#### SEATTLE HEARING EXAMINER

2

1

3

4

5

6 7

8

10

11

12

13 14

15

16

17

18

19

20

2122

23

24

25

Hearing Examiner File No. W-16-004

CLOSING ARGUMENT BY QUEEN ANNE COMMUNITY COUNCIL

For the reasons given below and through the testimony of witnesses, the Determination of Non-Significance issued on the proposed expansion of Accessory Dwelling Units (ADU) and Detached Accessory Dwelling Units (DADU) should be vacated.

#### A. Standards of Review.

In the Matter of the Appeal by

Community Development

QUEEN ANNE COMMUNITY COUNCIL

From a determination of non-significance

issued by the Office of Planning and

A threshold determination is reviewed for compliance with three standards.

First, the decision record must show that the determination was the result of "actual consideration of environmental factors." *Norway Hill Preservation and Protection Assoc. v. King County Council*, 87 Wn.2d 267, 275-76, 552 P.2d 674 (1976). The burden rests upon the governmental agency to demonstrate that it has given actual consideration to environmental factors. *City of Bellevue v. King County Boundary Review Board*, 90 Wn.2d 856, 867, 586 P.2d 470 (1978). Conversely, the lack of a record demonstrating actual consideration of environmental factors renders the agency's determination clearly erroneous. *Gardner v. Pierce County*, 27 Wn. App. 241, 246, 617 P. 2d 743 (1980).

Second, to survive judicial scrutiny consideration of environmental factors may not be superficial; it must be sufficient "to allow decisions to be based upon complete disclosure of environmental consequences." *King County v. Washington State Boundary Review Board for King County*, 122 Wn.2d 648, 664, 860 P.2d 1024 (1993).

CLOSING ARGUMENT BY QUEEN ANNE COMMUNITY COUNCIL - 1

ARAMBURU & EUSTIS, LLP 720 Third Avenue, Suite 2000 Seattle, Washington 98104 Tel. (206) 625-9515 Fax (206) 682-1376

See also, SMC 25.05.330(A)(threshold determination to be based upon review of environmental checklist, supporting documents and additional documentation); Anderson v. Pierce County, 86 Wn.App. 290, 299, 936 P.2d 432 (1997) ("[A]n Environmental Checklist ...must provide information reasonably sufficient to evaluate the environmental impact of the proposal[,]" citing to WAC 197-11-315 to 335.).

And third, a Determination of Non-Significance should be put aside and an Environmental Impact Statement required whenever a proposed action creates the reasonable probability of causing more than moderate effects upon the quality of the environment. *Norway Hill, supra* at 277-78; SMC 25.05.360(A).

Satisfaction of these standards is reviewed under the "clearly erroneous" test, whether the Examiner is left with "a definite and firm conviction that a mistake has been made." *Moss v. Bellingham*, 109 Wn.App. 6, 13, 31 P.3 703 (2001). Under these standards, the DNS rendered on the proposed ADU/DADU expansion is clearly erroneous and must be vacated.

### B. Issuance of the DNS Was Clearly Erroneous.

1. Proponents of the proposed legislation improperly conducted environmental review on their own proposal.

SEPA compliance should be the product of objective review, not the result of the promotion by the proposal's proponents. Accordingly, the City's SEPA procedures at SMC 25.05.926(B) require that when the City is conducting review of its own proposal, "[w]henever possible, agency people carrying out SEPA procedures should be different from agency people making the proposal."

The DNS for the ADU/DADU legislation was tainted from the outset because that separation was not respected. Numerous email messages demonstrate that the author of the Environmental Checklist (Nicholas Welch) and the decisionmaker on the DNS

(Geoffrey Wentlandt) were proponents of the proposed legislation, and not neutral, objective reviewers.

Nicholas Welch drafted the legislation, he organized groups of DADU owners to speak in favor of the legislation, he surveyed only DADU owners and those interested in building DADUs, rather than attempting to survey the sentiment of the population at large, and he drafted the *Removing Barriers* reports directed at building a case for the expansion ADUs and DADUs. His bias is reflected in his response to a question of whether the proposed legislation would "unleash tremendous growth in single family areas", it which he answered, "Hope so!"<sup>2</sup>

Geoffrey Wentlandt testified on the last day of hearing to the effect that it was no secret that OPCD favored the legislation. After receiving a 20% response to survey questions sent to a select group of owners of backyard cottages, Mr. Wentland assumed the role of pitchman and suggested to the bill's sponsor, Councilmember O'Brien, that the survey results "might be a chance to 'tell a positive story' about DADUs." Mr. Wentlandt participated in discussions with council aides about how to steer the ADU/DADU legislation away from the City Council's land use committee and into the sustainability committee chaired by Councilmember O'Brien, to allow him "to shepherd it in his committee as "'legacy' legislation[.]"

<sup>&</sup>lt;sup>1</sup> City Exhibit 3, proposed ordinance.

<sup>&</sup>lt;sup>2</sup> Appellant's Ex. 23, Proposals without analysis tab, Email No. 18.

<sup>&</sup>lt;sup>3</sup> Appellant's Ex. 23, Bias in public process tab, Email No. 19 and Wentlandt testimony on his perceived need to "'tell a positive story' about DADUs."

<sup>&</sup>lt;sup>4</sup> Appellant's Ex. 23, Segmentation tab, Email No. 26 and Wentlandt testimony on the perceived value of creating "'legacy' legislation" for Councilmember O'Brien.

9

1516

17.

18

19 20

2122

23

2425

<sup>6</sup> SDCI staff determin

Of the 41 listed staff within the OPCD,<sup>5</sup> and the 330 listed staff in the Department of Construction and Inspections (which also conducts SEPA review on land use proposals),<sup>6</sup> it is inconceivable that it was impossible for anyone other than Geoff Wentlandt and Nick Welch to conduct SEPA review.

This error should be remedied through a remand back to OPCD with direction that the SEPA review be conducted by people independent of the promotion of the legislation, as Queen Anne requested in its Notice of Appeal at paragraph C3 (request for unbiased governmental review and scrutiny).

# 2. Responses to Part B of the Environmental Checklist would have meaningfully contributed to analysis of the proposal.

The status of the proposal as a non-project action does not relieve OPCD from the need to consider the proposal's ultimate impacts. SMC 25.05.960 requires that "City departments shall use an environmental checklist substantially in the form set forth in WAC 197-11-960." That section of the SEPA regulations provides:

For nonproject proposals complete this checklist and the supplemental sheet for nonproject actions (Part D). The lead agency may exclude any question for the environmental elements (Part B) which they determine do [sic] not contribute meaningfully to the analysis of the proposal.

OPCD incorrectly construes this provision to completely relieve it of any obligation to answer the Part B questions, as its checklist answers "not applicable" to practically every question. Queen Anne disagrees.

Queen Anne showed at the hearing that responses to a number of questions would "contribute meaningfully to the analysis of the proposal[,]" including questions regarding the following elements of the environment listed in Part B of the Checklist:

<sup>&</sup>lt;sup>5</sup> OPCD staff directory is available at <a href="http://www.seattle.gov/directory/deptall.asp?ID=853">http://www.seattle.gov/directory/deptall.asp?ID=853</a>

<sup>&</sup>lt;sup>6</sup> SDCI staff determined from its website at <a href="http://seattle.gov/dpd/">http://seattle.gov/dpd/</a>.

4b – removal of vegetation: testimony of architects Marty Kaplan and Gregory Hill of lack of analysis of impact upon tree canopy of increased DADU construction, increased lot coverage and construction of DADUs on smaller lots;

8j – displacement of people: testimony of planner Sou Souvanny of impacts of proposed legislation upon financial ability to acquire entry-level, owner-occupied single family properties;

9b – elimination of housing: testimony of economist William Reid and architect Gregory Hill regarding loss of single-family housing resulting from the increased economic incentive to convert lower-value single family properties into three unit rental properties;

10c – aesthetic impacts: testimony of architects Thomas Marshall, Gregory Hill and Marty Kaplan on increased lot coverage, and height, bulk and scale of DADUs allowed under the proposed ordinance;

14c – creation/elimination of parking: testimony of and schematic drawings prepared by Thomas Marshall illustrating on-street parking impacts created by tripling the number of dwelling units allowed per lot and removing on-site parking requirements for accessory dwelling units; testimony of John Shaw that in general increasing the number of dwelling units on a single family lot would likely increase the number of vehicles associated with that lot;

15 & 16 – need for public services and utilities: testimony by Marty Kaplan as to the lack of any analysis of the increased load placed on city services and utilities by tripling the number of allowable dwelling units on single family lots over the density for which the infrastructure was initially planned.

This error should be remedied through a remand back to OPCD with direction to to answer the Part B questions on the Environmental Checklist and render a new threshold determination based upon those responses.

### 3. OPCD failed to give actual consideration to attainment of the proposal's stated objectives.

OPCD has promoted the ADU/DADU legislation as a means for creating more affordable housing without any analysis of its ability to do so. But hearing testimony demonstrated that the proposed legislation would not create additional housing affordable to those within the groups the City identified within Resolution 31547. In fact,

the proposed legislation would have the opposite effect of making entry-level single-family housing less affordable to lower earners by allowing the conversion of such housing into triplexes and driving up land values.

The proposed ordinance purports to advance the objectives of Resolution 31547<sup>7</sup> and Resolution 31609.<sup>8</sup> The Environmental Checklist at 14 claims the proposal would advance the Comprehensive Plan Goal of providing affordable housing options.<sup>9</sup> DPD's October 2015 version of the *Removing Barriers* document claims that "DADUs are projected to serve households earning 80 to 120% of AMI.<sup>10</sup> The City purports to support this assertion by citing to the average cost of creating a certain type of DADU, one built within a converted garage.<sup>11</sup> But the stated construction cost of \$55,000 for all types of DADUs is only a small fraction of the cost of building a new DADU. The City's own witness, Matt Hutchins testified to construction costs of \$250 to \$350/square foot. For the average DADU size of 632 sqare feet referenced in the City's Exhibit 7 at 4, the total cost of construction at \$300/sq. ft. would be about \$190,000, or roughly 3.5 times the figure given by the City. Consistent with Hutchins's cost of construction estimates, Alison Van Gorp (whose husband is an architect) estimated the minimum construction cost of \$250,000 for a DADU.<sup>12</sup> As demonstrated by Mr. Kaplan, the cost of construction for a new DADU would require rents of approximately 50% above what would be

<sup>&</sup>lt;sup>7</sup> City Ex. 3, proposed ordinance at recital 1, citing to City Ex. 9, Resolution 31547 at recital 3 (objective of making rental housing affordable to households earning 60 to 80% of Area Median Income and making homeownership affordable to those earning 80 to 100% of AMI).

<sup>&</sup>lt;sup>8</sup> Proposed ordinance at recital 3, citing to objective within Resolution 31609 to increase affordable housing by removing barriers to the development of attached and detached accessory dwellings.

<sup>&</sup>lt;sup>9</sup> City Ex. 1.

<sup>&</sup>lt;sup>10</sup> City Ex. 7 at 21.

<sup>&</sup>lt;sup>11</sup> Testimony of Nick Welch.

<sup>&</sup>lt;sup>12</sup> Appellant's Ex. 23, Affordability tab, Email No. 2.

affordable to those earning 80 to 100% AMI. <sup>13</sup> Not even Mr. Welch claimed that the expansion of DADUs would increase rental housing affordable to those earning 60 – 80% AMI. He produced no data or analysis to support the assertion that the proposed legislation would result in increased housing affordable to the categories identified by Resolution 31547.

State and City SEPA procedures direct OPCD to analyze its proposed action "in terms of objectives, rather than preferred solutions." WAC 197-11-060(3)(a)(iii) and SMC 25.05.060(C)(1)(c). OPCD has failed to do so. Rather than objectively analyzing the potential for the ADU/DADU legislation to increase the availability of affordable housing, OPCD has sought to advance the "legacy" of a particular councilmember by pursuing a proposal the Executive chose not to advance and then attempting to justify that legislation through the pretext that it would increase affordable housing when OPCD's own staff and its consultants knew that it would not. <sup>14</sup> OPCD has failed to objectively analyze the ability of the proposed legislation to attain its stated objectives.

## 4. OPCD failed to consider the proposal's impacts upon existing housing.

Rising land values in Seattle have increased the rate of teardowns, the demolition of existing housing to make way for larger, more costly houses. Witnesses generally concurred that replacement housing sells for two to three times the cost of the housing it replaces. <sup>15</sup> As Mr. Reid testified, the enactment of the proposed ADU/DADU

<sup>&</sup>lt;sup>13</sup> Appellant's Ex. 16.

<sup>&</sup>lt;sup>14</sup> See e.g., Appellant's Ex. 23, Affordability, Email No. 3, message from Sugimura to Wentlandt that vacation rental of ADU at 150 to 250 per night was "not affordability!!!" (Exclamations in original).

<sup>&</sup>lt;sup>15</sup> Testimony of City's witness Sam Lai (testifying to tripling of cost of housing that replaces teardowns); Testimony of William Reid (concurring with tripling of cost, as reported in *The Seattle Times* article of August 28, 2016).

legislation -- i.e., allowing two accessory dwellings of 1000 square feet each<sup>16</sup> on the same lot, reducing the owner occupancy requirement to one year, and eliminating the on-site parking requirement for ADUs -- would greatly increase the return on a teardown by effectively converting each single family lot over 3200 square feet into a potential triplex, of which each unit could be rented and converted to income producing property. Mr. Reid further testified that the increased step-up in value created by the proposed legislation would put upward sales price pressure on lower value single family lots because those lots would allow a greater return on investment. Mr. Lai agreed that the creation of multiple rental units on a single family lot would increase its potential income stream, make the property more attractive for investment, and have the effect of driving up its property value.

In the absence of any study, analysis or empirical data, the City claimed that a one year owner occupancy requirement would discourage speculation. The the City admitted that nothing in the legislation would prevent a speculative builder from satisfying the one year residency requirement by developing a principal residence+ADU+DADU and having it occupied by a minority (e.g., 1%) member of the LLC. Likewise, nothing in the legislation would prevent an ADU/DADU developer from satisfying the 1 year occupancy requirement by regularly renting out the owner/occupied unit as an Air B&B, just as do many owner/occupants around the City. The content of the content of

<sup>&</sup>lt;sup>16</sup> Although City Ex. 6, the May 2016 *Removing Barriers* document at 8 claimed the legislation imposed a total 1000 sq ft limit for both an ADU and DADU together, in fact the proposed ordinance would allow each accessory dwelling unit to have 1000 sq ft, for a total of 2000 sq ft of additional rental space. See City Ex. 3, proposed ordinance at 13 and 15. The DNS at 3 also erroneously described the legislation as allowing only 200 sq ft of additional space when it would allow 1200 sq ft of additional space, beyond the 800 sq ft already allowed.

<sup>&</sup>lt;sup>17</sup> City Ex. 6, May 2016 Removing Barriers document at 5.

<sup>&</sup>lt;sup>18</sup> See e.g., <u>www.airbnb.com</u> (advertising over 300 bnbs within Seattle)

The Environmental Checklist at B9 requires consideration of the proposal's impacts on housing, including the type of housing impacted and the potential for elimination of housing. As supported by the testimony of William Reid, Sou Souvanny, Gregory Hill, Toby Thaler, and Marty Kaplan, consideration of impacts to housing would have provided meaningful analysis. Yet by claiming impacts to housing inapplicable, OPCD failed to give actual consideration to the potential impact of the proposed legislation on existing housing stock.

# 5. OPCD failed to consider the proposal's impacts upon the displacement of populations.

The Environmental Checklist at B(j)&(k) requires consideration of the proposal's impact on the displacement of people. As with housing, OPCD claims the question to be inapplicable. But as Sou Souvanny testified, the proposed legislation would potentially result in the displacement of people. From her own experience of growing up in the Rainier Valley, she spoke of the economic opportunities that lower cost, entry-level single family housing present for immigrant communities by allowing them the opportunity to invest in residential properties and of how those opportunities are diminished when speculative investment drives up the cost of housing.

Ms Souvanny concurred with Mr. Reid's testimony that expansion of the development of ADUs and DADUs would increase speculative investment in lower-value single-family properties and push their prices beyond the reach of those seeking their first real estate investments. She cited to examples of how development pressures had resulted in members of her own family leaving their community. Yet in its rush to "tell a positive story' about DADUs," OPCD completely ignores that passage of the ADU/DADU legislation would lead to the replacement of housing affordable by more

Appellant's Ex. 23, Bias tab, Email No. 19 (Wentlandt testimony on the perceived need to "'tell a positive story' about DADUs.")

people with higher cost housing affordable to fewer people. This displacement impact was never considered by OPCD, a violation of its duty to provide "complete disclosure of environmental consequences." *King County*, 122 Wn.2d at 664.

### 6. OPCD failed to consider the proposal's impacts upon height, bulk and scale.

The DNS at 3 asserts that "[t]aken together these adjustments [to the ADU/DADU limitations] amount to very minor and incremental increases to the height/bulk/scale of potential structures in single-family zones." This assertion does not reflect actual consideration of the height, bulk and scale of development allowed under the proposed legislation. The DNS and the Environmental Checklist do not accurately represent the magnitude of development allowed by the proposed ordinance.

The DNS at 3 erroneously claims enactment of the proposed ordinance would only allow 200 sq ft of accessory dwelling unit space more than currently allowed, when in fact it would allow 1200 sq ft of additional dwelling unit space. But even larger buildings would be allowed, since the proposed ordinance would not count garage or storage space as part of a DADU;<sup>20</sup> it would increase lot coverage by allowing DADUs of a height not exceeding 15 feet to occupy an additional 20% of the rear yard and by allowing rear yard lot coverage to be calculated from the centerline of an adjoining alley;<sup>21</sup> and it would increase the allowable building height for DADUs.<sup>22</sup>

The City's illustrations,<sup>23</sup> which the City had prepared for purposes of the hearing and not for its threshold determination, misrepresent the development allowed under

ARAMBURU & EUSTIS, LLP

<sup>&</sup>lt;sup>20</sup> City Ex. 3, proposed ordinance at 15, Table A.

<sup>&</sup>lt;sup>21</sup> Id.

<sup>22</sup> Id

<sup>&</sup>lt;sup>23</sup> City Ex. 4 (illustrations prepared by Matt Hutchins).

the proposed changes by showing a principal dwelling unit and DADU on 5000 sq ft lots with 35% lot coverage when the proposal would allow a principal residence+ADU+DADU on lots as small as 3200 sq ft and with lot coverage as high as 46%. Hurther, the City's illustrations do not consider the cumulative effect of the development of DADUs on a number of lots within a single block, as shown by the renditions prepared by Thomas Marshall. Mr. Hutchins agreed that his illustrations did not represent the effects of the ADU/DADU legislation on smaller lots or the effects of potential car ownership by occupants of each of the allowable dwelling units. Instead, without any supportive analyis or data, OPCD staff (Nick Welch) brushed aside the need for a cumulative impact assessment on asserted grounds that future ADUs and DADUs created under the proposed legislation would be evenly dispersed throughout the City. Other than relying on patterns resulting from current legislation, OPCD offered no evidence to refute the testimony of Mr. Reid and Ms Souvanny that lower-priced single-family housing would become the target for conversion to triplexes allowed by the proposed legislation.

# 7. OPCD's assessment of impacts upon parking is not supported by substantiated opinion and data.

If enacted, the proposal would allow a second accessory dwelling unit on an eligible lot (for a total of three) and remove the requirement for accessory dwelling units to provide any on-site parking. Without any studies, surveys, or other documentation, the DNS at 4 asserts that this "could result in minor localized impacts to the availability of on-street parking...." Without citing to any particular neighborhoods, OPCD attempts

<sup>&</sup>lt;sup>24</sup> Lot coverage of a 3200 sq ft lot would be the sum of 15% of the lot area and 1000 sq ft, for a total of 1480 sq ft, which would be 46% of 3200 sq ft, a figure that does not include additional lot coverage allowed by including a portion of an adjacent alley).

<sup>&</sup>lt;sup>25</sup> Appellant's Ex. 10.

to rationalize this statement with a general claim that "neighborhoods with greater constraints on on-street parking supply tend to be neighborhoods with a greater variety of transportation options..." *Id.* Whether or not true, OPCD offers no data, studies, reports, or analysis that those living in denser neighborhoods have a lower level of vehicle ownership, and presumably less need for parking. Likewise, OPCD offers nothing to support its underlying premise that the removal of the parking requirement for accessory dwelling units would have little impact upon on-street parking on asserted grounds that denser neighborhoods do not need the parking (on account of lower vehicle ownership) and conversely that less dense neighborhoods would already have ample on-street parking.

Mr. Marshall demonstrated the likelihood of significant parking impacts. At Appellant's Exhibit 10, he showed the cumulative effect upon on-street parking from the development of a number ADUs and DADUs on a single block. His analysis gives the consideration required by SEPA in that it shows the cumulative effect of full build-out that would be allowed by the ordinance. But in support of its claims of minor impacts, the City did not produce any studies, pilot projects, or other documentation. OPCD's witness on parking and transportation impacts, John Shaw, was only contacted to testify at the appeal and he provided no input into the DNS itself. In fact, he had not read the proposed legislation and did not know its details. His testimony supported the conclusion that the proposed legislation would increase parking impacts. He estimated the rate of vehicle ownership to be between 1 and 2 vehicles per household and he agreed that increasing the number of households would increase the number of cars in

<sup>&</sup>lt;sup>26</sup> WAC 197-11-060(4)(d) and SMC 25.05.060(D)(4)(impacts include those effects resulting from growth caused by the proposal) and cf, *Ullock v. City of Bremerton,* 17 Wn. App. 573, 581, 565 P.2d 1179 (1977)(EIS for non-project zoning action must consider maximum potential development allowed by proposed zoning).

21

22

23

24

25

that area, which confirms what Mr. Marshall showed in Appellant's Exhibit 10. Essentially, OPCD's dismissal of parking impacts is refuted by its own witness.

### 8. OPCD fails to support its claim of negligible impacts upon services and facilities.

The Environmental Checklist at 16-17 asserts that "[a]ny localized adverse impacts on transportation systems due to incremental vehicle or transit trips resulting from this proposal are negligible, as are any localized impacts on utility infrastructure... ." As Mr. Kaplan pointed out in his review of over 4600 email messages, attachments. and other documents, absolutely no studies, reports, surveys, assessments or analyses support this assertion. The road and utility systems in single-family neighborhoods subject to the ordinance were laid out to support a single dwelling unit on a given lot. The proposed ordinance would triple the allowed density. No study has been done to determine if the existing transportation and utility infrastructure could support a tripling in density. OPCD attempts to support its claims of no greater density on grounds that the limit of no more than eight unrelated adults on a given lot would continue to apply.<sup>27</sup> But such a limit would not mean there would be no increase in density, as each single family lot expanded from one principal residence to a principal residence+ADU+DADU would triple the number of households on that lot. With an average of 1.97 persons per household, 28 such development would increase the number of residents per affected lot from about two to about six. In defense of its claim of negligible impacts to infrastructure, OPCD has offered no data or analysis.

ARAMBURU & EUSTIS, LLP

<sup>&</sup>lt;sup>27</sup> Environmental Checklist at 14.

<sup>&</sup>lt;sup>28</sup> Appellant's Ex. 14, OPCD, Population and Demographics table.

#### Conclusion

For the reasons given above and through the testimony of witnesses, the DNS is clearly erroneous and should be vacated. The proposed legislation would create the likelihood of significant adverse environmental impacts and requires the preparation of an environmental impact statement.

Dated this 9th day of November, 2016.

ARAMBURU & EUSTIS

Attorney for Queen Anne Community Council

#### **DECLARATION OF SERVICE**

1	DEGENTATION OF GENTLE
	I am a partner in the law offices of Aramburu & Eustis, LLP, over eighteen years
2	of age and competent to be a witness herein. On the date below, I served copies of the
3 4	foregoing document upon parties of record, addressed as follows:
5 6	Nick Welch City of Seattle Office of Planning and Community Development Nicolas.Welch@seattle.gov □ first class postage prepaid,
7 8	■ email □ facsimile □ hand delivery / messenger
9	Geoff Wentlandt City of Seattle Office of Planning and Community Development
10 11	Geoff.Wentlandt@seattle.gov ☐ first class postage prepaid, ■ email ☐ facsimile
12	□ hand delivery / messenger
13	I declare under penalty of perjury under the laws of the State of Washington that
14	the foregoing is true and correct to the best of my knowledge and belief.
15	DATED: November 92016.
16	Jeffred M. Eustis
17	
18	
19	
20	