



August 4, 2017

RE: Proposed improvements and administrative updates to the Design Review Program (Council Bill number not yet assigned)

Dear Councilmembers:

I am writing to provide the Sightline Institute's comments on the proposed updates to the city's Design Review (DR) program. We applaud the city's intent to modify the DR program with the goal of increasing housing affordability, as articulated in the Mayor's Housing Affordability and Livability Agenda (HALA).

We strongly support the following proposed changes to the DR program:

- Change of the exemption threshold metric from housing units to total building square footage (particularly important for lowrise apartments because their units are smaller than for-sale units.)
- 10,000 sf threshold that exempts most townhouse projects, correcting current DR requirements that have quashed townhouse production in favor of single-family clusters ([link](#)).
- Requirement for only Administrative Design Review for 100% affordable projects.

However, we believe that numerous components of the proposal must be modified for the changes to yield significant progress toward HALA's affordability goals. Overall, we believe that the proposal doesn't go nearly far enough to reduce the negative impact of DR on the cost of homebuilding.

Council now has a rare opportunity to help address the city's affordability crisis through administrative changes that would cost virtually nothing to the city. To maximize this opportunity, we urge Councilmembers to consider the following concerns and set of eight recommendations.

Hybrid DR

In theory, the proposed Hybrid process is a good step for reducing the burden of DR. However, as proposed, Hybrid DR introduces the risk of a project getting the internal green light from city staffers at EDG, but then getting held back at the subsequent Recommendation Meeting by a Design Review Board (DRB) with conflicting opinions. In such cases, Hybrid DR could in fact prove more onerous than today's Full DR. We believe that the reverse order---conduct the EDG meeting with the DRB first, and then the Recommendation Meeting with city staff---is likely to be more productive. But we also recognize the risk that if the DRB meeting comes first, DRB members may object to the fact that their input could be overridden in a subsequent meeting with staff. The proposal would allow up to 25 projects to participate in a one-year pilot in which DRB would come first and staff review second. But why impose this limit? Allowing all applicants to freely choose the meeting order would, over time, reveal which order is more beneficial, and lead to the best outcome for the program.

RECOMMENDATION #1: For Hybrid DR, make the meeting order a permanent optional choice for applicants.

Limit on DR Meetings

We support the proposed two-meeting limit on the number of DR meetings, but as proposed it will apply in few cases because it is void for projects that are pursuing departures. To a typical developer, one of the most valuable aspects of Seattle’s DR process is the opportunity it provides to pursue departures, and most projects do. The meeting limit is also voided if a project is located adjacent to a single-family zone, granting unjustified priority for public input to what is on average a relatively privileged portion of the city’s residents. Furthermore, additional meetings can be required by the SDCI Director if the DRB needs more time for deliberation. With all these exceptions, the meeting limit has no “teeth” in most cases, and therefore will not in practice achieve its intent to reduce development delay and uncertainty.

RECOMMENDATION #2: Remove all the exceptions to the two meeting limit, with a provision that if decisions cannot be made in two meetings, the case goes immediately to the SDCI Director for a final decision.

Complexity Designation for Context

We oppose the proposal for two levels of project complexity according to “context” for the following reasons:

- First and foremost, any needs for special design considerations around zone transitions ought to be handled by design standards in the land use code, not by DR.
- It grants inequitable preference to residents of single family zones by providing more opportunity to give feedback on projects through more extensive DR. Why do people who live in single-family zones deserve what is in effect special treatment from the city in terms of the attention paid to the design of adjacent development?
- It is likely to disproportionately impact projects in lowrise zones because they are often adjacent to single-family zones.
- It adds, well, complexity, to the DR process that is likely to create unintended consequences, such as development favoring sites not on zone boundaries.

RECOMMENDATION #3: Eliminate the non-complex/complex designation by “context,” and apply the thresholds as currently proposed for non-complex projects.

Complexity Designation for Scale

We oppose the proposal to classify projects as complex if their façade length exceeds 200 feet. The city already has design standards intended to regulate the design of long building facades. Imposing a more intensive design review process for long facades is redundant. Forcing full design review on more projects in this way contradicts the primary goal of the proposal. Furthermore, a 200-foot limit would trigger full design review for most projects on lots as small as 20,000 sf, since lots are commonly 100 feet deep. The cost of design review disproportionately harms these smaller scale, lower cost projects. If a façade length threshold is deemed necessary, then it should be set at no less than 300 feet.

RECOMMENDATION #4: Eliminate the complexity designation by façade length, and apply the thresholds as currently proposed for non-complex projects.

DR Thresholds

For lowrise ownership homes other than townhouses, the proposed 10,000 sf threshold is effectively lower than the current 8-unit threshold (8 units x 1500 sf/unit = 12,000 sf). So for example, a 7-unit rowhouse that would be exempt from DR today would trigger DR under the proposal. For typical lowrise *apartments*, the 10,000 sf threshold is higher than the current 8-unit threshold (8 units x 800 sf/unit = 6,400 sf), but that won't make much difference to DR exemptions in practice because most lowrise apartments are greater than 10,000 sf anyway.

On page 7 the June 2017 Director's Report states that the 10,000 sf threshold was chosen because it "approximates the size of development on two typical lots in a lowrise zone." That is incorrect. Typical lots in lowrise zones are 5,000 sf (former single-family lots), so on two of these lots any lowrise project will be greater than 10,000 sf, triggering a DR requirement. This represents a large share of potential "missing middle" housing projects in the city, as illustrated in the city's MHA Urban Design and Neighborhood Character Study ([link](#)). Furthermore, the cost burden of DR falls more heavily on these smaller projects.

Under the proposal, lowrise projects from 10,000 to 20,000 sf would be downgraded from Full DR to Administrative or Hybrid, depending on the complexity designation. Projects > 20,000 sf would be subject to Hybrid or Full DR, also depending on complexity. In sum, the proposal would yield a beneficial reduction in DR encumbrance on townhouses and small apartments, but for other lowrise types the net benefits are likely to be marginal.

For congregate/SEDU, the proposal would exempt projects from 5,000 to 10,000 sf that are currently subject to Streamlined DR. But it would also subject projects from 10,000 – 12,000 sf to Administrative DR, which is more rigorous than Streamlined DR. For congregate/SEDU projects from 12,000 to 20,000 sf, the proposal would require either no change from the current Administrative DR, or a step up to the more rigorous Hybrid DR if the project was deemed complex. Congregate/SEDU projects > 20,000 sf would step down to Hybrid DR or would stay at Full DR, depending on complexity. All told, for congregate/SEDU the proposed threshold changes are a mixed bag, and would likely have only a marginal effect on reducing the encumbrance of DR.

For MR, HR, and SM zones, the proposed 10,000 sf threshold is lower than the existing 20-unit threshold (20 units x 800 sf/unit = 16,000 sf). For NC zones, the proposed 10,000 sf threshold is higher than the current threshold, but in practice the proposed threshold would exempt only a small fraction of NC projects from DR because most are larger than 10,000 sf anyway. Most projects in MR, HR, SM, and NC zones are > 20,000 sf, for which the proposal would require Hybrid or Full DR, depending on complexity. MR or SM projects smaller than 20 units but greater than 10,000 sf are currently exempt, but would become subject to DR under the proposal. Again, a mixed bag overall.

RECOMMENDATION #5: Increase the base threshold for DR to at least 15,000 sf. As described above, the proposed 10,000 sf threshold may be higher or lower than existing thresholds, depending on project specifics. We believe that a higher threshold is necessary for the policy change to achieve its desired effect of significantly decreasing the DR burden. A higher threshold is also justified by the fact that DR

places a proportionally larger burden on small projects because the cost of DR is a larger fraction of the total project cost.

Analysis of Proposal

The city's analysis on page 16 of the June 2017 Director's Report shows that 28% of projects that were subject to DR in 2014-2015 would be exempt under the proposal. Of those, the vast majority (26% of the 28%) are projects that were subject to Streamlined DR, currently the simplest form of DR, and most of these were townhouses (presumably a small fraction were congregate/SEDUs between 5,000 and 12,000 sf). So in terms of DR exemption, for the most part the proposed 10,000 sf threshold in effect only reverts the DR Program back to how it was before 2010 when the city singled out townhouses for a new DR requirement---that is, it barely moves the needle much past where it was pre-2010. **These results support Recommendation #5 (see above) to raise the base threshold.**

A little more than a third of the projects currently subject to Full DR would become subject to a less rigorous DR process: 26% would go to Hybrid, 8% to Administrative, and 2% to exempt. This outcome would support the intent of the proposed policy changes, however we believe that it doesn't go far enough to achieve the need for reducing the cost of homebuilding. Lastly, the impact of the proposal on the relatively small number of projects currently subject to Administrative DR is basically a wash.

Because the city's analysis is based on number of projects rather than number of unit, it overstates the impact of the proposal on housing production (the city did not publish data on units). Nearly all of the projects that would be exempted under the 10,000 sf threshold are small projects with low unit counts. In terms of the number of *units*, the percentage exempted would be far less than 28% of *projects* that were exempted. Likewise, most of the projects that would be downgraded from Full DR would move because they are relatively small, and therefore have fewer units compared the average Full DR project. In terms of *units*, the fraction that would become subject to a DR process less rigorous than Full DR is lower than the 36% of *projects* that would.

RECOMMENDATION #6: To get a more accurate assessment of the proposal's impact on housing production, analyze it in terms of the number of units, not just the number of projects.

Optimum Design Review Scheme

We believe the current proposal misses the mark by a wide margin. For changes to DR to yield significant movement toward achieving the goals of HALA and a sustainable city overall, the proposal needs major adjustments.

RECOMMENDATION #7: Restructure the DR program as follows:

- 0 – 15,000 sf: no DR**
- 15,000 – 25,000 sf: Streamlined DR**
- 25,000 – 50,000 sf: Administrative DR**
- > 50,000 sf: Full DR**

Some explanation: Streamlined DR has proven to be an effective process for smaller projects, and we believe it makes sense for it to apply to the first tier of projects above the DR exemption threshold. Hybrid DR as proposed is rife with the risk of failure due to the inherent disconnect between the DRB

meeting and the city staff meeting, regardless of the order in which it occurs. Administrative DR is appropriate for small-to-medium scale projects that need deeper assessment but because of their smaller scale are more severely impacted financially by the cost and uncertainty caused by a DR process that puts the project in front of multiple public meetings. Full DR is best suited for large-scale projects. Threshold adjustments for complexity could be added as desired (but not for “context,” as discussed above).

Early Community Outreach

We strongly oppose the proposal for additional early-stage community outreach. Such a requirement that adds loosely-defined and time-consuming additional process to DR is diametrically opposed to the policy goals to reduce the encumbrance of DR in order to promote affordability. It would also disproportionately hurt small-scale projects, because the cost would take a bigger bite out of the budget. Larger projects are already required to provide community outreach through public DR meetings. This component of the proposal egregiously contradicts the stated goals and recommendations of HALA.

RECOMMENDATION #8: Eliminate the proposed requirement for additional early community outreach.

Miscellaneous additional recommendations

- The official goals of Design Review should be appended to emphasize recognition of its impact on homebuilding cost and supply, not only by the process itself, but through added costs imposed by changes mandated through the DR process, such as setbacks or more expensive façade materials. For example, reviewers could be instructed to consider strategies that make housing more plentiful, more affordable, or better serve communities at risk of displacement.
- Make height and floorplate departable through DR (though this would likely require changes to the land use code). Such flexibility---likely involving a trade-off the two parameters---would allow for much more creative design, and much less of a monotonous city skyline.

Thank you for the opportunity to provide comments. We look forward to further involvement in crafting the best possible set of improvements for Design Review.

Sincerely,



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