



Unreinforced Masonry Policy Committee Meeting

Meeting Summary

City of Seattle, Department of Planning and Development

Seattle Municipal Tower, Room 4050, 700 5th Avenue, Seattle, WA 98104

Thursday, July 26, 2012 – 8:30 a.m. to 10:00 a.m.

Attendance

Committee Members

- Lynda Carey, Bellwether Housing
- Mark Huppert, Preservation Green Lab
- Paul Mar, SCID Preservation and Development Authority
- Rachel Minnery, Environmental Works
- Steve Moddemeyer, Collins Woerman
- Mark Pierepiekarz, MRP Engineering
- Michale Robinson, A.I.D Development
- Craig Weaver, USGS
- Eugenia Woo, Historic Seattle

- Charles Davis
- Alan Findlay
- Barrett Johnston
- Bill Steele

Staff

- Landon Bosisio, EnviroIssues
- Rebecca Herzfeld, City Council Staff
- Sandy Howard, DPD
- Erika Lund, Office of Emergency Management
- Diane Sugimura, DPD
- Angie Thomson, Facilitator, EnviroIssues
- Maureen Traxler, DPD

Public

- Tom Corcoran

Welcome and Introductions

Angie Thomson, EnviroIssues, led a round of introductions and reviewed the meeting's agenda. Sandy Howard, DPD, explained to meeting attendees that the owners of URM buildings were notified over the previous weekend of the committee's work. The list of URM buildings has been made public on the DPD website. Sandy noted that future committee meetings may see more attendance from the public as people are now more aware of the committee's efforts.

Review of Compliance Timeline and Risk Categories

Angie reviewed the committee's areas of agreement from the previous meeting on the policy's compliance timeline and risk categories:

- *Critical-risk: schools and critical facilities (hospitals, fire stations, etc.) – 7 years to comply with a retrofit program*

- *High-risk: buildings greater than 3 stories on poor soil or with more than 300 occupants in assembly – 10 years to comply with a retrofit program*
- *Medium-risk: all other URM buildings – 13 years to comply with a retrofit program*

Sandy presented to the group the number of buildings that would fit into each of these risk categories, based on the City's URM data. Critical-risk buildings would make up 8% of all URM buildings; 10% would be considered high-risk; the rest (82%) would be classified as medium-risk. High-risk buildings tended to be taller than other URM buildings, averaging a little over 3 stories. Medium-risk buildings averaged 2.8 stories. Sandy also noted that the high-risk category included buildings with more than 100 occupants instead of 300, because that is the data currently available to the City. Paul Mar, SCID Preservation and Development Authority, recommended looking at the Fire Marshal records for each building to estimate assembly size. Sandy agreed and said DPD will look into that data.

Mark Pierepiekarz, MRP Engineering, suggested that a number of the buildings in the critical-risk category may have already undergone a seismic retrofit. Most buildings that require retrofits will likely be within the medium-risk category. He asked if a timeline of 13 years is right for these buildings. The group generally agreed with the medium-risk timeline, provided that the critical- and high-risk timelines cannot be expedited.

Steve Moddemeyer, Collins Woerman, asked if there will be future information gathering on URM buildings so buildings can be assigned to appropriate categories. Angie responded that the City will be using current data to make educated guesses on which category a building belongs to. During the previous meeting, the committee decided that buildings could be reassigned to different risk categories based on the results of their assessment. Paul asked who will conduct the assessments, and Sandy answered that URM owners will be responsible for their own assessments, but will be required to have an engineer take a look at the building. Michale asked if the notification sent over the weekend mentioned the assessment. Sandy answered that the notification only asked for the input of owners if they would like to attend the committee meetings.

Mark Pierepiekarz proposed an exemption for warehouses or buildings with low occupancy since their collapse would not likely be a life safety issue. Bill Steele, University of Washington, noted that there is always the risk of the structure collapsing on a roadway. Lynda Carey, Bellwether Housing, asked if the notification letters were part of the committee's effort to be more transparent. Sandy answered that the committee process has always been open to the public, but the City wanted to invite URM building owners to participate in the process. Barrett Johnston, Cadence Capital, asked if there will be enough engineers to conduct all the necessary assessments the policy will require. Angie responded that the different timelines for risk categories should help to stagger the assessments. At a previous meeting, the committee agreed that Seattle does have enough engineers to handle the assessment workload.

Craig Weaver, USGS, stated that according to occupancy levels, most people who live or work in a URM building would be protected in ten years, provided the policy is enacted. He suggested DPD cross-check their permitting records to find evidence of previous seismic retrofits as many URM building owners, including UW, will argue that their buildings have already undergone a retrofit. Sandy said DPD

unfortunately does not have the resources to do significant research and cross-checking. Eugenia Woo, Historic Seattle, noted that DPD and the Department of Neighborhoods have information on buildings in historic districts, such as the International District and Pioneer Square. Mark Pierepiekarz added that one can walk around the neighborhoods where URM buildings are clustered and easily see what has been retrofitted. Sandy agreed and said that DPD has hired an engineer to review permit records on representative URM buildings in an attempt to estimate the amount of retrofit that has occurred. For the identified URM buildings where no retrofit information is recorded in the survey, DPD will attempt to determine if any retrofit has occurred by reviewing permit history. Alan Findlay, Reid Middleton, said the previous study of URM buildings tried to note buildings with any history of permits, but there are several examples of URM buildings that have undergone a seismic retrofit without a permit.

Angie asked the group if they are comfortable with the compliance timeline and risk categories. Steve expressed concern over the 100 occupants versus 300 occupants in assembly issue and proposed that the notification ask for more occupancy information from owners. Angie asked the group if they would like to change the high-risk categories language to 100 occupants instead of 300 occupants in assembly. After a brief discussion the committee agreed to change the language. Committee members also expressed agreement with the compliance timeline and risk categories. Angie added that the committee will be coming back to the timeline, particularly during the upcoming meeting on enforcement.

Review Funding Options Matrix

Steve presented the URM finance subcommittee’s recommendations and reviewed with the group the funding options matrix and table, below:

URM Financing Options	
Public/Non-Profit Ownership	Private Ownership
FEMA/CDBG/other grants	
General obligation bonds	
Levy	10% building tax credit
Tax abatement	Tax abatement
Revolving loan fund	Revolving loan fund
TDRs	TDRs
A/E grants & resources	A/E grants & resources
Building owner contribution	Building owner contribution
Education funding	Education funding

The options and recommendations were developed after two URM finance subcommittee meetings. Steve noted that subcommittee members are not experts on financing issues, so the legality and application of each option should be vetted through appropriate channels. The matrix identifies each funding option and analyzes it according to specific criteria. The summary table of recommendations shows two columns of the subcommittee’s funding options – one for private ownership and the other

for public and non-profit owners. Steve pointed out the education and outreach funding option could obtain a certain amount of funding each year from Seattle Public Utilities. Steve explained that the utility would likely be the ones that would absorb most of the clean-up costs associated with an earthquake event. This option would frontload the cost of that clean-up.

Mark Huppert advocated for the 10% tax credit which would apply to most URM buildings. The 20% tax credit is only applicable to buildings designated as historic. Mark added that most private owners who have used the tax credit often use it again once they overcome the initial learning curve. He warned, however, that the tax credit could be cut in the next federal budget. Eugenia specified that the 10% tax credit is only for non-residential buildings. Michale Robinson, A.I.D. Development Group, asked attending URM owners if they have used the credit, and if so, how easy it is to use. Lynda answered that it is relatively difficult to utilize.

Steve told the group that one financing option alone will not be enough to meeting owners' financing needs. Instead, owners will need to implement several funding options to reduce the cost. Rebecca Herzfeld, City Council staff, asked about the tax abatement option. She thought that tax abatement could only be used by historic buildings as the state controls property taxes. Mark Huppert added that multi-family buildings can also use tax abatement. Steve asked if 50 years is old enough for a building to be deemed "historic." Rebecca answered that the state only considers buildings that are designated historic.

Steve touched on the transfer of development rights (TDR), where an owner has the option to sell the development rights not used in their building. Owners would need to be within a TDR "sending" area and allow their development rights to be transferred to a "receiving" area. Eugenia pointed out that TDRs are only allowed in certain areas of the city, such as South Lake Union. Another funding option for owners could be grants to help with costs for architecture and engineering services, or similar resources, which could subsidize the cost of engineering services and implementing Bolts Plus. Mark Huppert asked if the City could pool FEMA funds and re-grant them to owners. Erika Lund, Office of Emergency Management, responded that it is possible and worth further exploration.

Discussion of Funding Options

Craig stated that a broader effort to change things at the state level may be necessary. He mentioned that there are several jurisdictions within the state, such as Centralia, that have aging URM buildings and are looking to Seattle on how to best implement a retrofit policy. Sandy suggested the committee identify for the City Council any funding options that are not yet legal. The Council could then recommend law changes to the State legislature. Erika added that the committee should invite someone from the State or Resilient Washington to future meetings. Diane Sugimura, DPD, said she recently talked to Councilmember Richard Conlin about the URM policy. He encouraged the committee to think broadly about incentives, including recommending some that would require going to the legislature.

Lynda applauded the subcommittee's efforts and noted that the Washington State Housing Finance Commission is currently providing energy retrofit loans. She proposed the idea of partnering with the

Commission in order to gain access to low-interest loans for URM owners. Michale brought up the City's upcoming energy code changes. If an owner will need to open up their building to address code changes, why not increase their return on investment by doing a seismic retrofit at the same time? Angie said the committee will address co-benefits at the next meeting as part of a larger discussion on incentives.

Steve referenced the subcommittee's idea of a revolving loan fund for URM owners. One of the complications of the option is that a loan's guarantee is typically the building itself which, in this case, could be lost during an earthquake. Angie added that the subcommittee's discussion on this topic was also tied to the option of real estate investment trusts (REIT). Incentivizing an increased stringency of retrofits would likely attract greater investment since the building would probably remain standing after an earthquake. Mark Huppert cautioned that REITs are interested in purchasing buildings rather than simply loaning funds for improvements or retrofits.

Craig noted that BECU and other banking institutions like Washington Mutual used to offer low-market loans for owners to do seismic retrofits. The banks received federal credit for the service. BECU, in particular, absorbed the cost of the loans as a service to the community. Angie suggested the committee classify the option as a possibility. Lynda added that banks will provide the service if there is an amount of money to be made.

Mark Pierpiekarz said the committee needs more options for owners who cannot offer a corporate guarantee. Steve stated the subcommittee would like to see the buildings survive along with the people. The current funding options can set a ground floor for that standard and move towards incentivizing increased stringency to keep all buildings standing. Rachel Minnery, Environmental Works, agreed and suggested the committee study incentives to take owners past the Bolts Plus standard. Michale added that owners stand to receive significant insurance savings if a building is retrofitted past a certain safety level.

Steve proposed frontloading any investment financing option as it would incentivize owners to get involved earlier in the process. Rachel suggested using city-backed loans for non-profit and public owners. Lynda asked if the City has someone who could refine the subcommittee's finance options list. Sandy answered that DPD does not have anyone, but the legal department would be the next place to vet the options. If the committee feels as if the list is enough information to make a recommendation, DPD will work on the implementation piece, which is where much of the detailed conversation may take place.

Michale noted that he has shared the financing options list with several people familiar with URM policies in California and Oregon and has received positive feedback. He thinks the committee is moving in the right direction. Charles Davis, Washington Federal, mentioned that the list relies too much on taxes, which are not the most stable funding source in the current economic climate. He suggested working with banks and other financial institutions. If presented in the right way, banks would see this as an opportunity to grow organically and expand their services for customers. Another idea is to find financiers who are interested in investing in the community for the sake of doing good.

Tom Corcoran, Integrus Architecture and URM building owner, asked if the City has conducted a public survey for URM building owners and their feelings on the policy. Many owners may not understand why the policy is necessary. He also mentioned that he received a \$15,000-18,000 per ton cost estimate for a seismic retrofit a few years ago, which is probably cost-prohibitive. Sandy answered that City staff has not conducted a survey yet, but is gathering feedback as they meet with owners. DPD will be increasing the amount of outreach to owners once the basic elements of the policy are more firm.

Erika suggested looking at the affiliation of all URM buildings. If, for example, a non-profit is operating within a building that is privately owned, several financing options may not be possible. Tom brought up the idea of multiple URM owners taking action together. Michale responded that the committee discussed the idea previously, but decided it would be strenuous for owners as it is a complex process.

Wrap Up and Next Steps

Angie gave credit to the finance subcommittee for making the committee's funding discussion much easier. Today the group agreed on the general timeline and risk categories for the URM retrofits, and agreed on a general set of financing options to present as part of the policy. The next committee meeting will focus on incentives for URM owners and continued conversation on funding options. Mark Pierepiekarz added that the committee should talk about inviting companies who make steel ties for URM buildings, as they could be interested in offering an incentive to URM owners.

Action Items for DPD:

- Examine building records from the Fire Department to identify occupant loads.
- Check with the Department of Neighborhoods and DPD records on information regarding previous seismic retrofits.
- Discuss the subcommittee's funding options list with the City's Law Department.

Angie thanked all meeting attendees for their participation. The next URM policy committee meeting will take place on August 23rd from 8:30am – 10:00am, in SMT 1610.