

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
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Legislation Title: AN ORDINANCE relating to land use and zoning, establishing a definition for micro-housing unit, amending development standards for congregate residences, amending design review thresholds, clarifying prohibition of micro-housing units in single-family zones, clarifying application of green factor landscaping requirements to micro-housing units and congregate residences, and amending income eligible household definitions for incentive programs related to micro-housing units and congregate residences; amending Sections 23.41.004; 23.42.010; 23.44.006; 23.45.508; 23.45.524; 23.47A.016; 23.54.015; 23.54.040; 23.58A.004; 23.84A.032; and adopting new Sections 23.45.575 and 23.47A.034.

Summary of the Legislation: An ordinance to clarify land use regulations for micro-housing and congregate residences and adding certain development standards and design review thresholds for these housing types.

Background: The Department of Planning and Development (DPD) began tracking the production of micro-housing and similar forms of housing in approximately the beginning of 2012. Micro-housing is permissible under application of existing land use regulations along with congregate residences. Congregate residences are addressed because they are similar to micro-housing – having characteristics of traditional dormitories or some types of senior living facilities. DPD observed that formats of micro-housing and congregate residences being permitted during the monitoring period were not fully anticipated by existing codes. Under existing definitions and regulations, in some instances, micro-housing and congregate residence developments did not undergo certain permit review processes including design review, which were not required to have been required for similarly scaled buildings with other types of housing. Concerns over compatibility of micro-housing development within existing neighborhoods, as well as the livability of the housing, were identified by community members, elected officials and DPD.

In June of 2013, DPD presented preliminary recommendations to the City Council Planning Land Use & Sustainability (PLUS) Committee. The Committee indicated general agreement with the recommendation and directed DPD to prepare legislation to clarify land use regulations for micro-housing and congregate residences including ensuring appropriate design review thresholds for the housing. DPD issued proposed legislation and a SEPA determination of non-significance (DNS) in October of 2013. The DNS was appealed, and the City Hearing Examiner upheld the DNS in February of 2014. This legislation includes design review thresholds for micro-housing and congregate residences, and it establishes increased development standards for features of micro-housing and congregate residences including vehicle and bicycle parking

requirements, and amount of common / shared space. The legislation creates a definition for micro-housing, with parameters for the housing type.

Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Anticipated Revenue Resulting from this Legislation:

DPD charges fees for Design Review services. For the micro-housing and congregate residence projects that are newly entering the design review process there would be corresponding new permit revenue.

Development project applicants pay fees for Design Review, which are designed to reimburse DPD for most of the staffing costs of the program. Permit fees for design review services are a minimum of \$2,500 (Streamlined Design Review (SDR) and administrative Design Review (ADR)), and \$5,000 (Full Design Review). The base fees cover the first 10 review hours for SDR and the first 20 review hours for full Design Review. There is a \$250 / hour fee for each additional review hour beyond the minimum amount. We assume a 50% / 50% split for those projects between Streamlined Design Review (SDR) or Administrative Design Review; and full Design Review. (For these purposes SDR and ADR are grouped together). Estimated review hours per project are 25 for SDR/ADR, and 65 for full Design Review, for a blended average of 45 review hours per project. In addition we assume 15 hours per project of public inquiry/response time, for a total per-project estimate of 60 hours. Using an assumed blended average of 60 review hours per project for 14 – 18 annual projects, we can expect an annual revenue increase of \$210,000 - \$270,000.

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
Operating Fund 15700	DPD	New permit revenue from micro-housing and congregate residence projects newly entering the design review process.	N/A	\$210,000 - \$270,000 estimated. (14 – 18 expected projects)
TOTAL				\$210,000 - \$270,000

Staffing Workload Changes

With the approval of this legislation, DPD plans to request funding authority to fill a vacant unfunded Land Use Planner III in quarterly supplemental legislation, or separate legislation to ensure adequate staffing of the design review program to cover the micro-housing and congregate residence development projects that would be newly entering the design review process. Applying 60 average review hours to 14-18 projects yields a total work impact of 840 -

1,080 hours, which equals 0.70- 0.90 FTE.

The position will be allocated to support increases to the workload when actual permit volumes for future micro-housing and congregate residence projects clearly warrant the need. The Land Use Planner III salary and fringe in addition to department overhead costs is \$158,000 for 1.00 FTE.

As summarized above estimated additional permit revenues from the 14-18 expected annual projects are \$210,000 - \$270,000, and estimated total cost of funding the Land Use Planner III is \$158,000. Therefore, if the expected number of projects occurs, DPD expects to recover the full cost of the Land Use Planner III. As it can't be known whether actual permit volumes will match expectations, we propose to monitor micro-housing and congregate residence permit volumes following the effective date of the Ordinance. If permit volumes continue to be in line with our projections DPD will fill the Land Use Planner III with authority granted in a quarterly supplemental, or we will seek funding authority to hire the position through a separate ordinance.

Do positions sunset in the future?

N/A

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
None

- b) **What is the financial cost of not implementing the legislation?** None. However, the legislation is intended to clarify regulations for micro-housing and congregate residences. This is a topic on which various DPD staff and management have spent significant amounts of time during the last three years responding to citizen and elected official and media inquiries. Permitting staff have spent extra hours applying unclear regulations to the housing type. Quantities of time are difficult to estimate, but the legislation will have the effect of reducing the amounts of time spent on these activities.

- c) **Does this legislation affect any departments besides the originating department?**
Yes. DPD has coordinated with the Office of Housing, Seattle Public Utilities, and Department of Transportation related to administrative practices stemming from implementation of the legislation. These activities have already been substantially completed and are not expected to add appreciable inter-departmental administrative costs beyond ongoing practices.

- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** Do not pass legislation and continue to permit micro-housing and congregate residences as is being done currently, in the absence of specific regulations.

Is a public hearing required for this legislation? Yes.

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

A notice will be required in the Daily Journal of Commerce for the City Council public hearing.

f) Does this legislation affect a piece of property?

The legislation affects multi-family and commercially zoned properties where future development of micro-housing or congregate residences are proposed.

g) Other Issues:

List attachments to the fiscal note below: None.