain nodes in the Central Area, Chinatown-International District, and Uptown. The City evaluated the potential environmental impacts of implementing MHA in other urban villages and multifamily and commercial zones in an EIS that was finalized in October 2017 (Seattle 2017c). As described in Chapter 2, this EIS considers the impacts of applying MHA requirements to the creation of ADUs.

GROWTH AND EQUITY ANALYSIS

In 2016, the City adopted the Growth and Equity Analysis as an appendix to the Seattle 2035 Comprehensive Plan (Seattle 2016a). This analysis informs elected officials and the public about potential future displacement impacts of the Comprehensive Plan's Growth Strategy on marginalized populations, like people of color and low-income households, and outlines potential tools for mitigating identified impacts and increasing access to opportunity for marginalized populations. The process involved developing the Displacement Risk Index and Access to Opportunity Index. These indices examine disparities in the benefits and burdens that marginalized populations experience as a result of growth. The Displacement Risk Index focuses on both the physical (direct) and economic (indirect) displacement pressures that marginalized populations face. The Access to Opportunity Index focuses on marginalized

populations' access to key determinants of social, economic, and physical well-being. See Section 4.1 for additional discussion of displacement.

The Growth and Equity Analysis categorized Seattle's urban villages using a displacement–opportunity typology. It also shows the relative level of displacement risk and access to opportunity for areas outside urban villages, including the single-family zones in the study area for this EIS. Much of the area north of the Ship Canal and most land along the Puget Sound and Lake Washington shorelines have low displacement risk, along with Magnolia, Queen Anne, Madison Park, and the western portion of West Seattle. In contrast, displacement risk is relatively higher for single-family zones in Rainier Valley; Delridge south to Westwood–Highland Park and South Park; and some areas at the northern end of the city. Access to opportunity also varies across the study area. Many single-family zones have relatively low access to opportunity, primarily because that measure emphasizes transit access and other factors more prevalent in urban villages. But access to opportunity is relatively high in some parts of the study area, particularly neighborhoods close to and north of Downtown like Queen Anne, Montlake, Madison Park, Wallingford, Fremont, Ravenna, and Bryant, among others.

SHORT-TERM RENTAL LEGISLATION

In 2017, the City Council adopted Ordinances 125490 and 125483. Ordinance 125483 amended the Land Use Code to define short-term rentals as a commercial lodging use, updated standards for bed and breakfast uses, and applied the City's Rental Registration and Inspection Ordinance to include short-term rentals. Ordinance 125490 established a regulatory licensing framework for short-term rental platforms and operators, and bed and breakfast operators who utilize short-term rental platforms; these regulations go into effect in January 2019. This included establishing a cap on the number of dwelling units a person can operate as a short-term rental, and requires that all short-term rental operators obtain a short-term rental operator license.

Beginning in January 2019, short-term rental operators can obtain a license to offer one dwelling unit as a short-term rental, or two dwelling units if one is the operator's primary residence. Under existing ADU regulations where the owner must live on the property with an ADU, the owner could offer both the main house and the ADU for short-term rental use because one of the units must be their primary residence. Under the action alternatives that would allow two ADUs on the same lot, Seattle's short-term rental regulations would not allow both ADUs

and the main house to be operated as short-term rentals. Further, if the owner does not occupy the main house or either ADU as their primary residence, they could only offer only one of the units for short-term rental use. The housing analysis in Section 4.1 considers these rental operation possibilities when comparing valuation options for development outcomes under each alternative.

REDUCED DEVELOPMENT COSTS: PROGRAMMATIC ADU STRATEGIES

As described in Chapter 1, the City Council in 2014 adopted Resolution 31547 (Seattle City Council 2014) outlining a work program to explore options that could boost ADU production. In addition to regulatory changes, Resolution 31547 recommended a review of best practices, including marketing and promotion to property owners about ADU opportunities, developing pre-approved design and plans, and streamlining financing programs.

Early analysis conducted in preparation for the Draft EIS confirmed that, absent other actions beyond changes to the Land Use Code, the overall cost of construction likely limits ADU development to relatively higher-income owners. To consider this finding further, with leadership from Councilmember Mike O'Brien's office, the City initiated a Racial Equity Toolkit (RET) in tandem with this EIS. The RET focuses on decreasing disparities in who benefits economically from ADU policies and on increasing housing choice for renters who are people of color across Seattle's single-family zones.

Racial Equity Toolkit

A Racial Equity Toolkit (RET) is a process and set of questions to guide the development, implementation, and evaluation of policies, initiatives, programs, and budget issues to address their impacts on racial equity.

Through the RET process, the City will evaluate various strategies through a race and equity lens to ensure communities of color benefit from policies to spur development of ADUs. Possible strategies include increasing access to financing for homeowners interested in creating an ADU, especially homeowners with lower incomes, less available home equity, or difficulty obtaining and qualifying for a loan; reducing construction costs; outreach and education about ADU opportunities; and tools to support a homeowner through the development process. In addition to the RET work, when the Draft EIS was released in May 2018, Mayor Jenny Durkan announced that the City would develop pre-approved DADU plans.

Below we briefly describe some programmatic strategies the City could pursue in addition to and independent of the Land Use Code changes evaluated in this EIS. These efforts could involve a requirement that

homeowners using City actions or investments offer their ADU at reduced rents for income-eligible households.

Financing

Access to financing is often described as a key barrier for homeowners interested in adding an ADU to their property. Strategies the City could pursue include a programmatic or financial partnership with a nonprofit, lender, or other organization working to facilitate the financing and development process for homeowners building ADUs. Alternatively, a City loan program, similar to the City's existing Home Repair Loan Program, could support the development of ADUs to provide housing for low-income households.

Reducing construction costs

Construction cost is a primary factor in a homeowner's ability to create an ADU, especially since obtaining financing is more difficult for larger loans. Efforts to lower construction costs therefore support the City's goals of increasing access to ADUs and could make developing an ADU more feasible for lower-income homeowners. While the City could directly pursue strategies to lower costs, this EIS also recognizes ongoing private-sector innovation in design, construction, and ownership of ADUs, which could result in new, lower-cost models of ADU delivery in the future. See Exhibit A-17 in Appendix A for detail.

Pre-approved DADU plans

Independent of the Land Use Code changes, the City is exploring options for developing pre-approved DADU designs. Under this program, Seattle Department of Construction and Inspection (SDCI) permitting staff would review and pre-approve standard plans as conforming to applicable building and energy codes. Homeowners interested in creating a DADU would save time and money by using a pre-approved plan, which would expedite the plan review process and reduce permit fees.

The housing analysis described in Section 4.1 and Appendix A yields estimates of future ADU production and single-family teardowns based in part on cost assumptions. Should these programmatic strategies come to fruition, ADU construction costs could marginally decrease over the course of the 2018-2027 period for which we estimate ADU production. To develop conservative estimates of future ADU production under each alternative, we consider this effect in our housing analysis. See Exhibit Exhibit A-17 in Appendix A for detail.

TREE REGULATIONS

In 2018, the City Council proposed a new tree protection bill to increase tree canopy, promote stewardship of existing trees, and improve customer service for the public and applicants. The proposal would replace existing regulations established in the Tree Protection Ordinance, SMC 25.11. The proposal would define "significant tree" as a tree measuring more than six inches in diameter at 54 inches off the ground; require a permit to remove a significant tree; allow flexibility in development standards for preserving trees; set requirements for tree replacement; allow in-lieu payment when tree replacement is required; and specify tree retention requirements.

The City Council is considering granting flexibility from development standards for tree preservation, including increasing the height limit, reducing required parking to preserve trees, and reducing setback or yard requirements. Under the draft proposal released in August 2018, removal of one or more significant trees due to development in single-family zones, including creation of an ADU, would require a permit and an approved tree replacement plan that, at minimum, specifies mitigation for the loss of treen canopy in the form of on-site planting.

In addition to this citywide tree regulation proposal, the Preferred Alternative evaluated in this EIS includes policies intended to support tree preservation. Limitations on tree removal would apply for development resulting in rear yard coverage above 40 percent. Flexibility in the rear yard requirement would allow property owners to site DADUs in a way that eliminates or minimizes impacts on trees. The City can also clarify the requirement that site plans submitted with ADU permit applications must show the location of trees on the lot so that permit reviewers can consider tree impacts.

3.3 ADU Legislative History

Seattle's history with ADUs is one of gradual change dating back to the 1950s. Policies for AADUs and DADUs have evolved separately, each change reflecting lessons learned from previous iterations. Recurring themes in the City's ADU policy development include:

- Addressing a perceived housing shortage
- Limiting the construction of detached units
- Addressing concerns for impacts on scale and urban form

Between 1900 and the 1950s, ADUs were commonly allowed under single-family zoning provisions. Gradually, this type of housing fell out of favor, and ADUs were no longer allowed in single-family zones. In 1993, in response to widespread concern about the escalating cost and availability of housing, the Washington State legislature required cities to develop legislation for ADUs (RCW 43.63A.215). Under the Growth Management Act (GMA) (RCW Chapter 36.70A), cities with a population of at least 20,000 people were required to allow ADUs in any neighborhood, with regulations, conditions, and limitations left to the discretion of the local legislative authority. In response, Seattle passed Ordinance 117203 in 1994 (Seattle City Council 1994), allowing AADUs in all single-family zones.

In 1998, the City Council passed Ordinance 119241 (Seattle City Council 1998) and established the Demonstration Program for Innovative Housing Design to diversify Seattle's housing supply and provide alternatives to conventional detached single-family houses, condominiums, and apartments. Using a competitive selection process that required Design Review, the Demonstration Program tested innovative residential design concepts that created flexibility for small housing types not allowed under existing regulations, including DADUs. In its 2003 Seattle's Housing Choices Report (Seattle 2003), the Seattle Planning Commission discussed lessons from the Demonstration Program, summarized community feedback, and recommended allowing DADUs in single-family zones throughout the city.

AADUs and DADUs have been allowed in Seattle's single-family zones since 1994 and 2009, respectively.

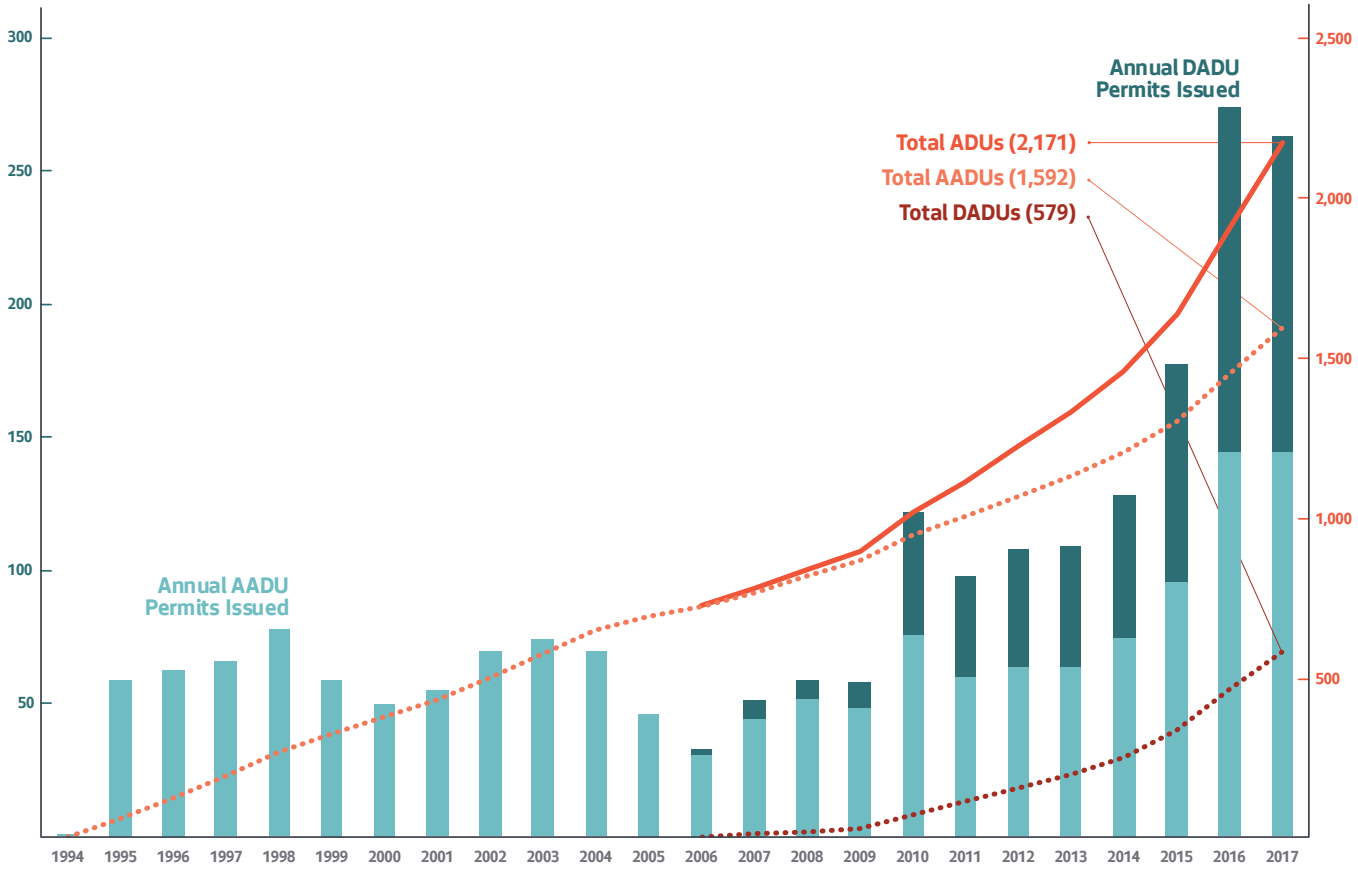
Building on the results of the Demonstration Program, in 2005 Mayor Greg Nickels proposed a DADU pilot program. In August 2006, the City Council adopted Ordinance 122190 (Seattle City Council 2006) allowing DADUs in southeast Seattle (south of Interstate 90 and east of Interstate 5). By 2009, 17 DADU permits had been issued and the Seattle Department of Planning and Development (DPD) proposed legislation to allow DADUs in single-family zones citywide. After extensive public engagement, the City Council unanimously passed and Mayor Nickels signed Ordinance 123141 (Seattle City Council 2009).

Following passage of Ordinance 123141, slightly more than 200 DADUs were permitted between 2010 and 2014, an average of about 45 per year (Exhibit 3-21). In response to the sluggish pace of construction, the City Council in September 2014 adopted Resolution 31547 (Seattle City Council 2014a) directing DPD staff, now at the Office of Planning and Community Development (OPCD), to explore policy changes that would spur creation of both AADUs and DADUs. Council directed OPCD staff to examine regulatory changes, incentives, and marketing and promotion strategies

to boost ADU production. In response to the Council Resolution, OPCD proposed Land Use Code similar to the changes analyzed in this EIS.

In May 2016, the City prepared an environmental checklist evaluating the potential environmental impacts of the proposed changes to the Land Use Code, and issued a determination of non-significance. The determination of non-significance was appealed in June 2016. In December 2016, the Seattle Hearing Examiner determined that a more thorough review of the potential environmental impacts of the proposal was required (Tanner 2016). Based on the Hearing Examiner's decision, the Seattle City Council prepared this ~~Environmental Impact Statement (~~EIS~~)~~ in accordance with the Washington State Environmental Policy Act (SEPA).

Exhibit 3-21 ADUs Constructed between 1994 and 2017



ADU DEVELOPMENT IN PEER CITIES

Many other U.S. cities allow ADUs in their respective low-density residential neighborhoods. Most relevant for Seattle's planning context are Portland, Oregon, and Vancouver, British Columbia, two cities often regarded for their relatively high ADU production. Exhibit 3-22 characterizes key features of ADU regulations in those cities. In Portland, ADU production increased markedly in 2010 when the City decided to waive system development charges for ADUs, typically $10,000-20,000 per unit; in 2016 Portland extended the waiver through July 2018. In Vancouver, in 2016 approximately 30,125 houses had an AADU, called "secondary suites" (Census 2016, Statistics Canada), and through 2017 Vancouver had 3,317 constructed and permitted DADUs, called "laneway homes," first allowed in 2009 (City of Vancouver, 2018). In 2017, Vancouver issued permits for 692 one-family dwellings (i.e., single-family houses), of which 404 (58 percent) included a secondary suite (City of Vancouver, 2017). See Exhibit 3-23 for additional details.

Exhibit 3-22 Key Features of ADU Regulations in Portland, Oregon, and Vancouver, British Columbia

	Portland, OR	Vancouver, BC
Number of ADUs allowed	1[1]	2
Off-street parking for ADU?	No	One space required for all units on the lot (including main house)
Owner-occupancy required	No	No
Minimum lot size for a DADU	n/a (minimum lot size for any new construction varies by zone)	32 feet wide
Maximum square footage	No more than 75% of the living area of the main house or 800 square feet, whichever is less.	AADU: ≥ 400 sq. ft. and ≤ area of main house DADU: Varies by lots size (16% of lot size) with absolute maximum of 900 sq. ft.
Maximum DADU height	20 feet outside required setbacks 15 feet within required setbacks	15 feet for 1 story 20 feet for 1.5 story
Maximum coverage	≤ principal unit and < 15% of lot	Site coverage must not exceed the permitted site coverage under the applicable district (~40%); allows for additional 5% of lot coverage for a one story DADU
Reduced predevelopment costs	Yes	No
Maximum FAR limit	n/a	0.6
Notes	Features on DADU like windows, roof pitch, trim, and finishes, must match the main house	Allowed only on sites with alley access, on corner lots served by an alley, or on a through lot. DADU must be located to preserve existing trees. Relaxations for location, massing, and parking standards may be allowed in order to retain significant trees.
Average number of ADUs permitted per year: 2010-2016[2]	278	696

1 The City of Portland is currently considering adoption of new standards, including applying FAR limits in certain zones and allowing two ADUs on one lot (see Residential Infill Project).
2 The average number of ADUs constructed per year in Seattle during this same period is 147.

Exhibit 3-23
Comparison of ADUs in Seattle, Portland, and Vancouver