



# URM Funding Working Group | Mtg #1

Photo by John Skelton



**Seattle** Department of  
Construction and Inspections

**Seattle** Office of  
Emergency Management

February 28, 2023



# Today's Meeting

## Introductions

- Seattle Department of Construction and Inspections Team
- Office of Emergency Management
- Alliance for Safety, Preservation and Affordability (ASAP!)
- Attendees

## Goal: Identify Preferred Funding Strategies

- Develop Workplan for Funding Toolbox
  - Review NDC Recommendations
  - Sub-groups or Monthly topics

## Next Steps

- Monthly and Quarterly Meetings
- 3/14 Memo & Tentative Council Briefing



# Introductions

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Seattle Department of Construction & Inspections:

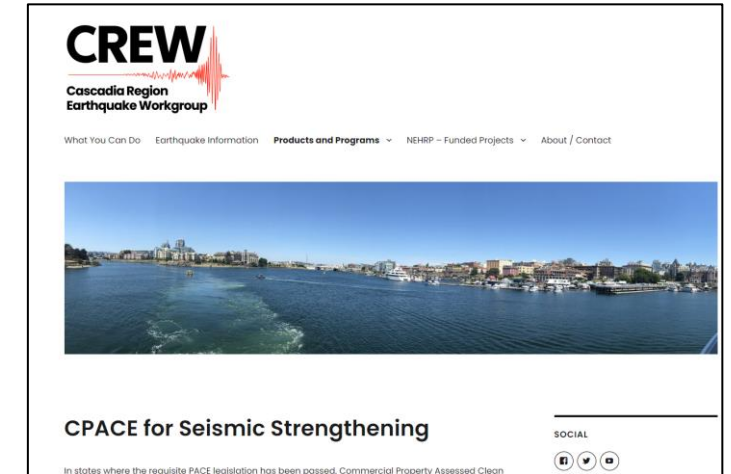
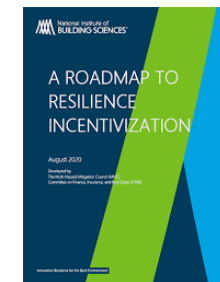
Office of Emergency Management

Alliance for Safety, Preservation, and Affordability (ASAP!)

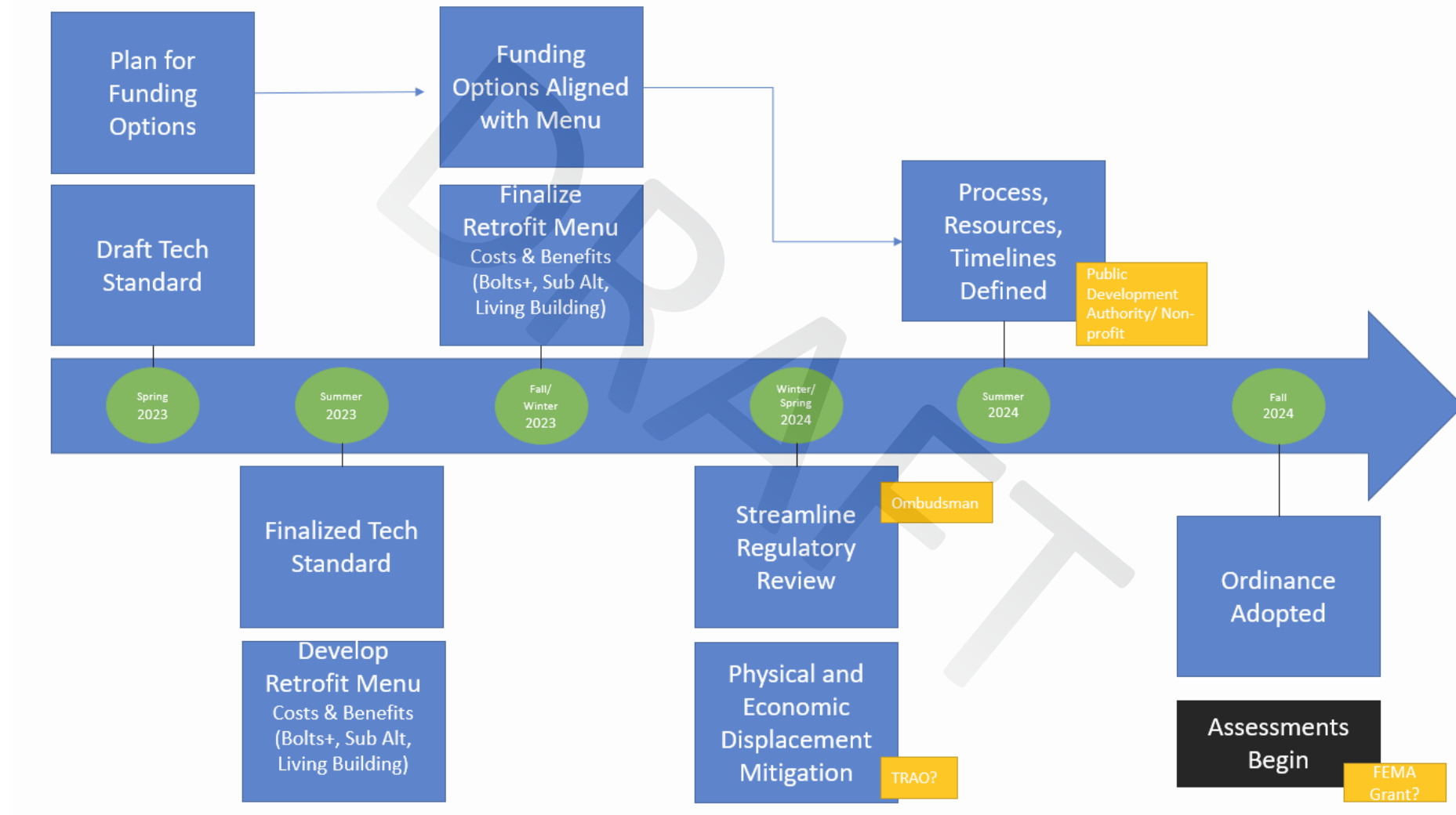


# Attendee Introductions

- Name
- Organization
- Funding Skillset (Philanthropy, Investments, Grants, Finance & Lending, Tax Credits, etc.)
- Any Preferred Funding Strategies.



# Proposed Timeline





# Resolution 32033

- Provide building owners access to financial support
- Near-term investments in seismic retrofits will contribute to Seattle's economic resilience as it recovers from COVID.
- National Development Council Report
  - Estimated costs \$1.28B
  - C-PACER

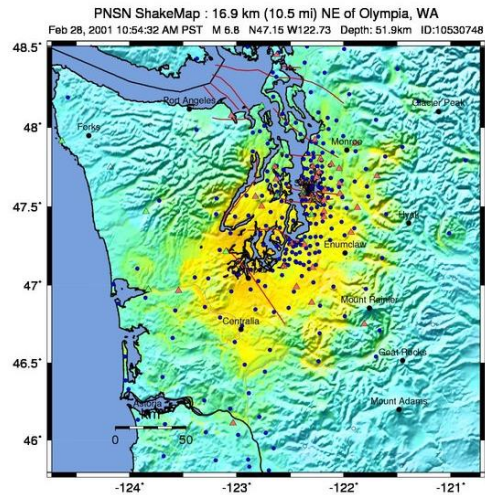
Yolanda Ho  
LEG URM Retrofit Program RES  
D2

1 WHEREAS, the City funded a report by the National Development Council, released in May  
2 2019, on potential financing and funding mechanisms for seismic upgrades, which  
3 estimated total costs for retrofitting privately owned URMs to be \$1.28 billion; and  
4 WHEREAS, in 2020, the Washington State Legislature passed and the Governor signed into law  
5 House Bill 2405, which established a voluntary commercial property assessed clean  
6 energy and resiliency ("C-PACER") program that may be used to finance energy  
7 efficiency and seismic retrofits for commercial and multifamily buildings; and  
8 WHEREAS, on November 16, 2021, the King County Council adopted the framework for a C-  
9 PACER program, authorized by Revised Code of Washington Chapter 36.165, and the  
10 program is anticipated to begin accepting applications in early 2022; and  
11 WHEREAS, the City recognizes that the greatest barrier for building owners is the cost of the  
12 seismic retrofits and that many building owners will need support accessing financial  
13 assistance for the program to be successful; and  
14 WHEREAS, near-term investments in seismic retrofits will contribute to Seattle's recovery from  
15 the economic impacts of the Coronavirus Disease 2019 ("COVID-19") crises and make  
16 Seattle more economically resilient in the long term; NOW, THEREFORE,





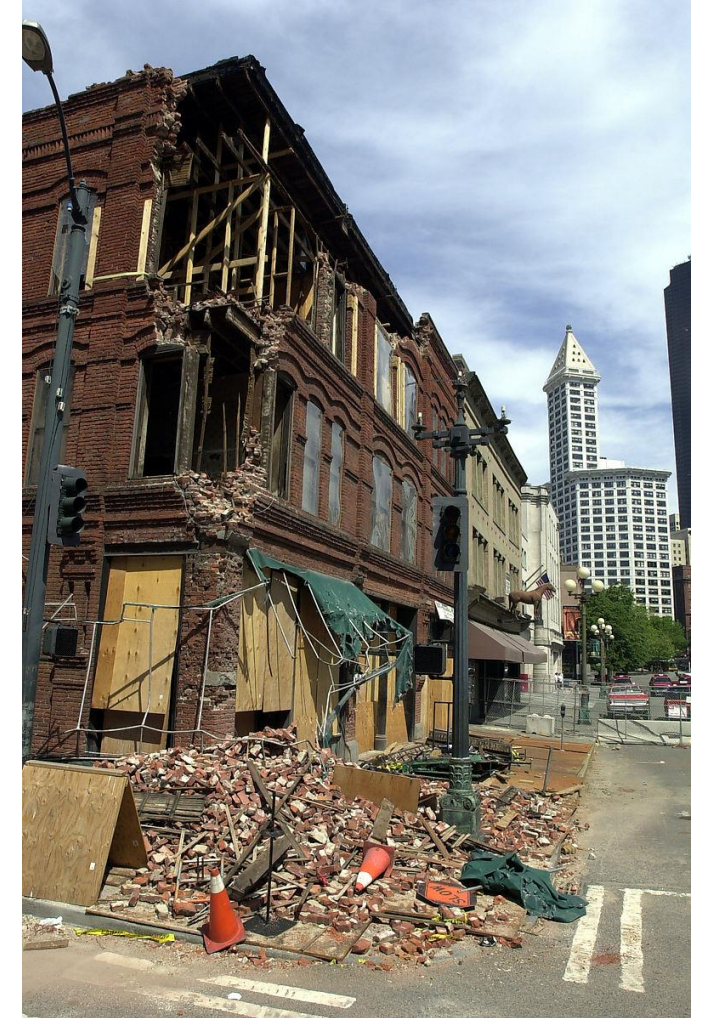
# Nisqually Anniversary



86% chance of experiencing another  
M6.8 in the next 50 years.

PERCEIVED SHAKING	Not felt	Weak	Light	Moderate	Strong	Very strong	Severe	Violent	Extreme
POTENTIAL DAMAGE	none	none	none	Very light	Light	Moderate	Mod./Heavy	Heavy	Very Heavy
PEAK ACC.(%g)	<0.05	0.3	2.8	6.2	12	22	40	75	>139
PEAK VEL.(cm/s)	<0.02	0.1	1.4	4.7	9.6	20	41	86	>178
INSTRUMENTAL INTENSITY	I	II-III	IV	V	VI	VII	VIII	IX	X+

Scale based upon Worden et al. (2012)



# Retrofit Costs & Market Value

Table 4: Prototype URM Building Example	
Assumptions	
Building size:	3 stories; 22,000 square feet
Building use:	Mixed Use: Ground floor commercial with 20 residential units above
Retrofit type:	Bolts+
Estimated Rehabilitation Costs	
Hard Costs	\$400,000
Sales Tax (10.1%)	\$40,400
Hard Costs Contingency (10%)	\$44,040
Total Hard Costs	\$484,440
Soft Costs (15%)	\$72,666
Soft Costs Contingency (10%)	\$7,267
Total Soft Costs	\$79,933
Total Construction Expenses	\$564,373
Relocation Expenses	
Commercial <sup>1</sup>	\$58,667
Residential <sup>2</sup>	\$19,240
<b>TOTAL (Including Relocation)</b>	<b>\$642,280</b>
Construction Cost per SF	\$25.65
Total Cost per SF	\$29.19
Notes:	
1.	Estimated at \$20,000 per unit moving cost; typical commercial unit size of 2,500 SF.
2.	We assume some usage of Seattle's Tenant Relocation Assistance Ordinance (TRAO). In this case, we assume 25% of residential units qualify for relocation assistance of \$3,848 per TRA0 requirements.





## Unreinforced Masonry is Only the First Step

Most coastal California cities addressed their URM problems between the 1980's and early 2000's and have therefore moved beyond URMs to address other vulnerable building types. After URMs, mandatory retrofits of soft-story buildings and non-ductile concrete buildings are becoming increasingly common. Other vulnerable building types that jurisdictions are beginning to address include concrete tilt-up and steel moment frame.

### Key Takeaways from Program Review:

**Mandatory Retrofits and Consistent Enforcement Are Critical**  
URM mitigation programs are most effective when retrofits are mandatory, and cities consistently enforce deadline compliance. In 2006, the Seismic Safety Commission of California surveyed 260 URM loss reduction programs throughout Seismic Zone 4.<sup>4</sup> Of these programs, 39 allowed voluntary retrofits and their average rate of retrofit was 16%. When you compare that to the 70% average rate of retrofit across the 134 mandatory retrofit programs, it is clear that voluntary retrofit programs have historically been ineffective. Several cities we explored had created mandatory retrofit programs but then lacked when it came to enforcement. As a result, their seismic retrofit programs became stagnant as some property owners chose not to perform mandatory retrofits because they felt there would be no repercussions. A January 2019 article in the LA Times noted the number of cities in California without a mandatory requirement or no strategy.<sup>5</sup> The article also noted that "San Jose, California's third-largest city, doesn't even know where its vulnerable buildings are located, but it has applied for a grant to create an inventory." As a result, making retrofits mandatory, remaining diligent in enforcement efforts throughout the compliance timeline, and appropriately penalizing non-compliant property owners are three fundamental components of a successful URM program.

**Unreinforced Masonry is Only the First Step**  
Most coastal California cities addressed their URM problems between the 1980's and early 2000's and have therefore moved beyond URMs to address other vulnerable building types. After URMs, mandatory retrofits of soft-story buildings and non-ductile concrete buildings are becoming increasingly common. Other vulnerable building types that jurisdictions are beginning to address include concrete tilt-up and steel moment frame.

**Staff a Programmatic Effort**  
It is beneficial to have internal and external relationships to direct the various URM program needs in order to streamline the URM effort and help navigate property owners through the retrofitting process. Berkeley, Oakland, and Salt Lake City expressly recognized the value of having at least one full-time employee devoted to overseeing their URM retrofit efforts, managing their financial assistance program(s), and aiding URM owners throughout the process.

**FEMA Grants Are Important Resources but Challenging to Navigate**  
Whether building safe rooms in tornado-prone Oklahoma or fortifying homes for hurricanes in Florida, the use of FEMA dollars for pre-disaster

resiliency efforts is very prevalent. Three of the cities reviewed currently operate seismic retrofit programs that use FEMA grant funds. Berkeley and Oakland's retrofit programs are funded through FEMA's Hazard Mitigation Grant Program, which requires a Presidential Disaster Declaration. Salt Lake City's 'Fix the Bricks' retrofit program relies on FEMA's Pre-Disaster Mitigation Grant Program. It is important to note however, that FEMA Mitigation Grant programs are project-based by design, and not structured for ongoing programmatic funding. As a result, the maximum result is to gradually address the problem of a large vulnerable inventory.

Among the cities that use FEMA grants, many expressed frustration navigating the FEMA grant process. City officials in Berkeley and Oakland who manage the retrofit programs suggested that FEMA's grant requirements are not always pragmatic and there is often a disconnect between the documentation that FEMA requests and what the city is able to provide. Salt Lake City expressed similar concerns but suggested that their biggest hurdle is the gap between funding cycles which occasionally leads to construction delays and frustrated funding recipients.

**Private Loans or Self-Financing is Common**  
Nearly all URM retrofit programs that have been completed or are still in progress have created some form of publicly-sponsored financing program. Although the size, structure and scale of each URM program varies by city, the motivation to provide public financial assistance remains consistent to support wide-scale retrofit needs and provide relief to property owners that cannot afford seismic upgrades. While some URM owners have undoubtedly benefit from public support, most URM retrofit financing is done privately through commercial loans or independently financed by the property owner.

**Cities Tend to Prioritize Residential Buildings**  
In Seattle's URM inventory, there are 309 buildings used only for commercial purposes, 175 buildings used only for residential purposes, and 127 buildings that serve both residential and commercial functions. While commercial-use URMs represent the largest portion of the inventory, residential properties still make up 19% of the city's total URM square foot area. Several jurisdictions that have implemented a seismic retrofit program have placed a higher urgency on residential properties compared to commercial buildings. Some cities even go so far as limiting the use of their financial incentives to residential properties. For example, Berkeley and Oakland excluded commercial property owners from their transfer tax rebates, and Salt Lake City's 'Fix the Bricks' program only offers grants for residential properties, despite FEMA having no such exclusionary restrictions on their grants.

<sup>4</sup> California Seismic Safety Commission, "Status of the Unreinforced Masonry Building Law: 2006 Progress Report to the Legislature," SSC 2006-04, 9 Nov. 2006.  
<sup>5</sup> Lin R, R. (2019, January 17). Big earthquake would topple countless buildings, but many cities ignore the danger. LA Times.



# Policy Committee Recommendations- 2017

URM Funding Options	
Public/Non-Profit Ownership	Private Ownership
Federal grants	
General obligation bonds	
Levy	
10% Federal rehabilitation tax credit	10% Federal rehabilitation tax credit
Tax abatement	Tax abatement
Revolving loan fund	Revolving loan fund
Local Improvement Districts (LIDs)	Local Improvement Districts (LIDs)
Transfers of Development Rights	Transfers of Development Rights
Architecture and Engineering grants & resources	Architecture and Engineering grants & resources
Building owner contribution	Building owner contribution
Funding to educate building owners	Funding to educate building owners

The committee was also cognizant of the need to present funding options that are, at least in part, currently available instead of relying too heavily on funding sources that *could* be developed in the future. For example, committee members discussed the possibility of low-interest loans from local

- Is this a legal funding source?
- Does it provide a significant level of funding?
- Is this a new source of funding or does it instead redirect funds from another source?
- Is this easy for property owners to use?
- Is this easy for the City to administer (if applicable)?
- Do all building owners have equal access to this funding source?
- Are there factors to consider that will increase or decrease the impact of this funding source (e.g., is this dependent on tax revenue or subject to federal government funding cuts)?

## Recommendations from the Unreinforced Masonry Policy Committee to the City of Seattle<sup>1</sup>

### Background

The city of Seattle's Department of Construction and Inspections (SDCI) is considering a mandate for all unreinforced masonry (URM) buildings to undergo a seismic retrofit to reduce the risk of injury and loss of life in the case of an earthquake. Unreinforced masonry buildings are typically multiple-story, red-brick structures found in many of the city's oldest neighborhoods and commercial centers. URM buildings are known to be unsafe in the case of an earthquake as they are built without steel reinforcement or sufficient structural connections between the building's walls and other structural elements. A seismic retrofit can significantly reduce a URM building's risk of collapse in the event of an earthquake. Collapsed buildings can endanger the lives of the building's occupants and nearby pedestrians, block public rights-of-way for emergency response, and delay overall recovery from the earthquake.

### Why is a URM policy necessary?

The primary reason the city of Seattle is pursuing a URM retrofit policy is public safety. Earthquakes in 1949 and 1965 significantly damaged URM buildings in Seattle. The 2001 Nisqually earthquake again underscored the vulnerability of URM buildings, as two-thirds of the buildings the City determined unsafe after the earthquake were URM buildings. Seattle is the only city in the country to have experienced URM building damage from 3 different earthquakes in 73 years.

Experts believe the chance of a damaging earthquake in the Puget Sound region in the next thirty years is significant. In addition to a repeat of damaging deep earthquakes such as those experienced in 1949, 1965, and 2001, Seattle potentially faces much stronger shaking from shallow earthquakes originating from the Seattle Fault or longer duration earthquakes originating from the Cascadia Subduction Zone. Damage from these ground motions could be considerably greater than deep earthquakes and could disproportionately affect seismically-weak structures, such as unreinforced masonry buildings.

Another objective of the URM policy is to preserve the historic and cultural character and the economic vitality of many of the City's most vibrant neighborhoods. Without proper protection, many of the historic buildings and landmarks that define a neighborhood or community are susceptible to damage from an earthquake. Additionally, initial inferences are that URM buildings are located in many neighborhoods where communities of color live and work, where languages other than English are spoken, and where local businesses serve these communities. A neighborhood's economic recovery may be delayed by the cleanup of debris from earthquake-damaged buildings.





# Financing & Incentives for Building Owners

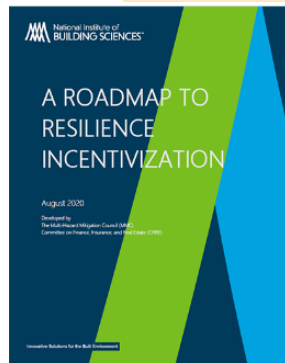
**FIG 2: COMPARISON OF FINANCING ALTERNATIVES FOR SEISMIC IMPROVEMENTS**

Scenarios	Cash / Debt Financing Options <sup>1</sup>	Property Assessed Clean Energy (PACE) <sup>2</sup>	Assessment District <sup>3</sup>	Public Agency Conduit Financing <sup>4</sup>	Affordable Housing Note <sup>5</sup>	Seattle CDBG 108 Loan Program <sup>6</sup>	Private Bank Loan
Term	30 Year	25 Year	30 Year	30 Year	35 Year	20 Year	20 Year
Type	Public Debt	Public/Private Bonds or Loans	Public Sale Bonds	Private Placement	Private Placement	Public Loan	Private Loan
City's Balance Sheet Impact	Yes	None	None	None	None	NONE	None
Estimated Interest Rate	3.65% <sup>7</sup>	6.55% <sup>8</sup>	4.95% <sup>9</sup>	5.08% <sup>10</sup>	4.93% <sup>11</sup>	3.15% <sup>12</sup>	5.50% <sup>13</sup>
Estimated Annual Repayment <sup>14</sup>	\$46,824	\$57,672	\$54,692	\$52,171	\$38,879	\$43,709	\$55,415

1 Assumes legal obligations to be repaid from general fund priorities.  
 2 Requires legislation from additional funding sources.  
 3 Requires a local ordinance benefiting a specific district.



7 AAA Taxable Rates as of 05/13/2019. The rates are based on the scale of the City of Seattle Limited Tax General Obligation Improvement Bonds, 2018B.  
 8 Indicative Rate. Assessment created to repay debt which could be from a public or private source. Typically a higher rate than private bank financing.  
 9 BBB Special Tax Scale as of 5/9/2019. The actual rate is based on the size and diversity of the district.  
 10 BBB COPs 30-Year taxable rate as of 5/13/2019. The actual rate is based on characteristics of the conduit lender.  
 11 Tax-exempt financing through WSFC Private Activity Bond Program. Rate reflects an average over 2018 - present.  
 12 Fixed Rate Debt Based on Recent HUD Bond Debenture. Generally estimated at 10-YR Treasury + .75 bps.  
 13 Estimate from recent project financings and lender interviews.  
 14 Assuming the prototype project amount is \$642,279 with a single borrowing.



- Priority Ranking
- Supporters?
- Opponents?
- Needs

# Federal Grants

**Federal grants** – Grants that can be used for the seismic retrofit of public and non-profit owned buildings are periodically available from the Federal Emergency Management Agency (FEMA), the Community Development Block Grant (CDBG) program through the U.S Department of Housing and Urban Development, or provided as part of the Community Reinvestment Act. Grant funding for privately-owned buildings may be available under special circumstances. For example, the City received a one-time FEMA grant to fund the seismic strengthening of single-family, low- to moderate-income homes.

Grant 1: \$3.5M  
Grant 2: \$6M

**CITY OF BERKELEY**



**FEMA**



BUILDING TYPE	DESIGN GRANT MAXIMUM SIZE	CONSTRUCTION GRANT MAXIMUM SIZE
<ul style="list-style-type: none"><li>• Non-Ductile Concrete</li><li>• Tilt-up and other RWFD</li></ul>	\$10,000 (cap at 75% of Design Costs)	\$25,000 to \$150,000 (Cap at 40% of Construction Costs)
<ul style="list-style-type: none"><li>• Soft Story 5+ residential units, non-residential, and hotels/motels</li><li>• Unreinforced Masonry</li></ul>	\$5,000 (cap at 75% of Design Costs)	\$25,000 to \$150,000 (Cap at 40% of Construction Costs)
Soft Story 3-4 residential units	\$5,000 (cap at 75% of Design Costs)	\$15,000 to \$20,000 (Cap at 40% of Construction Costs)
Other Wood-Framed Buildings 5+ residential units	\$10,000 (cap at 75% of Design Costs)	\$25,000 to \$150,000 (Cap at 40% of Construction Costs)
Other Wood-Framed Buildings 3-4 residential units	\$5,000 (cap at 75% of Design Costs)	\$15,000 to \$60,000 (Cap at 40% of Construction Costs)

\*The maximum Construction Grant size for any project cannot exceed 75% of the permit valuation or actual retrofit costs, whichever is lower. Grant maximums for each building type vary according to demand, occupancy, and square footage. If a seismic code enforcement case is open for the building, grants will be capped at \$25,000.

- Priority Ranking
- Supporters?
- Opponents?
- Needs





# General Obligation Bonds


**General obligation bonds** – Unlimited tax general obligation bonds are voter-approved municipal bonds secured with the obligation of the City to use available resources, including tax revenue, to repay the debt. General obligation bonds could be used to fund a city-administered retrofit funding program. General obligation bonds must be approved by 60% of voters.

## DOES THE CITY HAVE FUNDING TO ASSIST OWNERS WITH THE RETROFIT OF THEIR UMB BUILDINGS?

Yes. In 1992, San Francisco voters authorized the issuance of \$350 million in bonds to make loans available to UMB owners. \$150 million is set aside for low interest loans (2.5%) to retrofit buildings

containing affordable housing. Buildings that contain highly affordable housing may be eligible to apply for loans whose interest and principal is deferred. The remaining \$200 million can be used to retrofit all other types of UMB's. These loans carry an interest rate of 8.5%. All seismic safety loans are fully amortized over a 20 year term.

In exchange for a low interest or deferred loan, the borrower will be required to enter into a regulatory agreement with the City to ensure that the retrofitted units remain affordable to and occupied by persons who are low income.

  
WHAT YOU SHOULD  
KNOW ABOUT  
UNREINFORCED  
MASONRY BUILDINGS



Department of Building Inspection  
1660 Mission Street  
San Francisco, CA 94103  
415 . 558 . 6088 General Information  
415 . 558 . 6084 Code Questions  
415 . 558 . 6054 Fax-415 . 558 . 6178  
[www.sfgov.org/dbi](http://www.sfgov.org/dbi)  
May 2003

- Priority Ranking
- Supporters?
- Opponents?
- Needs



# Levy

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**Levy** – A levy consists of a voter-approved increase in the money collected annually from each property owner. The levy is based on a percentage of the value of home and privately-owned land, and only affects properties inside the city limits. Funds raised through a levy could be used for a city-administered retrofit funding program. A levy must be approved by 50% of voters.

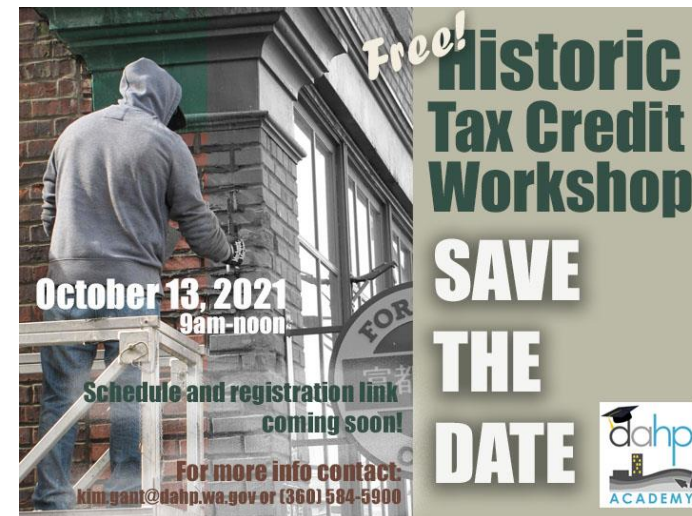
- Priority Ranking
- Supporters?
- Opponents?
- Needs





# 10% Federal Tax Rehab Credit

**10% Federal rehabilitation tax credit** – This existing federal tax credit allows users to write off 10% of eligible construction costs for retrofits. The tax credit applies to any non-residential building built before 1936 and does not require a formal review process if the rehabilitation is for a non-historic building. The right to the tax credit can also be sold by the owner. A similar 20% tax credit is available to certified historic structures that are either listed or eligible for listing on the National Register of Historic Places or a contributing building to a National Register historic district. A certified historic structure may also be considered a Seattle landmark building.



- Priority Ranking
- Supporters?
- Opponents?
- Needs

# Tax Abatement

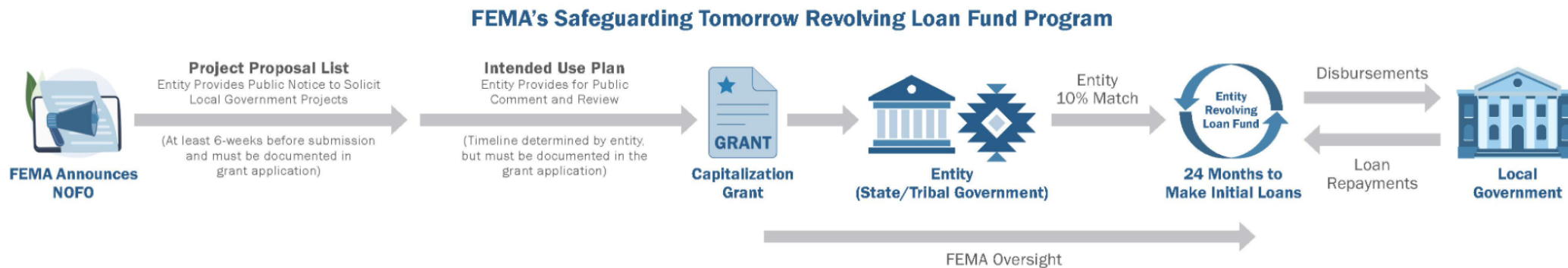
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**Tax abatement** – Tax abatement consists of the reduction or elimination of property taxes for a designated period of time. For the URM policy, URM buildings would be granted short-term property tax abatement and property owners could use those monies to help fund a seismic retrofit. This change would require a change in State law.

- Priority Ranking
- Supporters?
- Opponents?
- Needs

# Revolving Loan Fund

**Revolving loan fund** – A revolving loan fund creates a central fund through which multiple loans are made to borrowers. Through regular repayments of the original loan, borrowers replenish the central fund. A URM revolving loan fund could initially be funded through an endowment or through a partnership with lending institutions.



## Amended Notice of Funding Opportunity

On Dec. 20, 2022, FEMA released the Notice of Funding Opportunity (NOFO) making available \$50 million for the new Safeguarding Tomorrow RLF program.

On Jan. 27, 2023, FEMA amended its NOFO to incorporate changes made to the STORM Act, including expanded eligibility to territories and certain federally recognized tribes. [Learn more.](#)

**Application period:**  
Feb. 1 – April 28, 2023

[The funding opportunity is available on Grants.gov.](#)

- Priority Ranking
- Supporters?
- Opponents?
- Needs





# Local Improvement Districts

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**Local improvement districts (LIDs)** – By forming a local improvement district, a group of property owners can share in the cost of infrastructure improvements. LIDs could be used to finance retrofits, but would need to comply with City regulations for LID formation, assessment and administration.

- Priority Ranking
- Supporters?
- Opponents?
- Needs

# Architecture & Engineering Grants & Resources

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**Architectural and engineering services grants and resources**– The City would provide funding for building owners to access architectural and engineering services in support of a building's retrofit design.

- Priority Ranking
- Supporters?
- Opponents?
- Needs

# Transfer of Development Rights (TDR)

**Transfer of development rights (TDRs)** – This strategy allows buildings in designated areas to sell the potentially developable “air space” above the building to purchasers who can use the additional floor area to increase the density of their development in another area of the city. TDRs could help building owners generate funding for URM retrofits while maintaining their building’s historic character.

## URM Retrofit Credit Proposal and Working Group Recommendations

The presence of over 1,100 unreinforced masonry (URM) buildings in the City of Seattle, not to mention many more across the state, poses a grave and persistent threat to public safety, affordability and the preservation of the City’s historic legacy. Animated by the belief that this situation can only be effectively addressed through the passage of mandatory retrofit legislation, in late 2017 Nitze-Stagen and Anew Apartments, two developers focused on the restoration and adaptive reuse of older (often URM) buildings in Seattle, began meeting with City officials, developers (both market-rate and affordable), URM property owners, historic preservationists, engineers, policy experts and neighborhood associations. The purpose of these meetings was to explore ways to overcome the obstacles to passage of such legislation - principal among them the challenge of financing the significant cost of seismic upgrades.

Starting in late March through late June of this year, three roundtables consisting of a broad cross-section of representatives of the groups listed above met to discuss creative financing approaches, and to identify the other key challenges associated with a City-wide retrofit program.

These discussions led to the formation of four separate working groups focused on addressing the leading concerns raised by the roundtable participants: 1) physical and economic displacement of tenants of URM; 2) delays in regulatory review and approval of retrofit applications; 3) engineering challenges and estimated cost of meeting the proposed technical specifications; and 4) the lack of an incentive structure not just for seismic, but also for environmental upgrades.

Each working group, consisting of a similar cross-section of concerned stakeholders, met two or three times between mid-September and mid-October and discussed each of these issues at length. A number of government representatives participated in these sessions as subject matter experts. The outcome is an overarching policy proposal that describes a novel financing mechanism together with a set of specific recommended actions associated with each of the key concerns.

This Retrofit Credit proposal and working group recommendations appear below. The participants in the groups, whose names and affiliations are provided as well, believe that this policy and these recommendations, if implemented, offer a pragmatic approach to addressing this critical challenge that is: a) technically and financially feasible; b) meets the needs of all stakeholders; and c) successfully protects Seattle’s URM buildings from the impact of the next big earthquake.

Rev: 11/27/2018

- Priority Ranking
- Supporters?
- Opponents?
- Needs





# Retrofit Credits

## URM Retrofit Credit Proposal and Working Group Recommendations

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Rev: 11/27/2018

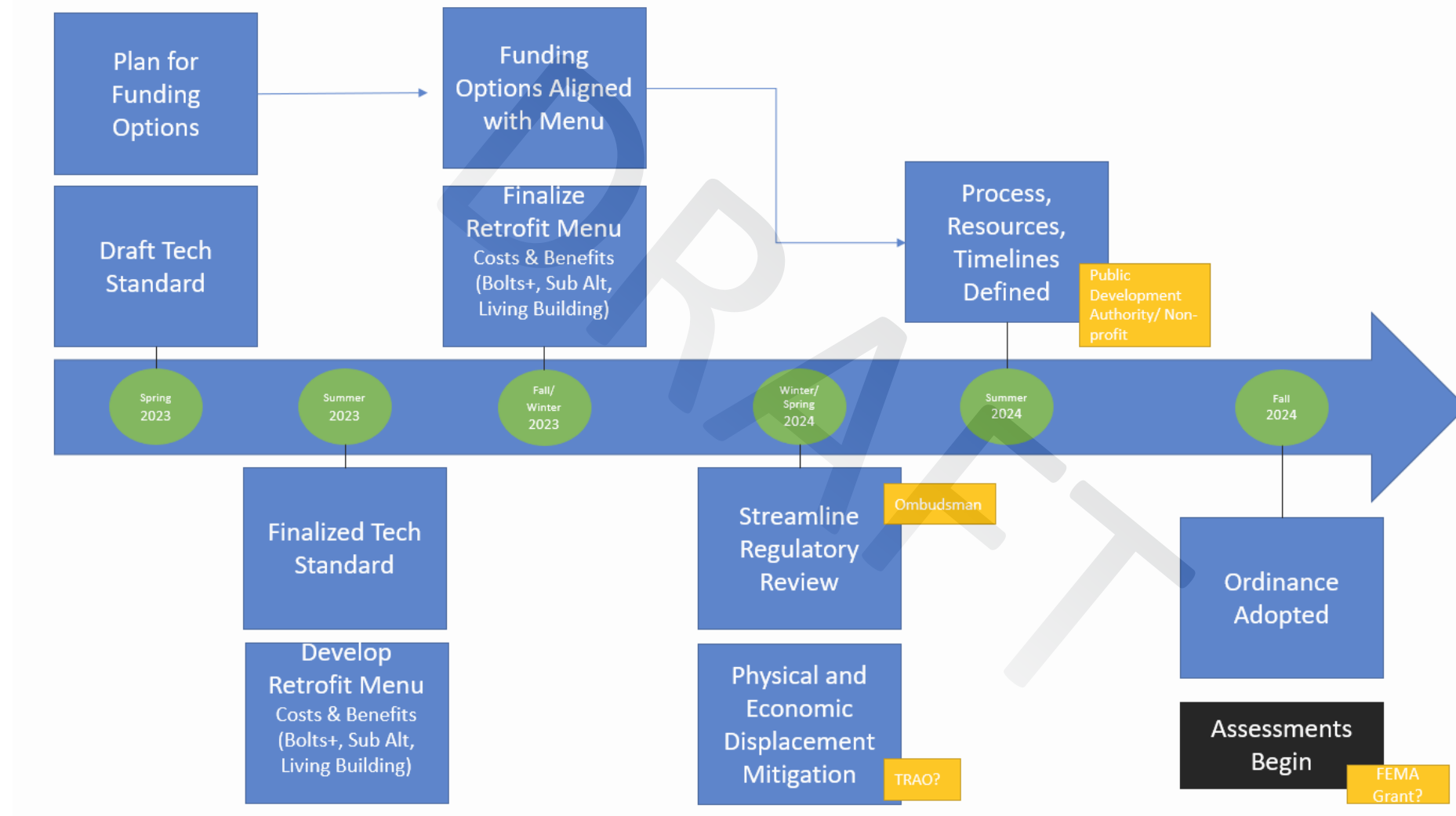
- **Every URM building listed on the City-sanctioned inventory would be automatically designated as a “sending” site** and be assigned credits equal to the square footage of the underlying lot multiplied by the maximum FAR for that lot based on the existing zoning. For example, if a confirmed URM building of any size were located on a 20,000 square foot lot with a maximum FAR of 4.0, there would be  $20,000 \times 4.0 = 80,000$  Retrofit Credits assigned to that building. This feature of the URMRC program matches the current treatment of TDRs for historically designated buildings which does not deduct the floor area of the existing structure in calculating the number of TDRs. *(Please note that relatively small buildings on very large lots such as parks, golf courses, university campuses, etc. would be handled differently, but there are relatively few buildings that meet that criterion.)*
- **A newly formed, City-sanctioned entity would be created that would be responsible for holding and selling the retrofit credits allocated to each URM property.** As a condition of allowing owners of assessed URM structures to benefit from the sale of their development potential up to the maximum FAR, the City would mandate that the proceeds from such sales be directed to a Retrofit Fund, to be administered by the City-sanctioned entity, from which the property owners would be reimbursed for documented and validated costs of upgrades. The specific technical standard to be met would depend on what category a URM building fit into as determined during the SDCI permit review process. Certification, and the attendant disbursement of funds, would be performed by prequalified engineers with deep experience in approving the upgrades of seismically vulnerable URM. The entity would bear responsibility for tracking the balance of credits, and the proceeds associated with any sales, on a property-by-property basis.
- The new entity would offer the URMRCs for sale to developers interested in obtaining bonus floor area for their development projects elsewhere in the city, with **each credit purchased entitling the developer to add 1 square foot of bonus floor area**. The value of the URMRCs will depend on the existence of a robust market, which in turn depends on designating sufficient “receiving” areas with high value to prospective developers. While ideally all properties across the city, not just those within the zoning district where the URM project “sending” lot is located, would be eligible to buy and use the credits, we recognize the challenge of adding density in certain neighborhoods. There are a number of neighborhoods, however, where the City is already considering upzones or that can/should be in a position to absorb additional density that make good initial candidates. This is covered in more detail in the “Receiving Sites” section below.



# Prioritization of Funding Mechanisms

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# Proposed Timeline





# Sub-Groups & Key Milestones

- Subgroups & Timelines
- Action Items:
  - 2-28 Nisqually Anniversary
  - 3-14 Public Safety Commission Meeting
  - Next Working Group Meeting
    - Early April
  - Spring- Draft Technical Standard
  - Quarterly Meeting of Groups
    - Early June

# QUESTIONS?

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