



August 18, 2017

Dear Mayor Murray and Councilmembers,

A key section of Housing Affordability and Livability Agenda (HALA) Committee Report (pages 37-39) called "Reform the Review Processes," says:

Construction of housing requires permits from a range of different agencies within the City of Seattle – Department of Planning and Development (DPD), Seattle Department of Transportation (SDOT), Seattle Public Utilities (SPU), and Seattle City Light (SCL). Long permitting processes and unpredictable timelines make housing projects difficult to develop and add to the cost of new housing. It is estimated that if significant reforms were made to Design Review and Historic Review, and improvements were made to the predictability of permitting within and between departments, total timelines for a complex multifamily development could be reduced by up to 2 months, and cost savings could total up to \$4,000 per housing unit.

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We're very concerned that rather than cost saving reforms, the City is in the process of actively adding costs to housing production. Below are examples of new requirements and changes to policies that all add to the cost of housing. The point of this letter is not to debate the wisdom of any of these: some we think are ill conceived and other may have some merit.

Rather, we want to point out the cumulative impact these changes have and the apparent fact that no one in City government is aware of, let alone evaluating, the total impact of these issues. Some changes are legislative, and one might assume that City Council is aware of the financial implications of those enactments. Others changes are purely administrative and we see no sign that anyone in the individual departments is looking at the impacts of these changes, individually or cumulatively on housing prices. Here is a **PARTIAL** list of the issues:

- **Water Main Extensions** – Seattle Public Utilities is already requiring new and costly water main extensions for new housing based on subdivided lots rather than parent lots. This means that although water service is feasible from existing mains, new mains are being required. The effect is either fewer, more expensive units to avoid the additional costs or increasing the price of existing units to absorb the costs of the new water main. We understand that SPU may be in the process of

increasing the circumstances where water main extensions will be required.

- **New Drainage Requirements** – Seattle Public Utilities is in the process of reviewing drainage requirements as well, and we're concerned that new housing projects that can already handle drainage without new and expensive infrastructure are going to be required now to build storm water main extensions, another significant and we believe unnecessary added cost to housing production.
- **System Capacity (or similar) Charges** – It is our understanding that Seattle Public Utilities, or perhaps other instrumentalities of the City, are exploring implementing this type of charge to help build out the water/sewer infrastructure of the City.
- **Impact fees** – The Council is moving ahead with considering impact fees. We're highly skeptical of this. While potentially legal if done properly, it's hard to see how this would be implemented in Seattle. Again, this is yet another additional and still unknown cost to housing production and will increase housing prices.
- **Separation from Electrical Wires** – Recently Seattle City Light implemented a new policy that requires more separation between new construction and the SCL service lines. This has made some projects financially infeasible, has requires significant redesign to others and has necessitated costly and time-consuming relocation other SCL facilities, at the property owner's expense.
- **Definition of Frequent Transit Service** – Currently there are dozens of projects currently in permitting with as many as 100 units and perhaps many more at risk because the City has not enacted legislation to clarify the definition of frequent transit service. Projects will be stopped or forced to add parking that will reduce supply and boost the price.
- **Design review** – New public meeting requirements are being added to design review, and while new square footage thresholds are an improvement, there are sure to be some additional costs for new meeting requirements and possible extensions of building timelines.
- **Mandatory Inclusionary Zoning/Mandatory Housing Affordability** – We know this program makes many projects infeasible because the cost of fees, inclusion, and additional construction to realize the benefits of additional floor area out weigh the value of that square footage. Again, this is an as yet unknown but significant cost and slowing of production, not to mention that many sellers of land in areas potentially impacted by upzones are beginning to demand more money for their property.
- **New registry for vacant buildings** – If a proposal goes forward to create an inspection and registration regime more complications will

be added to many projects in low-rise zones.

Taken together with other initiatives, like a speculator tax, first in time leasing requirements and limits on screening new tenants, we are seeing more and more costs being added not taken away. This means higher prices at a time when everyone seems to be repeating that, "we are in a housing crisis."

We urge you to first, stop these efforts or slow them until we get a better accounting of how much cost these and other requirements are adding to overall costs of production. This would give everyone a chance to determine the relative value of these changes compared to the value of increasing the production and lowering the price of new housing.

Second, the new Mayor would likely benefit from this information and it would allow her to work with stakeholders to make these decision in 2018 rather than having to reverse course on efforts begun in the 4th quarter of this year.

Currently, the most urgent of all these are Seattle Public Utilities work on changing water access and drainage requirements. This, along with possible changes to tap fees to offset higher bills for ratepayers, is an issue that needs a higher-level conversation with stakeholders before decisions are made.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Valdez". The signature is written in a cursive, flowing style.

Roger Valdez