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8 BEFORE THE HEARING EXAMINER  
9 FOR THE CITY OF SEATTLE

10 In the Matter of the Appeals of:

11 621 APARTMENTS LLC, ROY STREET  
12 COMMONS LLC, ERIC AND AMY  
13 FRIEDLAND, RAISSA RENEE LYLES,  
14 SEATTLE SHORT TERM RENTAL  
15 ALLIANCE, SEA TO SKY RENTALS, AND  
16 MICHELLE ACQUAVELLA

17 of the adequacy of the Determination of Non-  
18 Significance (DNS) for Land Use Code and  
19 Licensing Code text amendments relating to short  
20 term rentals issued by the Director, Seattle  
21 Department of Construction & Inspections.

Hearing Examiner Files:

W-17-002  
W-17-003

DECLARATION OF COURTNEY A.  
KAYLOR IN SUPPORT OF  
APPELLANTS' MOTION FOR  
SUMMARY JUDGMENT

22 I, Courtney A. Kaylor, declare as follows:

23 1. I am the attorney for Appellants 621 Apartments LLC et al. ("Appellants") in this  
24 matter. I am competent to testify and make this declaration based on my personal knowledge.

25 2. Attached to this declaration are true and correct copies of the following  
26 documents:

27 **Exhibit A:** Seattle City Council Affordable Housing, Neighborhoods and Finance  
28 Committee Agenda, 6/15/16 with attachment "Regulating Short Term Rentals – Summary."

DECLARATION OF COURTNEY A. KAYLOR IN  
SUPPORT OF APPELLANTS' MOTION FOR  
SUMMARY JUDGMENT - Page 1 of 2

**McCullough Hill Leary, PS**

701 Fifth Avenue, Suite 6600  
Seattle, Washington 98104  
206.812.3388  
206.812.3389 fax



**EXHIBIT A-1**



# SEATTLE CITY COUNCIL

## Affordable Housing, Neighborhoods, and Finance Committee

### Agenda

Wednesday, June 15, 2016

9:30 AM

Council Chamber, City Hall  
600 4th Avenue  
Seattle, WA 98104

Tim Burgess, Chair  
Lisa Herbold, Vice Chair  
Rob Johnson, Member  
Mike O'Brien, Alternate

Chair Info: 206-684-8806; [tim.burgess@seattle.gov](mailto:tim.burgess@seattle.gov)

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Council Chamber Listen Line: 206-684-8566

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206-684-8888 (TTY Relay 7-1-1), email [CouncilAgenda@Seattle.gov](mailto:CouncilAgenda@Seattle.gov), or visit  
<http://seattle.gov/cityclerk/accommodations>.



**SEATTLE CITY COUNCIL**  
**Affordable Housing, Neighborhoods, and Finance**  
**Committee**  
**Agenda**  
**June 15, 2016 - 9:30 AM**

**Meeting Location:**

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

**Committee Website:**

<http://www.seattle.gov/council/committees/affordable-housing-neighborhoods-and-finance>

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This meeting also constitutes a meeting of the Full Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

*Please Note: Times listed are estimated*

**A. Call To Order**

**B. Public Comment**

(20 minutes, to 9:50 a.m.)

**C. Items of Business**

1. **Short Term Rental Regulations Proposal Overview**

Supporting  
Documents:

[Presentation](#)

[Regulating Short Term Rentals - Summary](#)

[Regulating Short Term Rentals - FAQs](#)

[Regulating Short Term Rentals - Policy Brief](#)

**Briefing and Discussion**

(45 minutes, to 10:35 a.m.)

**Presenters:** David Mendoza, Office of Policy and Innovation; Aly Pennucci, Council Central Staff; Nate Van Duzer, Councilmember Burgess' Office

2. [CB 118697](#) **AN ORDINANCE relating to City employment commonly referred to as the First Quarter 2016 Employment Ordinance; establishing new titles and/or salaries; designating positions as exempt from Civil Service status; amending Sections 4.13.010, 4.20.160, 4.20.401, 4.20.440, 4.20.450, and 4.34.035 of the Seattle Municipal Code; and ratifying and confirming certain prior acts; all by a 2/3 vote of the City Council.**

Supporting  
Documents:

[Summary and Fiscal Note](#)

[Summary Att 1 - Summary of Actions](#)

**Briefing, Discussion, and Possible Vote**

(5 minutes, to 10:40 a.m.)

**Presenters:** David Bracilano, Kimberly Loving, and Elaine Gentilo, Seattle Department of Human Resources; Patricia Lee, Council Central Staff

3. **SLI Response to Race and Social Justice Initiative (RSJI)  
Analysis of Department of Neighborhoods (DON) Grant  
Programs**

Supporting  
Documents:

[SLI 20-1-A-1 RSJI Analysis of DON Grant Programs  
Response to SLI 20-1-A-1](#)

**Briefing and Discussion**  
(20 minutes, to 11:00 a.m.)

**Presenters:** Kathy Nyland and Tim Wolfe, Department of  
Neighborhoods; Alan Lee, Council Central Staff

4. **2015 Multifamily Tax Exemption (MFTE) Annual Report and  
1st Trimester 2016 Report**

Supporting  
Documents:

[MFTE 1st Trimester 2016 Report  
Presentation](#)

**Briefing and Discussion**  
(25 minutes, to 11:25 a.m.)

**Presenters:** Emily Alvarado, Office of Housing

**D. Adjournment**

**EXHIBIT A-2**



# Short Term Rental Regulations Summary

## Primary goal

Balance the economic opportunity created by short term rentals with the need to maintain supply of long-term rental housing stock available at a range of prices.

## Secondary goals

A) Ensure a level playing field for individuals and companies in the short term rental market and B) Protect the rights and safety of owners, guests and neighbors of these units.

## Definitions

- “Short Term Rental” is a booked stay of 29 consecutive nights or fewer
- “Long Term Rental” is a booked stay of 30 consecutive nights or more (these stays are excluded from an operator’s cumulative Short Term Rental nights total)
- “Operator” is the rental host
- “Platform” is the online company that facilitates the rental (Airbnb, VRBO, etc.)

## Basic Regulatory Framework:

	Primary Residence Short term rental operator resides on-site	Not Primary Residence Short term rental operator resides off-site
Rented <b>90 cumulative nights or fewer</b> for short term rentals in 12 month period	<b>Status Quo</b> (includes having a business license and paying applicable taxes)	<b>Status Quo</b> (includes having a business license and paying applicable taxes)
Rented <b>91 cumulative nights or more</b> for short term rentals in 12 month period	Requires a <b>new Short Term Rental Operator’s license</b> in addition to business license.	<b>Prohibited</b>

## Requirements of a Short Term Rental Operator license

- proof that the unit being rented is your primary residence,
- proof of liability insurance that covers the short term rental use,
- a local contact number for guests,
- a signed declaration that the unit is up to code, and
- basic safety information posted for guests in the unit.

## Requirements of a Short Term Rental Platform license

- to provide information about Seattle’s regulations to operators using the platform and
- to share basic data with the City on a quarterly basis, including
  - names and addresses of operators, and
  - the number of nights each operator has rented on the platform for the last 12 months (excluding stays of 30 consecutive nights or longer).

**EXHIBIT B-1**



# SEATTLE CITY COUNCIL

## Affordable Housing, Neighborhoods, and Finance Committee

### Agenda

Wednesday, July 20, 2016

9:30 AM

Council Chamber, City Hall  
600 4th Avenue  
Seattle, WA 98104

Tim Burgess, Chair  
Lisa Herbold, Vice Chair  
Rob Johnson, Member  
Mike O'Brien, Alternate

Chair Info: 206-684-8806; [tim.burgess@seattle.gov](mailto:tim.burgess@seattle.gov)

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**SEATTLE CITY COUNCIL**  
**Affordable Housing, Neighborhoods, and Finance**  
**Committee**  
**Agenda**  
**July 20, 2016 - 9:30 AM**

**Meeting Location:**

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

**Committee Website:**

<http://www.seattle.gov/council/committees/affordable-housing-neighborhoods-and-finance>

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This meeting also constitutes a meeting of the Full Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

*Please Note: Times listed are estimated*

**A. Call To Order**

**B. Public Comment**

(20 minutes, to 9:50 a.m.)

**C. Items of Business**

1. **Short Term Rental Regulations Discussion**

Supporting  
Documents:

[Policy Brief](#)

[Summary](#)

[FAQs](#)

[Modified Policy Approach - July 20, 2016](#)

**Briefing and Discussion**

(20 minutes, to 10:10 a.m.)

**Presenters:** Ketil Freeman, Council Central Staff; Nate Van Duzer,  
Councilmember Burgess' Office

2. [CB 118716](#) **AN ORDINANCE related to increasing the Business License Tax rates and amending Section 5.45.050 of the Seattle Municipal Code.**

Supporting  
Documents:

[Summary and Fiscal Note](#)

**Briefing, Discussion and Possible Vote**

(10 minutes, to 10:20 a.m.)

**Presenters:** Ben Noble, City Budget Office; Glen Lee, Department of  
Finance and Administrative Services

3. [CB 118715](#) **AN ORDINANCE related to increasing the Business License Tax Certificate Fee and amending Sections 5.30.060 and 5.55.030 of the Seattle Municipal Code.**

Supporting  
Documents:

[Summary and Fiscal Note](#)

[Proposed Substitute Bill \(added; 7-19-16\)](#)

[Proposed Alternative Business License Fee Structure Summary](#)

**Briefing, Discussion and Possible Vote**

(10 minutes, to 10:30 a.m.)

**Presenters:** Ben Noble, City Budget Office; Glen Lee, Department of  
Finance and Administrative Services

4.     [CB 118737](#)     **AN ORDINANCE relating to the Seattle City Employees' Retirement System; creating a separate retirement plan for City employees whose membership in the Retirement System begins on or after January 1, 2017; clarifying certain provisions and making technical corrections; and adding new Sections 4.36.005, 4.36.607, and 4.36.608 to, and amending Sections 4.36.010, 4.36.020, 4.36.030, 4.36.040, 4.36.050, 4.36.060, 4.36.070, 4.36.080, 4.36.090, 4.36.500, 4.36.505, 4.36.510, 4.36.515, 4.36.520, 4.36.525, 4.36.530, 4.36.540, 4.36.545, 4.36.550, 4.36.555, 4.36.560, 4.36.565, 4.36.567, 4.36.570, 4.36.575, 4.36.580, 4.36.585, 4.36.590, 4.36.595, 4.36.600, 4.36.605, 4.36.610, 4.36.615, 4.36.620, 4.36.625, 4.36.630, 4.36.635, 4.36.640, 4.36.645, 4.36.650, 4.36.655, 4.36.660, 4.36.665, 4.36.670, 4.36.675, 4.36.680, 4.36.690, 4.36.695, 4.36.705, 4.36.710, 4.36.715, 4.36.720, and 4.36.900 of, the Seattle Municipal Code.**

Supporting Documents:

[Summary and Fiscal Note](#)  
[Central Staff Memo \(updated; 7-19-16\)](#)

**Briefing and Discussion**  
(20 minutes, to 10:50 a.m.)

**Presenters:** Jeff Davis, Seattle City Employees' Retirement System; Mike Monaco, Song Mondress PLLC; Erik Sund, Council Central Staff

5.     **Youth Voice, Youth Choice Briefing**

Attachments:     [Presentation](#)

**Briefing and Discussion**  
(20 minutes, to 11:10 a.m.)

**Presenters:** Tim Wolfe and Jenny Frankl, Department of Neighborhoods

**D. Adjournment**

**EXHIBIT B-2**



# Short Term Rental Regulations Taking the Next Step

## Two Main Policy Concerns

Two main policy concerns arose after the first discussion of the proposed short term rental regulations:

1. The City may not be able to rely on rental platforms to cooperate with the proposed structure.
2. Individuals have expressed concerns about the treatment of existing short term rentals in secondary residences, given current law is not explicitly prohibitive.

A proposed alternative approach would address these concerns by providing a limited amnesty for existing operators on one hand and by simplifying the regulatory framework on the other, requiring licensing and primary residency from day one (instead of after 90 days).

## Requirements for Rental Operators

- Meet existing City business license requirements
- Obtain operator regulatory license (Title 6) with minimal fee
- Certify that property is the primary residence of the operator
- Meet disclosure requirements related to safety/emergency procedures
- Include city business license number in all advertising
- No limit on number of days used as short term rental
- One year grace period from the effective date of ordinance to come into compliance

## Limited Exception:

### Requirements for Rental Operators using Existing Secondary Residence

- Within a defined window, individual households may register and license one dwelling unit apart from primary residence if:
  - They had a business license prior to June 1, 2016 for that unit
  - They have proof that they have paid applicable taxes for that unit
- Year-round short term rental uses will be allowed to continue operation at these properties for a period of 10 years or when the property changes ownership, whichever is shorter

## Requirements for Rental Platforms

- Meet existing City business license requirements
- Obtain platform regulatory license (Title 6) with fee based on size of activity on platform
- Provide City with periodic reports on total number of nights rented



## **EXHIBIT C**

# Housing Affordability Impacts of HomeAway in Seattle

# Scope of our analysis

1. The role of short-term rentals in the Seattle housing market
2. Characteristics of HomeAway rentals
3. The observed effect of HomeAway on Seattle housing prices and affordability
4. Impact of HomeAway properties on low-income and vulnerable populations

# HomeAway Summary Stats

Number of  
properties rented  
at least once 498

Average nights  
per stay 4.1

Percent of hosts  
renting out an  
entire property 100%

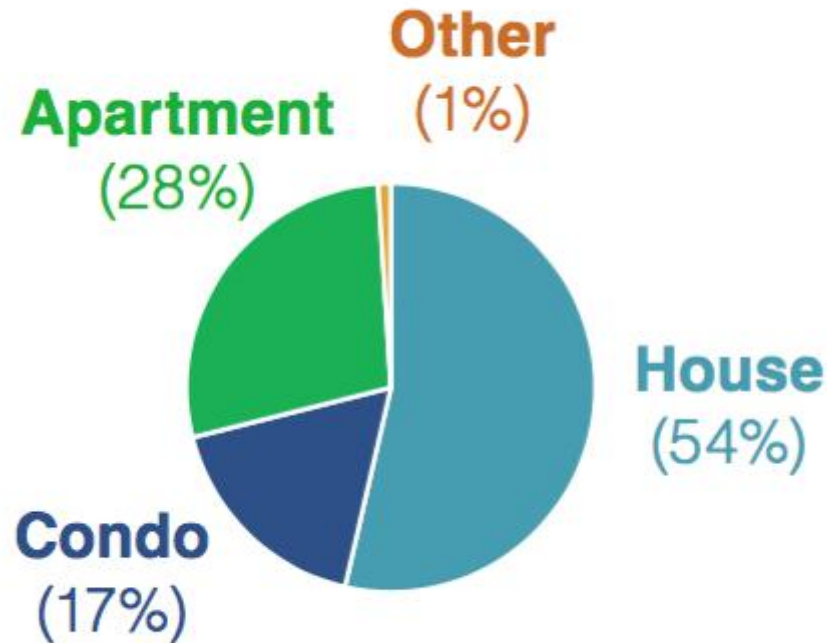
Average cost  
per night \$207

Median nights  
rented per year 100

*April 2015-April 2016*

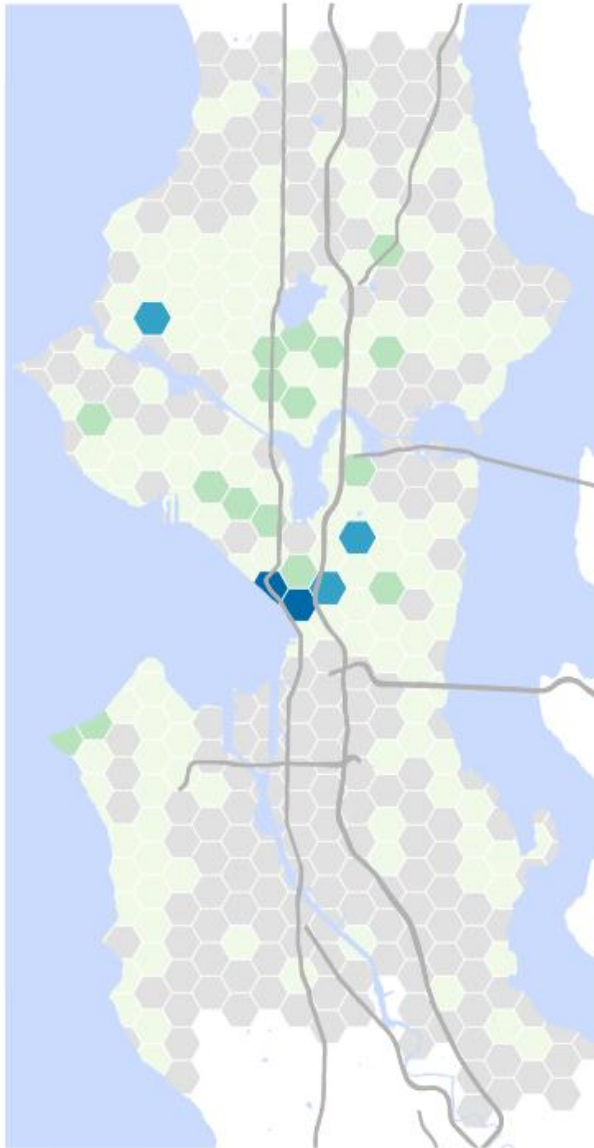
# HomeAway Summary Stats

## Types of Properties Rented on HomeAway

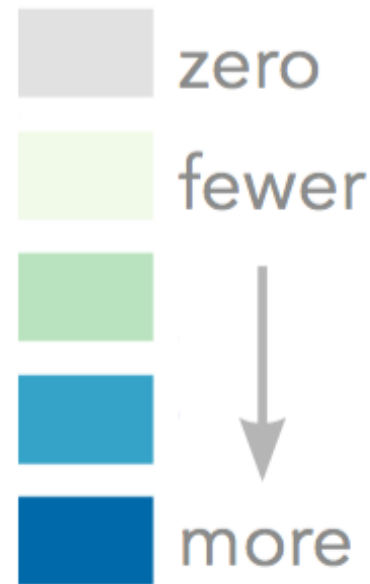


*April 2015-April 2016*

# HomeAway Summary Stats

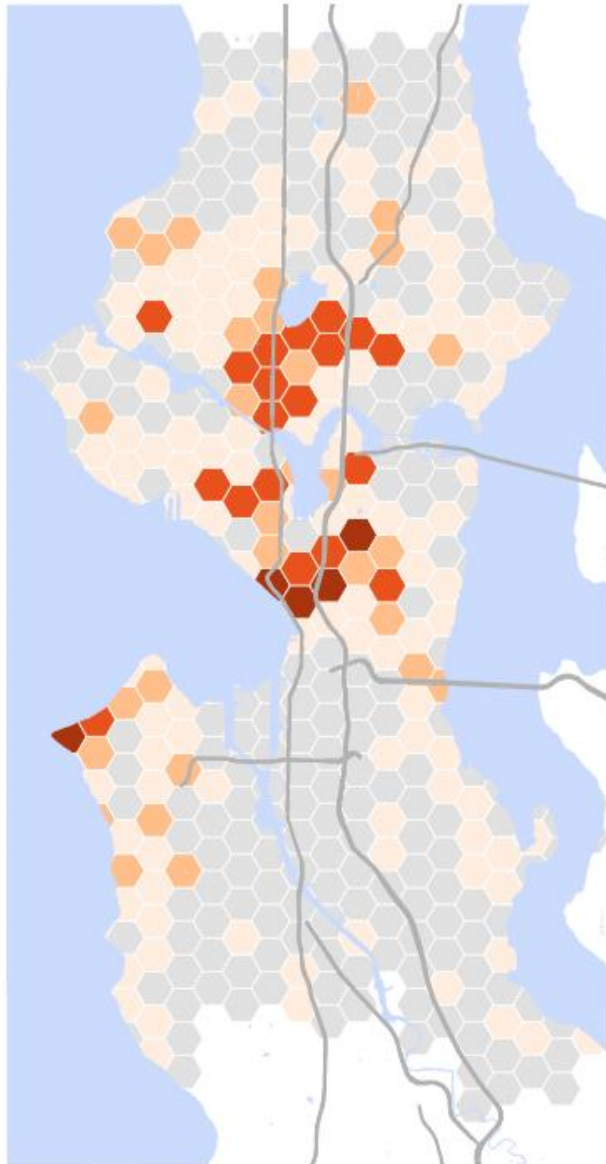


**Number of  
HomeAway  
properties rented  
at least once**

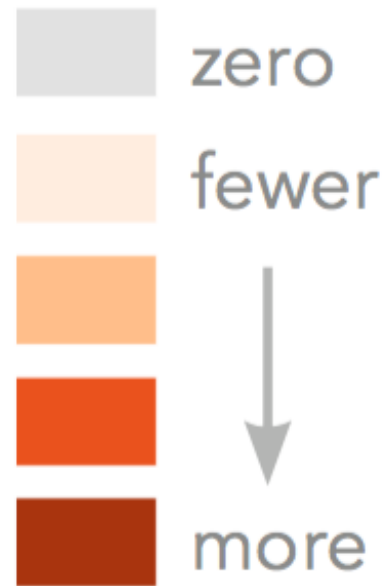


*April 2015-April 2016*

# HomeAway Summary Stats



Number of nights  
booked at HomeAway  
properties



*April 2015-April 2016*

# Findings



# HomeAway properties are a very small share of Seattle's total housing stock

## Single-family housing



## Multifamily housing



Number of units  
in Seattle (2014)

154,500

169,900

Number of  
HomeAway  
properties rented  
at least once

272

226

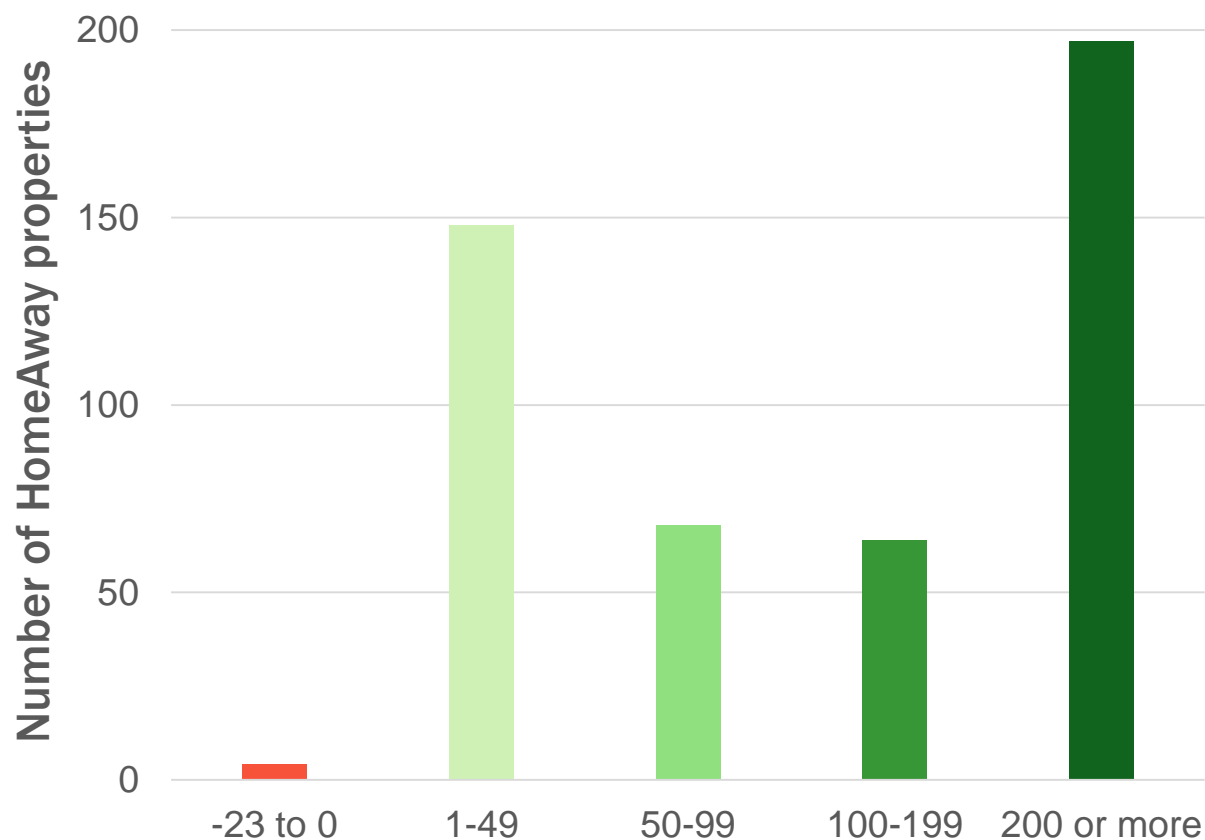
Percent of total  
units rented on  
HomeAway

0.18%

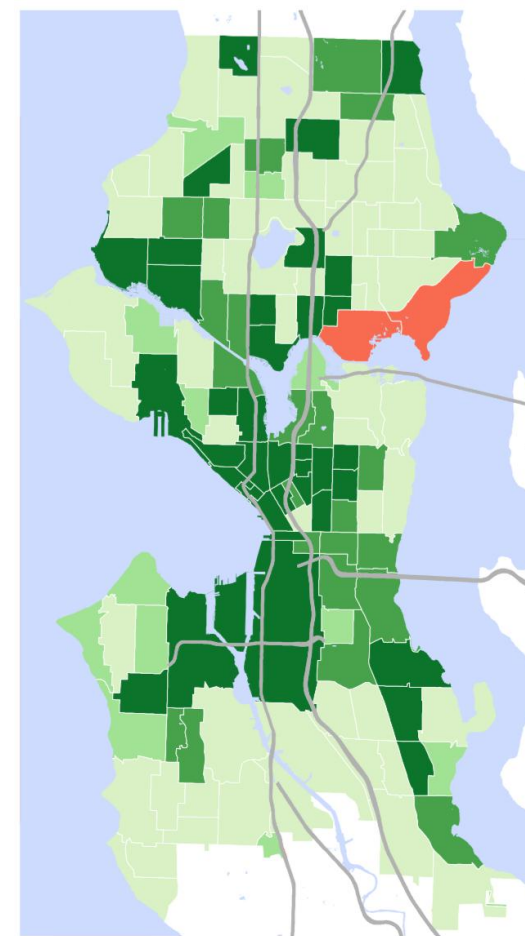
0.13%

# HomeAway properties tend to be located in areas of Seattle that have added the most housing units

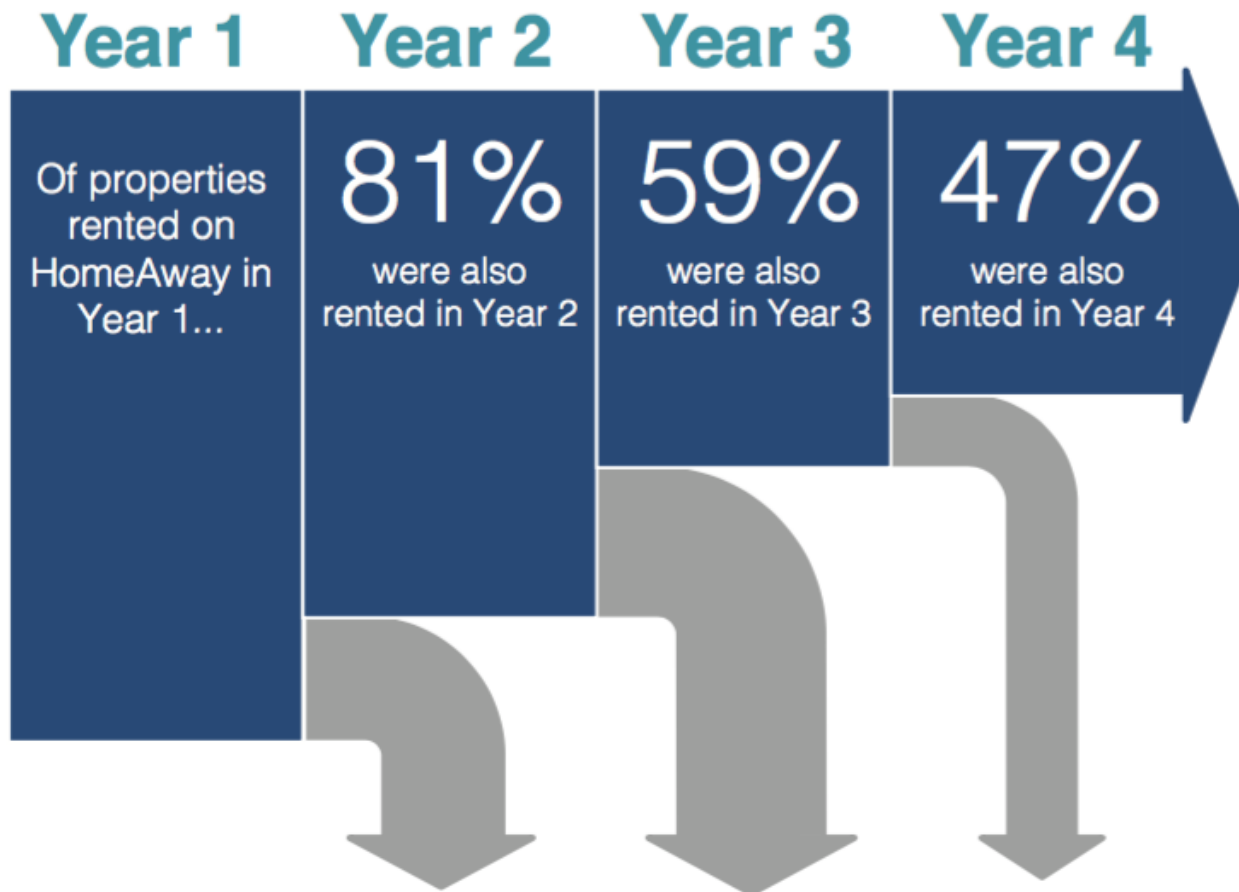
## Distribution of HomeAway Properties by Number of Residential Units Built 2010-2014



Net new units built 2010-2014 by census tract



# HomeAway properties don't stay on the short-term rental market



**More than half of HomeAway properties rented in Year 1 were not renting on HomeAway 3 years later**

# Few HomeAway properties generate significant short-term rental income

- About 60% of 1, 2, and 3 bedroom properties on HomeAway earn less than comparable long-term rents.

How much money do people make renting on HomeAway?



# A sizable share of HomeAway hosts occupy the property for a portion of the year

Host lives at property part of the year

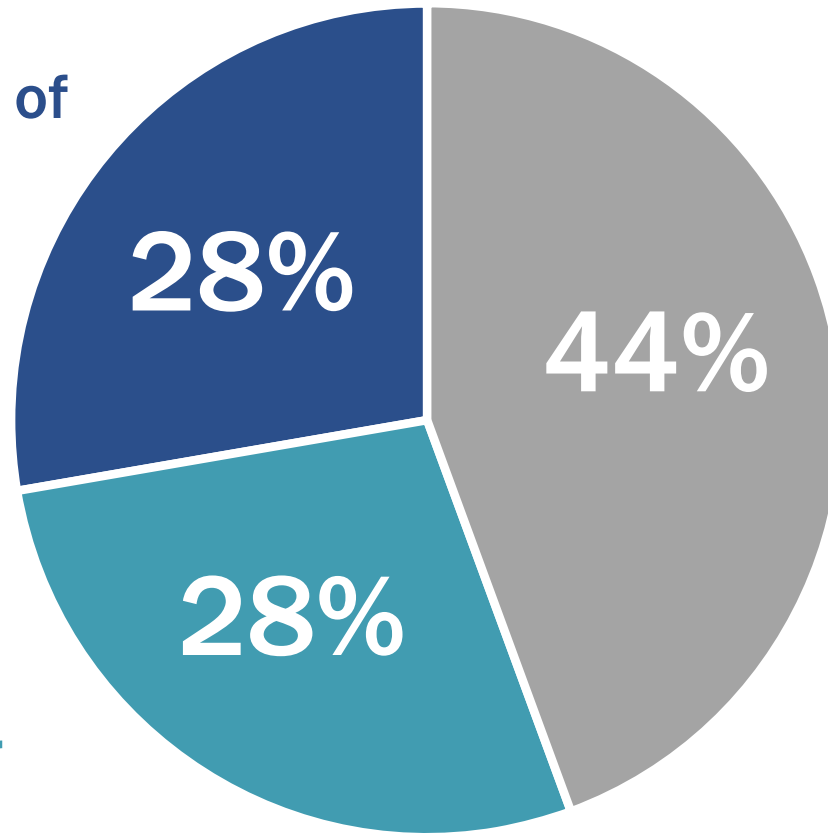
28%

For Rent by Owner

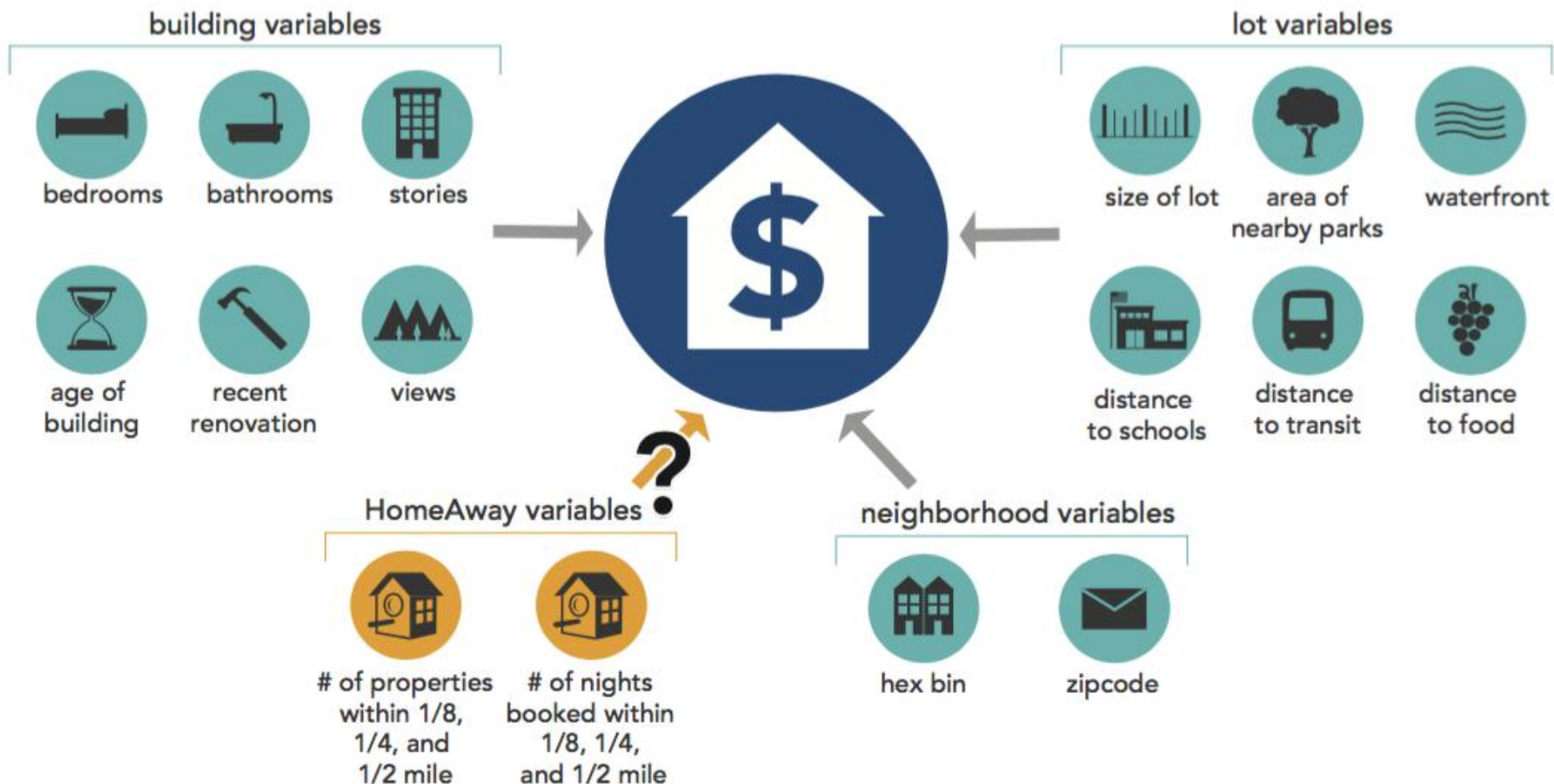
28%

Property Manager

44%

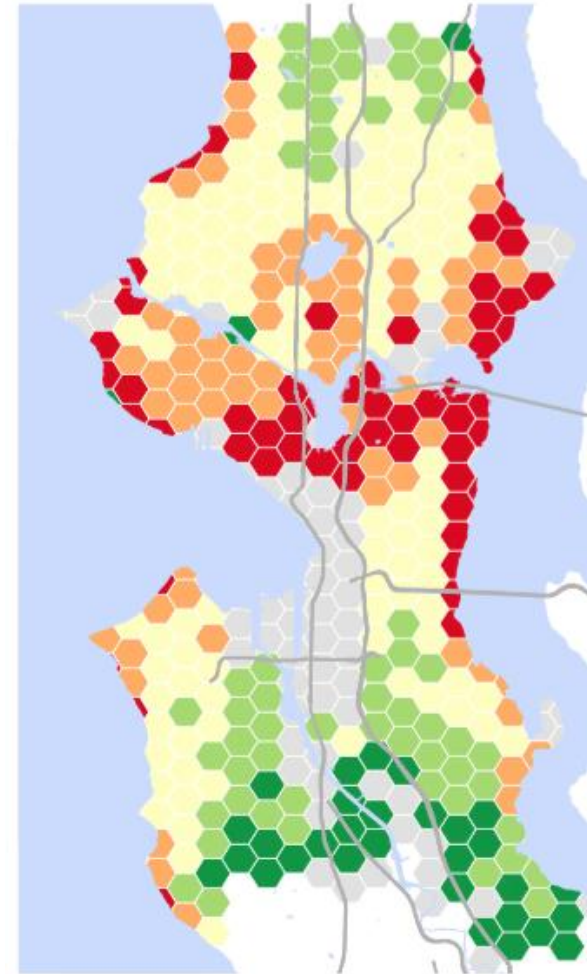
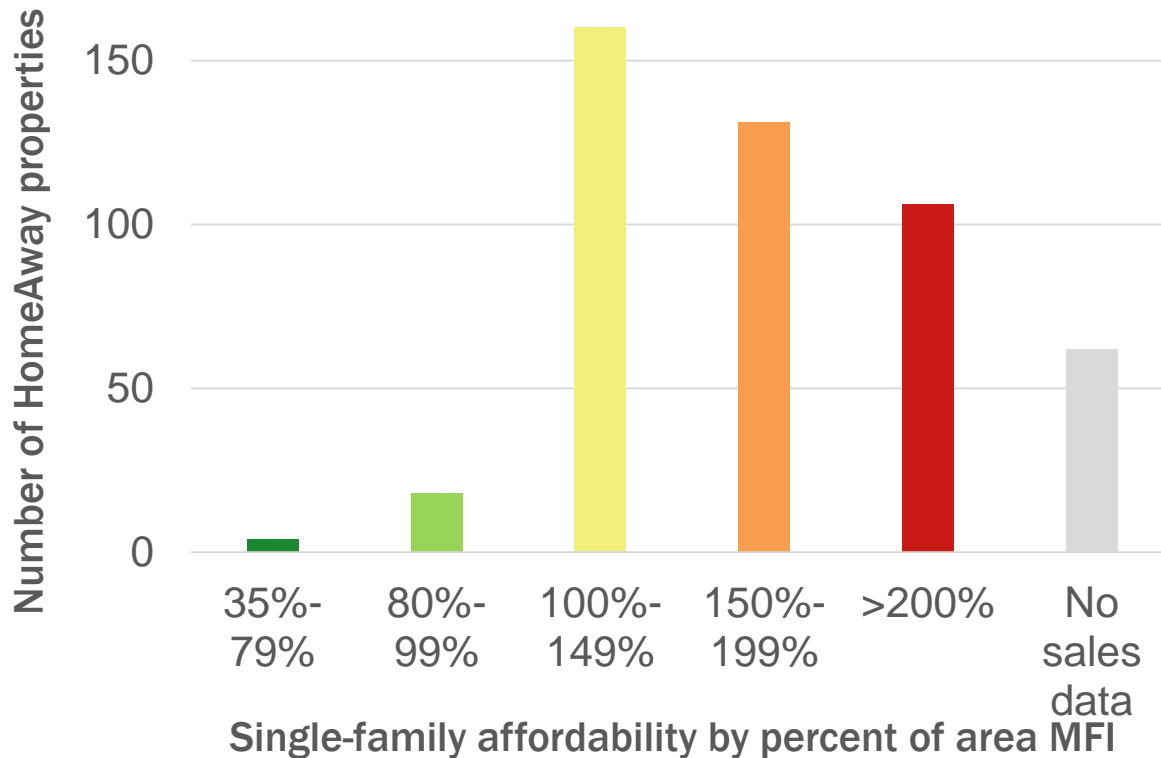


# HomeAway properties have no impact on the sales prices of nearby homes



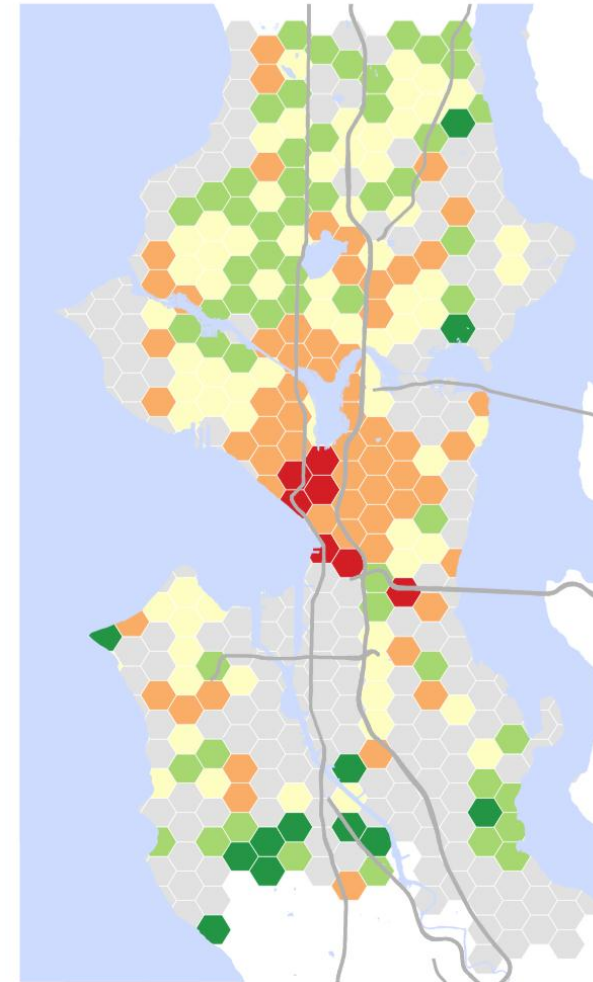
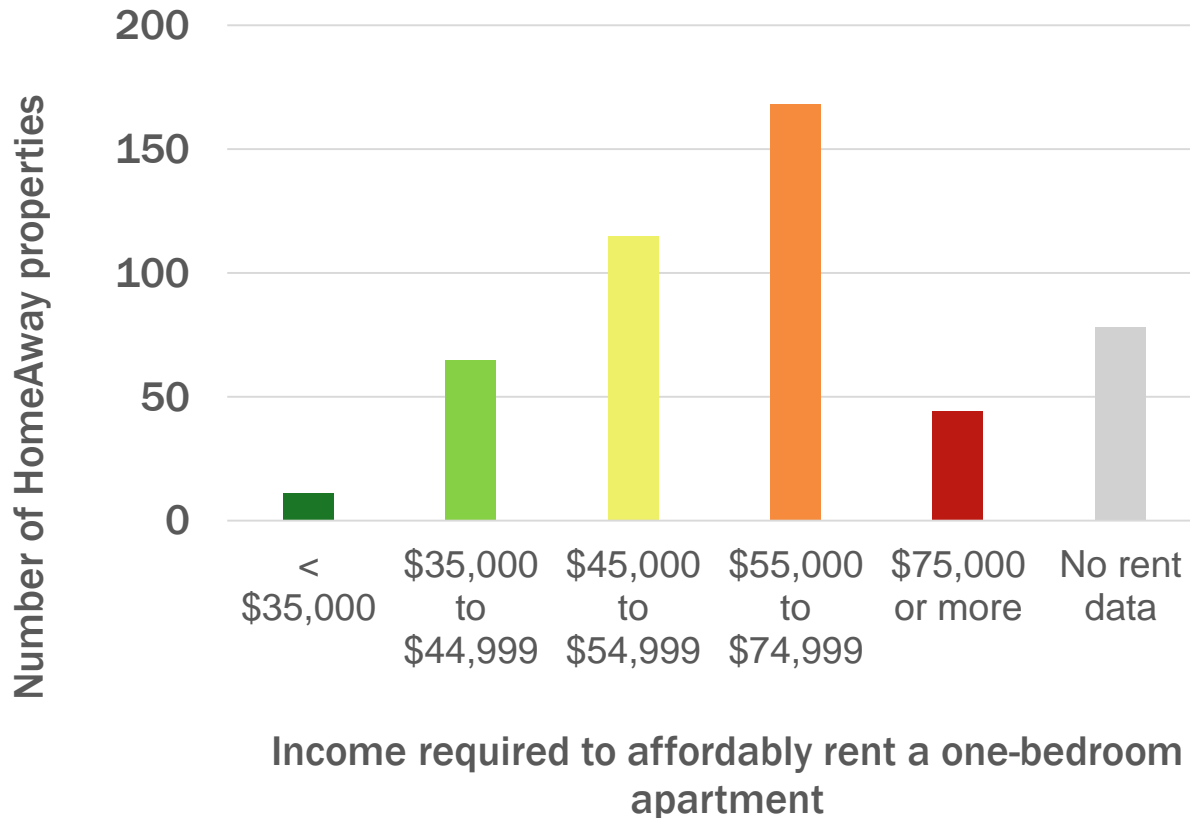
# Most HomeAway properties are located where home prices are less affordable

**Distribution of HomeAway Properties by Percent of Area Median Family Income Required to Afford a Home**



# HomeAway properties are located where multifamily rents are less affordable

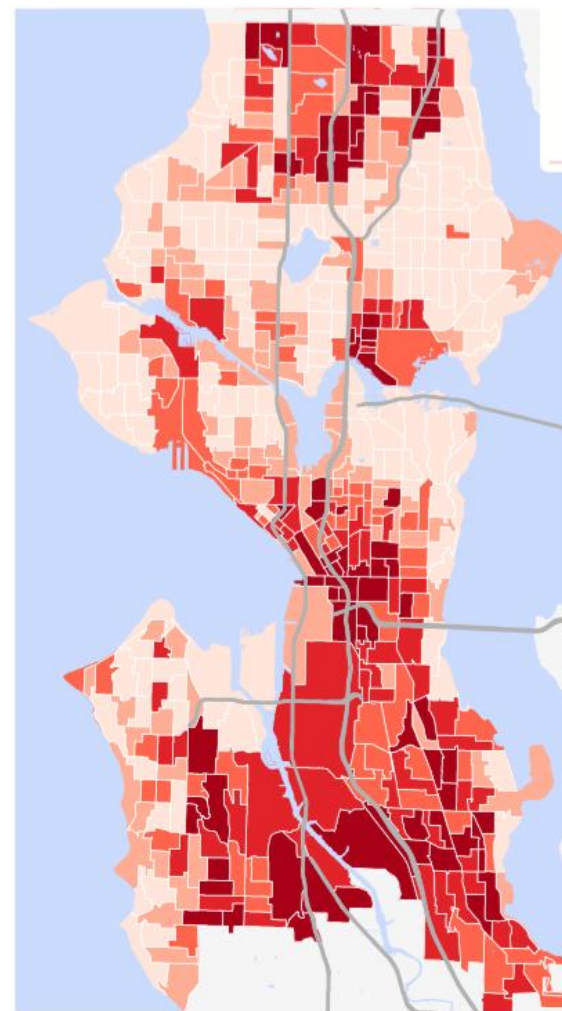
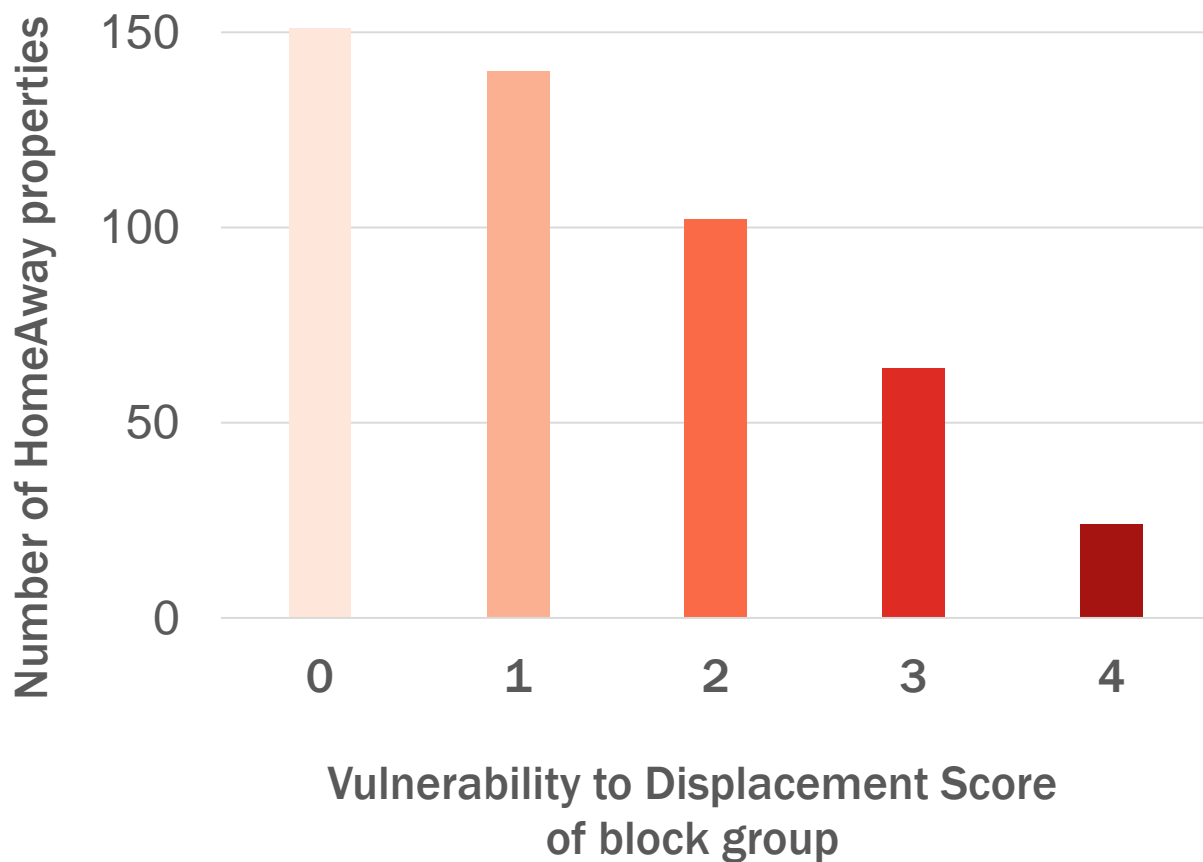
## Distribution of HomeAway Properties by Income Required to Afford a 1-Bedroom Apartment





# Few HomeAway properties are located in areas at high risk of displacement

## Distribution of HomeAway Properties by Vulnerability to Displacement Score



## **EXHIBIT D**

**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

..title

AN ORDINANCE amending Sections 22.214.030, 23.44.051, 23.45.504, 23.45.545, 23.84A.024, 23.84A.030, and 23.84A.036 of the Seattle Municipal Code (SMC); and adding a new Section 23.42.060 to the SMC; relating to short-term rental uses and bed and breakfast uses.

...body

WHEREAS housing vacancy rates are at low levels, making it increasingly difficult for people to obtain permanent housing; and

WHEREAS, removal of residential units from the long-term housing market contributes to low vacancy rates; and

WHEREAS, the conversion of long-term housing units to short-term rentals could result in the loss of housing for Seattle residents; and

WHEREAS, it is in the public interest that short-term rental uses be regulated in order to help preserve housing for long-term tenants; and

WHEREAS, the business model of short-term rental agencies depends upon participation and contact with local short-term rental operators; and

WHEREAS, the standards for the operation of short-term rental uses contained in this ordinance help to preserve the availability of housing for long-term rentals by limiting the number of short-term rentals a person can operate, reduce negative effects on affordable housing, and protect the safety and livability of residential neighborhoods; and

WHEREAS, the City Council finds that this ordinance is necessary to protect and promote the health, safety, and welfare of the general public; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

1 Section 1. Section 22.214.030 of the Seattle Municipal Code, last amended by Ordinance  
2 124312, is amended as follows:

3 **22.214.030 Applicability**

4 A. The registration provisions of this Chapter 22.214 shall apply to all rental housing  
5 units with the exception of:

6 1. Housing units lawfully used as ~~((vacation))~~ short-term rentals for periods  
7 not to exceed three consecutive months and not consecutively used by the same individual or  
8 individuals for more than three months in any ~~((twelve))~~ 12-month period;

9 2. Housing units rented for not more than 12 consecutive months as a result  
10 of the property owner, who previously occupied the unit as a primary residence, taking a work-  
11 related leave of absence or assignment such as an academic sabbatical or temporary transfer;

12 3. Housing units that are a unit unavailable for rent;

13 4. Housing units in hotels, motels, inns, bed and breakfasts, or ~~((in))~~ similar  
14 accommodations that provide lodging for transient guests, but not including short-term rentals as  
15 defined in Section 23.84A.024 unless the short-term rental qualifies for exemption under  
16 subsection 23.214.030.A.1;

17 5. Housing units in facilities licensed or required to be licensed under  
18 ~~((RCW))~~ chapter 18.20, ~~((RCW))~~ 70.128, or ~~((RCW))~~ 72.36 RCW, or subject to another  
19 exemption under this Chapter 22.214;

20 6. Housing units in any state licensed hospital, hospice, community-care  
21 facility, intermediate-care facility, or nursing home;

22 7. Housing units in any convent, monastery, or other facility occupied  
23 exclusively by members of a religious order or congregation;



1 of residents allowed in a household by this code. For sites with an accessory dwelling unit, the  
2 total number of residents and guests occupying both the dwelling unit and any accessory  
3 dwelling units may not exceed the number of residents allowed for a household.

4 E. Short-term rental uses may display signs identifying the use if the signs are  
5 permitted by Chapter 23.55.

6 F. If a short-term rental operator provides breakfast, light snacks, or both to guests,  
7 the facility and operator must meet applicable health and safety regulations including but not  
8 limited to regulations of Public Health—Seattle & King County and the Washington State  
9 Department of Health.

10 G. Notwithstanding Sections 23.42.100, 23.42.102, and 23.42.104, short-term rental  
11 uses, as defined in Section 23.84A.024, in existence prior to adoption of Council Bill \_\_\_\_\_  
12 shall comply with the requirements of this Chapter 23.42 no later than one year from the  
13 adoption of Council Bill \_\_\_\_\_.

14 Section 3. Section 23.44.051 of the Seattle Municipal Code, last amended by Ordinance  
15 124919, is amended as follows:

16 **23.44.051 Bed and breakfasts**

17 ~~((A bed and breakfast use is permitted if it meets the following standards))~~

18 A. ~~((General provisions))~~ New bed and breakfast uses. Subject to Section 23.76.026,  
19 proposed bed and breakfast uses are prohibited after the effective date of Council Bill \_\_\_\_\_.  
20 Proposed uses that would have been classified as a bed and breakfast use before that date may  
21 qualify and be permitted as a short-term rental use.

22 B. Existing bed and breakfast uses

1                   1.       Existing bed and breakfast uses are not deemed to be nonconforming uses,  
2 notwithstanding Sections 23.42.100, 23.42.102, and 23.42.104. Except as provided below, an  
3 existing bed and breakfast use is a use that has one or more of the following: a land use permit  
4 from The City of Seattle establishing the bed and breakfast use, a valid food service  
5 establishment permit for a bed and breakfast use issued by Public Health—Seattle & King  
6 County; or a valid transient accommodation license for a bed and breakfast use issued by the  
7 Washington State Department of Health. A bed and breakfast use that was discontinued for one  
8 year immediately preceding the effective date of Council Bill \_\_\_\_\_ is not an existing bed  
9 and breakfast use.

10                   2.       Existing bed and breakfast uses are subject to the following requirements:  
11                    ~~((1.))~~ a.       The bed and breakfast use shall have a valid business  
12 license tax certificate issued by the Department of Finance and Administrative Services;  
13                    ~~((2.))~~ b.       The bed and breakfast use shall be operated by ~~((an owner))~~  
14 the primary resident of the dwelling unit where the bed and breakfast is located; ~~((who owns at~~  
15 ~~least a 50 percent interest in the dwelling in which the bed and breakfast is located;~~  
16                   3.       — An owner who owns at least a 50 percent interest in the dwelling shall  
17 reside in the structure in which the bed and breakfast use is located during any period in which  
18 rooms are rented to guests;  
19                   4.       — No more than two people who reside outside the dwelling unit shall be  
20 employed, with or without compensation, in the operation of the bed and breakfast use;  
21                   5.       — The bed and breakfast use shall be operated within the principal structure,  
22 which shall be at least five years old;

1                                    ~~6.)~~ c. There shall be no evidence of the bed and breakfast use visible  
2 from the exterior of the dwelling unit except for a sign permitted by subsection 23.55.020.D.1;

3                                    ~~((7.))~~ d. The bed and breakfast use shall have no more than five  
4 guest rooms, provided that this limitation does not apply to bed and breakfast uses that were  
5 established on or before April 1, 1987, and that have been continuously operated as a bed and  
6 breakfast since that date; and

7                                    e. A bed and breakfast use may be located in a dwelling unit or an  
8 accessory dwelling unit.

9                                    ~~((8. Parking shall be provided as required in Chapter 23.54.))~~

10                                   ~~((B. Alterations to single-family structures. Interior and exterior alterations consistent~~  
11 ~~with the development standards of the underlying zone are permitted.~~

12                                   ~~C. Dispersion. Any lot line of property containing any proposed new bed and~~  
13 ~~breakfast use must be located 600 feet or more from any lot line of any other bed and breakfast~~  
14 ~~use.~~

15                                   ~~D. Neighborhood mitigation provisions~~

16                                   ~~1. The owner will make public transit information available to patrons, and~~  
17 ~~the owner's operating plan must describe how the transit information will be made available to~~  
18 ~~patrons.~~

19                                   ~~2. The design of the structure in which the use is located and the orientation~~  
20 ~~of the access will minimize impacts, such as noise, light and parking, to neighboring structures.~~

21                                   ~~3. The owner's operating plan includes quiet hours, limits on programmed~~  
22 ~~on-site outdoor activities, and parking policies to minimize impacts on residential neighbors.~~







1 a use that has one or more of the following as of the effective date of Council Bill \_\_\_\_\_ : a  
2 land use permit from The City of Seattle establishing the bed and breakfast use, a valid Food  
3 Service Establishment permit for a bed and breakfast use issued by Public Health—Seattle &  
4 King County; or a valid transient accommodation license for a bed and breakfast use issued by  
5 the Washington State Department of Health. A bed and breakfast use that was discontinued for  
6 one year immediately preceding the effective date of Council Bill \_\_\_\_\_ is not an existing  
7 bed and breakfast use;

8 b. The bed and breakfast use has a valid business license tax  
9 certificate issued by the Department of Finance;

10 ~~2. The operation of a bed and breakfast use is conducted within a single~~  
11 ~~dwelling unit;~~

12 ~~3. The bed and breakfast use is operated within the principal structure and~~  
13 ~~not in an accessory structure;~~

14 ~~4.))~~ c. There shall be no evidence of a bed and breakfast use visible from  
15 the exterior of the ((structure)) dwelling unit other than a sign permitted by subsection  
16 23.55.022.D.1; ((, so as to preserve the residential appearance of the structure;)) and

17 d. A bed and breakfast use may be located in a dwelling unit or an  
18 accessory dwelling unit.

19 ~~((5. No more than two people who are not residents of the dwelling may be~~  
20 ~~employed in the operation of a bed and breakfast, whether or not compensated; and~~

21 ~~6. Parking is required pursuant to Chapter 23.54. Interior and exterior~~  
22 ~~alterations consistent with the development standards of the underlying zone are permitted.))~~

1 Section 6. Section 23.84A.024 of the Seattle Municipal Code, last amended by Ordinance  
2 125272, is amended as follows:

3 **23.84A.024 “L”**

4 \* \* \*

5 “Lodging use” means a commercial use in which the primary activity is the provision of  
6 rooms to transients. Lodging uses include but are not limited to the following uses:

7 1. “Bed and breakfast” means a lodging use ((7)) where rooms within a single  
8 dwelling unit are provided to transients by a resident operator for a fee by prearrangement on a  
9 daily or short-term basis. A breakfast and/or light snacks may be served to those renting rooms in  
10 the bed and breakfast.

11 2. “Hotel” means a lodging use ((7)) located in a structure in which access to  
12 individual units is predominantly by means of common interior hallways, and in which a  
13 majority of the rooms are provided to transients for a fee on a daily or short-term basis.

14 3. “Motel” means a lodging use ((7)) located in a structure in which access to  
15 individual units is predominantly by means of common exterior corridors, and in which a  
16 majority of the rooms are provided to transients on a daily or short-term basis, and in which off-  
17 street parking is provided on the lot.

18 4. “Short-term rental” means a lodging use, that is not a hotel or motel, in  
19 which a dwelling unit or portion thereof is provided to guests by a short-term rental operator for  
20 a fee for fewer than 30 consecutive nights. A dwelling unit or portion thereof that is used by the  
21 same individual or individuals for 30 or more consecutive nights is not a short-term rental.

22 \* \* \*

1 Section 7. Section 23.84A.030 of the Seattle Municipal Code, last amended by Ordinance  
2 124378, is amended as follows:

3 **23.84A.030 “P”**

4 \* \* \*

5 “Preliminary plat” means a neat and approximate drawing of a proposed subdivision  
6 showing the general layout of streets and alleys, lots, blocks, and other elements of a subdivision,  
7 that is submitted to furnish a basis for the approval or disapproval of the general layout of a  
8 subdivision.

9 “Primary residence” means a person’s usual place of return for housing as documented  
10 by motor vehicle registration, driver’s license, voter registration, or other similar evidence. A  
11 person may have only one primary residence.

12 “Principal structure” means the structure housing one or more principal uses as  
13 distinguished from any separate structures housing accessory uses.

14 \* \* \*

15 Section 8. Section 23.84A.036 of the Seattle Municipal Code, last amended by Ordinance  
16 125272, is amended as follows:

17 **23.84A.036 “S”**

18 \* \* \*

19 “Short subdivision” means the division or redivision of land into nine (~~9~~) or fewer  
20 lots, tracts, parcels, sites, or divisions for the purpose of sale, lease, development, or financing.

21 “Short-term rental.” See “Lodging use.”



1 Section 10. This ordinance shall take effect on January 1, 2018.

2 Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2017,

3 and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of

4 \_\_\_\_\_, 2017.

5 \_\_\_\_\_

6 President \_\_\_\_\_ of the City Council

7 Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

8 \_\_\_\_\_

9 Edward B. Murray, Mayor

10 Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

11 \_\_\_\_\_

12 Monica Martinez Simmons, City Clerk

13 (Seal)

# **EXHIBIT E**



**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

..title

AN ORDINANCE related to the regulation of short-term rental businesses; adding a new chapter 6.600, Short-Term Rentals, to the Seattle Municipal Code.

..body

WHEREAS, housing vacancy rates are at low levels, making it increasingly difficult for people to locate permanent housing; and

WHEREAS, removal of residential units from the long-term housing market contributes to low vacancy rates; and

WHEREAS, the conversion of long-term housing units to short-term rentals could result in the loss of housing for Seattle residents; and

WHEREAS, it is in the public interest that short-term rental uses be regulated in order to conserve limited housing resources; and

WHEREAS, the short-term rental platforms, as part of a new but growing industry, would also benefit from regulation to ensure good business standards and practices; and

WHEREAS, short-term rental platform businesses depend upon participation and contact with local short-term rental operators; and

WHEREAS, this ordinance provides standards for the operation of short-term rental platform and short-term rental operators; and

WHEREAS, the City Council finds that this ordinance is necessary to protect and promote the health, safety, and welfare of the general public; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. A new Chapter 6.600 is added to the Seattle Municipal Code as follows:

**Chapter 6.600 SHORT-TERM RENTALS**

1 **6.600.010 Scope and purpose**

2 This chapter 6.600 applies to all short-term rental operators and short-term rental platforms that  
3 facilitate short-term rental operators to offer a dwelling unit, or portion thereof, for short-term  
4 rental use within The City of Seattle. The ordinance enacting this Chapter 6.600 is an exercise of  
5 The City of Seattle's police power to license short-term rental platforms and short-term rental  
6 operators for regulation. Some of its regulatory purposes are to preserve the City's permanent  
7 housing stock, increase economic opportunity for residents operating short-term rentals in their  
8 own homes, reduce any indirect negative effects on the availability of affordable housing, create  
9 a level playing field for all parties engaged in the business of providing lodging, and protect the  
10 livability of residential neighborhoods.

11 **6.600.020 Application of other provisions**

12 The licenses provided for in this Chapter 6.600 are subject to the general provisions of the new  
13 Seattle License Code set forth in Chapter 6.202 as now or hereafter amended. In the event of a  
14 conflict between the provisions of Chapter 6.202 and this Chapter 6.600, the provisions of this  
15 Chapter 6.600 shall control.

16 **6.600.030 Definitions**

17 "Accessory dwelling unit" or "ADU" means an "Accessory dwelling unit" or a  
18 "Detached accessory dwelling unit" or "DADU" as defined under "Residential use" in Section  
19 23.84A.032.

20 "Booking service" means any reservation and/or payment service provided by a person or  
21 entity that facilitates a short-term rental transaction between a short-term rental operator and a  
22 prospective short-term rental guest, and for which the person or entity collects or receives,

1 directly or indirectly through an agent or intermediary, a fee in connection with the reservation  
2 and/or payment services provided for the short-term rental transaction.

3 “Director” means the Director of Finance and Administrative Services or that Director’s  
4 designee.

5 "Dwelling unit" means a room or rooms located within a structure that are configured to  
6 meet the standards of Section 23.42.048 and that are occupied or intended to be occupied by not  
7 more than one household as living accommodations independent from any other household.

8 "Fee" means remuneration or anything of economic value that is provided, promised, or  
9 donated primarily in exchange for services rendered.

10 "Guest" means any person or persons renting a short-term rental.

11 "Household" means a housekeeping unit consisting of any number of related persons;  
12 eight or fewer non-related persons; eight or fewer related and non-related persons, unless a grant  
13 of special or reasonable accommodation allows an additional number of persons.

14 "Local contact" means the short-term rental operator or the person(s) designated by the  
15 short-term rental operator who: (1) reside in King County; and (2) are the point of contact for  
16 any short-term rental guest(s) for the duration of the guest(s)’ stay in the short-term rental.

17 “Operate a short-term rental platform within the City” means that a short-term rental  
18 platform is engaged in business in the City, including having agreements with short-term rental  
19 operators or other customers in the City who provide dwelling units, or portions thereof, located  
20 in the City for short-term rental use, regardless of whether the short-term rental platform is  
21 physically present in the City.

22 "Owner" means any person who, alone or with others, has title or interest in any building,  
23 property, dwelling unit or portion thereof, with or without accompanying actual possession

1 thereof, and including any person who as agent, or executor, administrator, trustee, or guardian  
2 of an estate has charge, care, or control of any building.

3 "Person" means any individual, firm, corporation, association, governmental entity, or  
4 partnership and its agents or assigns.

5 "Primary residence" means a person's usual place of return for housing as documented by  
6 motor vehicle registration, driver's license, voter registration or other such evidence as  
7 determined by Director's rule. A person may have only one primary residence.

8 "Short-term rental advertisement" means any method of soliciting use of a dwelling unit  
9 for short-term rental purposes.

10 "Short-term rental" means a lodging use, that is not a hotel or motel, in which a dwelling  
11 unit or portion thereof is provided to guest(s) by a short-term rental operator for a fee for fewer  
12 than 30 consecutive nights. A dwelling unit or portion thereof that is used by the same individual  
13 or individuals for 30 or more consecutive nights is not a short-term rental.

14 "Short-term rental operator" means any person who is the owner or tenant of a dwelling  
15 unit, or portion thereof who provides a dwelling unit, or portion thereof, for short-term rental  
16 use.

17 "Short-term rental operator registry" means a log of information maintained by the short-  
18 term rental operator.

19 "Short-term rental platform" means a person that provides a means through which an  
20 owner or tenant of a dwelling unit, or portion thereof, may offer the dwelling unit, or portion  
21 thereof, for short-term rental use and from which the platform derives revenues, including, but  
22 not limited to, booking fees or advertising revenues from providing or maintaining booking  
23 services. This service includes but is not limited to allowing a short-term rental operator to

1 advertise the dwelling unit, or portion thereof, for short-term rental use through a website  
2 provided by the short-term rental platform and providing a means for potential users to arrange  
3 payment for use of the short-term rental, whether the user pays directly to the owner or tenant or  
4 to the short-term rental platform. Merely publishing a short-term rental advertisement for  
5 accommodations does not make the publisher a short-term rental platform.

6 "Tenant" means a person occupying or holding possession of a dwelling unit or portion  
7 thereof for a period of 30 or more days, pursuant to written or oral agreement.

#### 8 **6.600.040 License required**

9 A. It is unlawful for any person to operate as a short-term rental platform within the  
10 City without a valid short-term rental platform license issued pursuant to this Chapter 6.600.

11 B. It is unlawful for any person to operate as a short-term rental within the City  
12 without a valid short-term rental operator license issued pursuant to this Chapter 6.600.

#### 13 **6.600.050 License applications**

14 A. Short-term rental platform licenses are issued by the Director and may be  
15 obtained by filing with the Director a short-term rental platform application in a format  
16 determined by the Director.

17 B. Short-term rental operator licenses are issued by the Director and may be  
18 obtained by filing with the Director a short-term rental operator license application in a format  
19 determined by the Director and by submitting a signed declaration of compliance attesting that  
20 each dwelling unit, or portion thereof, offered for short-term rental use satisfies the  
21 requirements of Section 6.600.070.

22 C. Each short-term rental operator license shall be issued a license number and  
23 such other information as the Director deems necessary.

1           D.     All short-term rental platform licenses and short-term rental operator licenses  
2 shall expire one year from the date the license is issued and shall be renewed annually.

3 **6.600.060 Short-term rental platforms general provisions**

4 All short-term rental platforms operating in Seattle city limits shall comply with the following:

5           A.     Possess a valid short-term rental platform license issued pursuant to this Chapter  
6 6.600.

7           B.     Provide booking services only for short-term rental operators who possess valid  
8 short-term rental operator licenses issued pursuant to this Chapter 6.600.

9           C.     Provide the following information electronically to the City on a quarterly basis:

10                1.     The total number of short-term rentals in the City listed on the platform  
11 during the applicable reporting period; and

12                2.     The total number of nights each Seattle listing was rented through the  
13 short-term rental platform during the applicable reporting period.

14           D.     Inform all short-term rental operators who register with the short-term rental  
15 platform of the operator's responsibility to collect and remit all applicable local, state and federal  
16 taxes unless the short-term rental platform does this on the operator's behalf.

17           E.     Provide a copy of summaries prepared by the Director pursuant to Section  
18 6.600.065 to any short-term rental operator for which the short-term rental platform provides  
19 booking services. Such provision includes notifying all short-term rental operators of changes to  
20 local regulations when the short-term rental platform is notified by the Department. Upon  
21 request, the short-term rental platform shall provide documentation demonstrating that the  
22 required notification was provided.

1 F. Upon request, permit the Director to review any records that are required to be  
2 kept under this Chapter 6.600.

3 **6.600.065 Summaries of short-term rental regulations**

4 The Department shall, as soon as practicable after passage of the ordinance introduced as  
5 Council Bill [REDACTED], and as the Department shall deem necessary thereafter, prepare a  
6 summary of this Chapter 6.600 and any other applicable regulations or identified best practices  
7 for operating a short-term rental. This shall include information pertinent to the neighborhood  
8 where the short-term rental is located including, but not limited to parking restrictions,  
9 restrictions on noise and amplified sounds, trash collection schedule, and any other  
10 information, as determined by the Director.

11 **6.600.070 Short-term rental operator general provisions**

12 All short-term rental operators who offer dwelling units, or portions thereof, for short-term rental  
13 use in the City shall comply with the following:

14 A. Possess no more than one valid short-term rental operator license issued pursuant  
15 to this Chapter 6.600.

16 B. Limit on the number of dwelling units provided by the short-term rental operator.

17 1. Except as provided in subsection 23.600.070.B.2, a short-term rental  
18 operator may be issued a license to provide a maximum of one dwelling unit, or portion thereof,  
19 for short term rental use, or a maximum of two dwelling units, if one of the units is the operator's  
20 primary residence. If the short-term rental operator's primary residence is located on a lot that  
21 includes a principal dwelling unit and an accessory dwelling unit, both units shall be considered  
22 the operator's primary residence.

1                   2.           A short-term rental operator who operates short-term rentals in the  
2 Downtown Urban Center, Uptown Urban Center, or the South Lake Union Urban Center, as  
3 established in the Seattle Comprehensive Plan, may be issued a license to provide short-term  
4 rental use in: (1) the operator’s primary residence, or portion thereof; (2) any dwelling units  
5 located in the Downtown Urban Center, Uptown Urban Center, or the South Lake Union Urban  
6 Center that the short-term rental operator provided as a short-term rental prior to the effective  
7 date of the ordinance introduced as Council Bill [REDACTED], and (3) no more than one additional  
8 dwelling unit, or portion thereof, located outside of the Downtown Urban Center, Uptown Urban  
9 Center, or the South Lake Union Urban Center. If the license applicant wishes to continue  
10 operating a short-term rental in a location described in subsection 6.600.070.B.2(2), the applicant  
11 must provide the Director with the following evidence of the prior short-term rental use:

12                   a.           A business license tax certificate issued by the Department of  
13 Finance and Administrative Services for the short-term rental use, in effect on the effective date  
14 of the ordinance introduced as Council Bill [REDACTED]; and

15                   b.           Records demonstrating collection and remittance of all applicable  
16 local, state and federal taxes within the 12-month period prior to the effective date of the  
17 ordinance introduced as Council Bill [REDACTED]; and

18                   c.           A registry identifying the dates the dwelling unit was used as  
19 short-term rental within the 12-month period prior to the effective date of the ordinance  
20 introduced as Council Bill [REDACTED].

21           C.           Post the short-term rental operator license number issued for the dwelling unit on  
22 every listing advertising or soliciting the dwelling unit, or portion thereof, for use as a short-term  
23 rental.



1 D. Comply with all standards provided in Section 23.42.060.

2 E. Provide local contact information to all short-term rental guests during a guest's  
3 stay. The local contact must be available to respond to inquiries at the short-term rental during  
4 the length of the stay.

5 F. Comply with the requirements of the Housing and Building Maintenance Code in  
6 subsection 22.214.050.M and the Rental Registration and Inspection program, unless exempted  
7 from registration pursuant to subsection 22.214.030.A.1.

8 G. Comply with RCW 19.27.530 by ensuring that all dwelling units have working  
9 smoke detectors and carbon monoxide alarm(s) in every bedroom and on all habitable floors and  
10 a properly maintained and charged fire extinguisher.

11 H. Post the following information in a conspicuous place within each dwelling unit  
12 used as a short-term rental:

13 1. Emergency contact information;

14 2. Contact information for the short-term rental operator or the designated  
15 local contact;

16 3. Street address;

17 4. Floor plan indicating fire exits and escape routes;

18 5. Information about how a guest can contact The City of Seattle's Customer  
19 Service Bureau to report any concerns or complaints; and

20 6. Maximum occupancy limits.

21 I. Upon request by the Director, provide documentation and a signed declaration of  
22 compliance attesting to compliance with subsections 6.600.070.A through 6.600.070.H.

1 J. Maintain liability insurance appropriate to cover the short-term rental use in the  
2 aggregate of not less than \$1,000,000 or conduct each short-term rental transaction through a  
3 short-term rental platform that provides equal or greater coverage.

4 K. Remit all applicable local, state and federal taxes unless the short-term rental  
5 platform does this on the short-term rental operator's behalf.

6 **6.600.080 License fees**

7 A. Short-term rental platform license fees. The fee for a short-term rental platform  
8 license issued pursuant to this Chapter 6.600 shall be a quarterly fee based on the total number of  
9 nights booked for short-term rental use through the short-term rental platform. Short-term rental  
10 platforms shall pay *[\$2 to \$7]* per night booked. The per night fees shall be calculated and paid  
11 on a quarterly basis. If a short-term rental platform fails to provide complete information as  
12 required by subsection 6.600.060.C, the quarterly per night license fee may be estimated by the  
13 Director.

14 B. Short-term rental operator license fees. The fee for a short-term rental operator  
15 license issued pursuant to this Chapter 6.600 shall be *[\$50 - \$100]* per dwelling unit annually,  
16 paid at the time the application is submitted to the City.

17 C. The Director may adjust any of the fees in subsections 6.600.080.A and  
18 6.600.080.B in the Director's Rules following consideration of the following factors:

- 19 1. The projected costs and annual budget allotted for administrative,  
20 enforcement and regulatory costs across the short-term rental industry;
- 21 2. The need for increased enforcement to reduce illegal activity;
- 22 3. The total number of nights booked in Seattle city limits across the short-  
23 term rental industry; and

1                   4.       The administrative burden of issuing additional short-term rental platform  
2 or operator licenses.

3                   D.       The purpose of any adjustment is to ensure the fees cover the Director’s  
4 administrative, enforcement and other regulatory costs.

5                   E.       License fees are non-refundable and non-transferrable.

6 **6.600.090 Enforcement and rulemaking**

7 The Director of Finance and Administrative Services is authorized to enforce this Chapter 6.600  
8 and to promulgate and adopt rules pursuant to Chapter 3.02 to implement the provisions of this  
9 Chapter 6.600.

10 **6.600.100 Short-term rental platform – Violations and enforcement**

11                   A.       Violations. It is a violation of this Chapter 6.600 for any person or short-term  
12 rental platform to:

13                   1.       Operate a short-term rental platform in Seattle city limits without  
14 possessing a valid short-term rental platform license issued pursuant to this Chapter 6.600.

15                   2.       Provide booking services to short-term rental operators who do not  
16 possess a valid short-term rental operator licenses issued pursuant to this Chapter 6.600.

17                   3.       Misrepresent any material fact in an application for a short-term rental  
18 platform license or other information submitted to the Director pursuant to this Chapter 6.600.

19                   4.       Fail to comply with any requirements of Chapter 6.600 applicable to short-  
20 term rental platforms.

21                   B.       Enforcement

22                   1.       Investigation and notice of violation

1                   a.       The Director is authorized to investigate any person or short-term  
2 rental platform the Director reasonably believes does not comply with the provisions of Chapter  
3 6.600 applicable to short-term rental platforms.

4                   b.       If, after investigation, the Director determines that any provisions  
5 of provisions of Chapter 6.600 applicable to short-term rental platforms have been violated, the  
6 Director may issue a notice of violation to the short-term rental platform or other person  
7 responsible for the violation.

8                   c.       The notice of violation shall state the provisions violated,  
9 necessary corrective action, and a compliance due date.

10                  d.       The notice of violation shall be served upon the short-term rental  
11 platform, agent, or other responsible person by personal service or regular first class mail  
12 addressed to the last known address for the short-term rental platform or responsible person.

13                  e.       Nothing in this Section 6.600.100 limits or precludes any action or  
14 proceeding to enforce this code, and nothing obligates or requires the Director to issue a notice  
15 of violation prior to the imposition of civil or criminal penalties.

16                  f.       Unless a request for review before the Director is made in  
17 accordance with subsection 6.600.100.B.2, the notice of violation shall become the final order of  
18 the Director.

19                  2.       Review by the Director

20                  a.       Any person aggrieved by a notice of violation issued by the  
21 Director pursuant to subsection 6.600.100.B.1 may obtain a review of the notice by requesting  
22 such review in writing within ten days of the date of the notice. When the last day of the period  
23 so computed is a Saturday, Sunday or federal or City holiday, the period shall run until 5 p.m. on

1 the next business day. Within 15 days of the request for review, the aggrieved person may submit  
2 additional information in the form of written material to the Director for consideration as part of  
3 the review.

4           b.       The review will be made by a representative of the Director who is  
5 familiar with the case and the applicable ordinances. The Director's representative will review all  
6 additional information received by the deadline for submission of information. The reviewer may  
7 also request clarification of information received. After review of the additional information, the  
8 Director may:

- 9                   1.       Sustain the notice of violation;
- 10                  2.       Withdraw the notice of violation;
- 11                  3.       Continue the review to a date certain for receipt of  
12 additional information; or
- 13                  4.       Modify the notice of violation, which may include an  
14 extension of the compliance date.

15           c.       The Director shall issue an Order of the Director containing the  
16 decision and shall cause the same to be mailed by first class mail to the person or persons  
17 requesting the review and the persons named on the notice of violation.

18           d.       Extension of compliance date. The Director may grant an  
19 extension of time for compliance with any notice or order, whether pending or final, upon the  
20 Director's finding that substantial progress toward compliance has been made and that the public  
21 will not be adversely affected by the extension. An extension of time may be revoked by the  
22 Director if it is shown the conditions at the time the extension was granted have changed, the  
23 Director determines a party is not performing corrective actions as agreed, or if the extension

1 creates an adverse effect on the public. The date of revocation shall then be considered the  
2 compliance date.

3 4. Penalties

4 a. In addition to any other sanction or remedial procedure that may be  
5 available, any person violating or failing to comply with any of the provisions of Chapter 6.600  
6 applicable to short-term rental platforms shall be subject to the following cumulative penalties  
7 for each violation for each listing from the date the violation occurs until compliance is achieved:

- 8 1) \$500 per day for each violation for the first ten days, and  
9 2) \$1,000 per day for each violation for each day beyond ten  
10 days of non-compliance until compliance is achieved.

11 b. In cases where the Director has issued a notice of violation or order  
12 of the Director, the violation will be deemed to begin, for purposes of determining the number of  
13 days in violation, on the date that compliance is required on the notice of violation or order of the  
14 Director.

15 5. Civil actions. Civil actions to enforce subsection 6.600.040.A, Section  
16 6.600.060, or subsection 6.600.100.A shall be brought in the Seattle Municipal Court, except as  
17 otherwise required by law or court rule. In any civil action for a penalty, the City has the burden  
18 of proving by a preponderance of the evidence that a violation exists or existed; the issuance of a  
19 notice of violation or an order following a review by the Director is not itself evidence that a  
20 violation exists.

21 6. Appeals to Superior Court. Final decisions of the Seattle Municipal Court  
22 on enforcement actions authorized by subsection 6.600.100.A may be appealed pursuant to the  
23 Rules for Appeal of Courts of Limited Jurisdiction.

1 **6.600.110 Short-term rental operator -- Violations and enforcement**

2 A. Violations. It is a violation of this Chapter 6.600 for any person to:

3 1. Provide a dwelling unit, or portion thereof, for short-term rental use  
4 without possessing a valid short-term rental operator's license for that dwelling unit, or portion  
5 thereof, issued pursuant to this Chapter 6.600.

6 2. Misrepresent any material fact in any short-term rental operator license  
7 application or other information submitted to the Director pursuant to this Chapter 6.600.

8 3. Fail to comply with any requirements of Chapter 6.600 applicable to short-  
9 term rental operators.

10 B. Enforcement. If after investigation the Director determines that any of the  
11 provisions of Chapter 6.600 applicable to short-term rental operators have been violated, the  
12 Director may issue a civil citation to the short-term rental operator or other person responsible  
13 for the violation.

14 1. The civil citation shall include the following information: (1) the name  
15 and address of the person to whom the citation is issued; (2) the address of the dwelling unit  
16 involving the violation; (3) a separate statement of each provision violated; (4) the date of the  
17 violation; (5) a statement that the person cited must respond to the civil citation within 15 days  
18 after service; (6) a space for entry of the applicable penalty; (7) a statement that a response must  
19 be sent to the Hearing Examiner and received not later than 5 p.m. on the day the response is  
20 due; (8) contact information for the Hearing Examiner where the citation is to be filed; (9) a  
21 statement that the citation represents a determination that a violation has been committed by the  
22 person named in the citation and that the determination shall be final unless contested as

1 provided in this chapter; and (10) a certified statement of the Director's representative issuing the  
2 citation, authorized by RCW 9A.72.085, setting forth facts supporting issuance of the citation.

3           2.       Service. The citation shall be served by first class mail, addressed to the  
4 short-term rental operator or other person responsible for the violation. Service shall be complete  
5 three days after the mailing. If a citation sent by first class mail is returned as undeliverable,  
6 service may be made by posting the citation at a conspicuous place on The property where the  
7 violation occurred and service shall be complete on the date of posting. The citation may also be  
8 served in person.

9           3.       Response to citations

10           a.       A person cited must respond to a citation in one of the following  
11 ways:

12                   1)       Paying the amount of the monetary penalty specified in the  
13 citation, in which case the record shall show a finding that the person cited committed the  
14 violation; or

15                   2)       Requesting in writing a mitigation hearing to explain the  
16 circumstances surrounding the commission of the violation and providing an address to which  
17 notice of such hearing may be sent; or

18                   3)       Requesting in writing a contested hearing specifying the  
19 reason why the cited violation did not occur or why the person cited is not responsible for the  
20 violation, and providing an address to which notice of such hearing may be sent.

21           b.       A response to a citation must be received by the Office of the  
22 Hearing Examiner no later than 15 days after the date the citation is served. When the last day of



1 the appeal period so computed is a Saturday, Sunday, or federal or City holiday, the period shall  
2 run until 5 p.m. on the next business day.

3 c. Failure to respond. If a person fails to respond to a citation within  
4 15 days of service, an order shall be entered by the Hearing Examiner finding that the person  
5 cited committed the violation stated in the citation, and assessing the penalty specified in the  
6 citation.

7 4. Hearings

8 a. Mitigation hearings

9 1) Date and notice. If a mitigation hearing is requested, the  
10 mitigation hearing shall be held within 30 days after written response to the citation requesting  
11 such hearing is received by the Hearing Examiner. Notice of the time, place, and date of the  
12 hearing shall be sent to the address specified in the request for hearing not less than ten days  
13 prior to the date of the hearing.

14 2) Procedure at hearing. The Hearing Examiner shall hold an  
15 informal hearing that shall not be governed by the Rules of Evidence. The person cited may  
16 present witnesses, but witnesses may not be compelled to attend. A representative from the  
17 Department of Finance and Administrative Services may also be present and may present  
18 additional information, but attendance by a representative from the Department of Finance and  
19 Administrative Services is not required.

20 3) Disposition. The Hearing Examiner shall determine  
21 whether the cited person's explanation justifies reduction of the monetary penalty; however, the  
22 monetary penalty may not be reduced unless the Department of Finance and Administrative  
23 Services affirms or certifies that the violation has been corrected prior to the mitigation hearing.

1 Factors that may be considered in whether to reduce the penalty include whether the violation  
2 was caused by the act, neglect, or abuse of another; or whether correction of the violation was  
3 commenced prior to the issuance of the citation but that full compliance was prevented by a  
4 condition or circumstance beyond the control of the person cited.

5                   4)     Entry of order. After hearing the explanation of the person  
6 cited and any other information presented at the hearing, the Hearing Examiner shall enter an  
7 order finding that the person cited committed the violation and assessing a monetary penalty in  
8 an amount determined pursuant to subsection 6.600.110.B.5. The Hearing Examiner's decision is  
9 the final decision of the City on the matter.

10                   b.     Contested hearings

11                   1)     Date and notice. If a person requests a contested hearing,  
12 the hearing shall be held within 60 days after the written response to the citation requesting such  
13 hearing is received.

14                   2)     Hearing. Contested hearings shall be conducted pursuant to  
15 the procedures for hearing contested cases contained in Section 3.02.090 and the rules adopted  
16 by the Hearing Examiner for hearing contested cases, except as modified by this Section  
17 6.600.110. The issues heard at the hearing shall be limited to those that are raised in writing in  
18 the response to the citation and that are within the jurisdiction of the Hearing Examiner. The  
19 Hearing Examiner may issue subpoenas for the attendance of witnesses and the production of  
20 documents.

21                   3)     Sufficiency. No citation shall be deemed insufficient for  
22 failure to contain a detailed statement of the facts constituting the specific violation which the

1 person cited is alleged to have committed or by reason of defects or imperfections, provided such  
2 lack of detail, or defects or imperfections do not prejudice substantial rights of the person cited.

3 4) Amendment of citation. A citation may be amended prior to  
4 the conclusion of the hearing to conform to the evidence presented if substantial rights of the  
5 person cited are not thereby prejudiced.

6 5) Evidence at hearing. The certified statement or declaration  
7 authorized by RCW 9A.72.085 shall be prima facie evidence that a violation occurred and that  
8 the person cited is responsible. The certified statement or declaration authorized under RCW  
9 9A.72.085 and any other evidence accompanying the report shall be admissible without further  
10 evidentiary foundation. Any certifications or declarations authorized under RCW 9A.72.085  
11 shall also be admissible without further evidentiary foundation. The person cited may rebut the  
12 Department of Finance and Administrative Services' evidence and establish that the cited  
13 violation(s) did not occur or that the person contesting the citation is not responsible for the  
14 violation.

15 6) Disposition. If the citation is sustained at the hearing, the  
16 Hearing Examiner shall enter an order finding that the person cited committed the violation and  
17 impose the applicable penalty pursuant to subsection 6.600.110.B.5. The Hearing Examiner may  
18 reduce the monetary penalty in accordance with the mitigation provisions in subsection  
19 6.600.100.B.4.a.3. If the Hearing Examiner determines that the violation did not occur, the  
20 Hearing Examiner shall enter an order dismissing the citation.

21 7) Final decision. The Hearing Examiner's decision is the final  
22 decision of the City.

1                   c.       Failure to appear for hearing. Failure to appear for a requested  
2 hearing will result in an order being entered finding that the person cited committed the violation  
3 stated in the citation and assessing the penalty specified in the citation. For good cause shown  
4 and upon terms the Hearing Examiner deems just, the Hearing Examiner may set aside an order  
5 entered upon a failure to appear and schedule a new contested hearing date.

6                   5.       Citation penalties

7                   a.       Violation warning. The Director may, in an exercise of discretion,  
8 issue a warning to the person responsible for the violation if that person has not been previously  
9 warned or cited for violating this Chapter 6.600.

10                  b.       First violation. The first time a person is found to have violated  
11 one of the provisions referenced in subsection 6.600.040.B, Section 6.600.070, or subsection  
12 6.600.110.A, the person shall be subject to a penalty of \$150.

13                  c.       Second and subsequent violations. Any second or subsequent time  
14 a person is found to have violated one of the provisions referenced in subsection 6.600.040.B,  
15 Section 6.600.070, or subsection 6.600.110.A, the person shall be subject to a penalty of \$500 for  
16 each subsequent violation.

17                  d.       Collection of penalties. If the person cited fails to pay a penalty  
18 imposed pursuant to this subsection 6.600.110.B, the penalty may be referred to a collection  
19 agency. The cost to the City for the collection services will be assessed as costs, at the rate  
20 agreed to between the City and the collection agency, and added to the penalty. Alternatively,  
21 the City may pursue collection in any other manner allowed by law.

22                  e.       Each day a separate violation. Each day a person violates or fails to  
23 comply with one of the provisions referenced in subsection 6.600.040.B, Section 6.600.070, or

1 subsection 6.600.110.A may be considered a separate violation for which a civil citation may be  
2 issued.

3 **6.600.120 Alternative criminal penalty**

4 Any person who violates or fails to comply with any of the provisions in this Chapter 6.600 and  
5 who has had at least two or more citations, or two or more notices of violation issued against  
6 them for violating this Chapter 6.600, within the past three years from the date the criminal  
7 charge is filed shall be guilty of a misdemeanor subject to the provisions of Chapters 12A.02  
8 and 12A.04, except that absolute liability shall be imposed for such a violation or failure to  
9 comply and none of the mental states described in Section 12A.04.030 need be proved. The  
10 Director may request the City Attorney prosecute such violations criminally as an alternative to  
11 the citation and notice of violation procedures outlined in this Chapter 6.600.

12 **6.600.130 Additional relief**

13 The Director may seek legal or equitable relief to enjoin any acts or practices when necessary to  
14 achieve compliance.

15 **6.600.140 Denial, revocation, or refusal to renew license**

16 A. The Director may revoke the license of any short-term rental platform for  
17 violating or failing to comply with any applicable provision of this Chapter 6.600 or for any  
18 reason set forth in Section 6.208.020.

19 B. The Director may revoke the license of any short-term rental operator for  
20 violating or failing to comply with any applicable provision of this Chapter 6.600 or for any  
21 reason set forth in Section 6.208.020.

1           C.       The Director shall deny any renewal application if grounds exist for the Director  
2 to deny a license pursuant to Section 6.202.230. No license may be renewed unless all  
3 outstanding penalties assessed against the licensee are paid in full to the Department.

4           Section 2. The provisions of this ordinance are declared to be separate and severable.  
5 The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this  
6 ordinance, or the invalidity of its application to any person or circumstance, does not affect the  
7 validity of the remainder of this ordinance, or the validity of its application to other persons or  
8 circumstances.

9

DRAFT

1 Section 3. This ordinance shall take effect on January 1, 2018.

2 Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2017,

3 and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of

4 \_\_\_\_\_, 2017.

5 \_\_\_\_\_

6 President \_\_\_\_\_ of the City Council

7 Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

8 \_\_\_\_\_

9 Edward B. Murray, Mayor

10 Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

11 \_\_\_\_\_

12 Monica Martinez Simmons, City Clerk

13 (Seal)

## **EXHIBIT F**



**CITY OF SEATTLE  
ANALYSIS AND DECISION OF THE DIRECTOR  
OF THE SEATTLE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS**

**Project Proposal:** The adoption of two companion ordinances to define and add land use and licensing standards related to short-term rentals, modify the definition and land use standards for bed and breakfast uses, and update and clarify related provisions.

**Project Sponsor:** City of Seattle Department of Construction and Inspections

**Location of Proposal:** The proposal is a non-project action, applicable to a variety of zones throughout the City.

**SUMMARY OF PROPOSED ACTION**

The proposal is a non-project action, applicable City-wide, that would update the Land Use Code (Title 23) and Licensing Code (Title 6) to address short-term rentals as an emerging type of land use and business activity. The proposal is intended to help preserve the availability of long-term rental housing, protect the livability of residential neighborhoods, and allow the economic opportunity that short-term rentals offer residents of Seattle.

The following decision is required:

SEPA - Environmental Determination - Chapter 25.05, Seattle Municipal Code.

**SEPA DETERMINATION**     Exempt         DNS         MDNS         EIS  
  
 DNS with conditions  
  
 DNS involving non-exempt grading or demolition or involving another agency with jurisdiction.

**BACKGROUND**

Bed and breakfasts have been an allowed accessory use in residential zones for several decades. Sections 23.44.051 and 23.45.545 of the Seattle Municipal Code (SMC) include regulations for bed and breakfasts in single-family and multi-family zones.

In recent years, web-based businesses such as Airbnb have created a business model in which housing units or portions of units are offered for rent on a nightly or weekly basis. According to data obtained from Airbnb in January 2017, over 3,900 persons or entities (“hosts”) in the City of Seattle rent all or part of a housing unit through Airbnb. Of the approximately 5,700 rental units

available for short-term rental, over 4,000 rentals are for entire homes or apartments and at least 1,000 are not the primary residence of the owner.

Because no specific regulations in the Land Use Code currently address this type of business, these rentals have been treated the same as any residential use, despite the commercial nature of the use. Additionally, the conversion of housing units from permanent rental housing to nightly and weekly rentals for visitors has increased concerns about the ensuing loss of housing for long term rentals in the midst of a housing crisis.

The proposed code changes would establish regulations to address this emerging type of land use, given that the current standards, such as for bed and breakfast uses, in the Land Use Code do not apply to many of these rentals. The proposal is intended to update the Land Use Code and Licensing Code (hereafter “Codes”) to address this emerging land use in a way that helps preserve the availability of long-term rentals and reduces any indirect negative effects on the availability of affordable housing, while allowing the economic opportunity that short-term rentals offers residents of Seattle. The proposal also aims to:

- more consistently regulate bed and breakfasts, short-term rentals, and other types of lodging activities;
- help protect the rights and safety of owners, guests, and neighbors of these short-term rental units;
- protect the livability of residential neighborhoods; and
- implement goals and policies in the Seattle Comprehensive Plan related to housing, land use, and economic development.

The proposed code changes create a new definition for “short-term rentals” as a type of lodging use, establish standards for the operation of short-term rentals in a new Chapter 6.600 SMC and a new Section 23.42.060 SMC, and allow short-term rentals in any residential dwelling unit, except in certain Shoreline zones or in a dwelling unit established as caretaker’s quarters. Short-term rentals would be subject to the development standards for dwelling units, in addition to the land use and licensing requirements for short-term rentals contained in the proposal. The proposal modifies the requirements for bed and breakfasts in single-family and multifamily zones in Sections 23.44.051 and 23.45.545 SMC.

### Public Comment

Proposed changes to the Land Use Code require City Council approval. Public comment will be taken on the proposal during Council meetings and a public hearing.

### Proposal Description

The proposal is a non-project legislative action proposing amendments to the Land Use Code and the License Code (hereafter “Codes”) to address short-term rentals as an emerging type of land use and business activity, for which there is not a definition or specific standards. There is no specific site or development proposal.

The proposed amendments would:

- Add a new Chapter 6.600, Short Term-Rentals, establishing standards related to the licensing and operation of short-term rentals as a type of business activity;
- Add a new Section 23.42.060, Short-term rentals, establishing standards related to short-term rentals as a type of land use;
- Establish a new definition for “short-term rental” as a type of lodging use (SMC 6.600.030 and SMC 23.84A.024);
- Establish new definitions for “short-term rental operator”, “short-term rental platform”, “primary residence”, and other related terms (SMC 6.600.030, SMC 23.84A.030, and SMC 23.84A.036);
- Generally allow short-term rentals in any dwelling unit and establish related standards for the use, including a limit on the number of dwelling units that an individual may operate as a short-term rental (SMC 6.600.070 and SMC 23.42.060);
- Allow exceptions to otherwise applicable numeric limits on short-term rental units per operator, for the continued operation of existing short-term rental units in specific areas within the Downtown, South Lake Union, and Uptown Urban Centers (SMC 6.600.070);
- Incorporate in the Land Use Code an existing requirement in SMC Title 6 that all short-term rental operators have a business license from the City (SMC 23.42.060);
- Require that all short-term rental uses have a short-term rental operator’s license from the City (SMC 6.600.040 and 23.42.060);
- Require that all short-term rental platforms have a short-term rental platform’s license from the City (SMC 6.600.040);
- Establish a process for the enforcement of licensing requirements (SMC 6.600.090 through 6.600.140);
- Allow existing “bed and breakfast” uses to continue but regulate new bed and breakfast uses as short-term rentals (SMC 23.44.051 and SMC 23.45.545);
- Clarify what types of lodging uses and rental activities are required to register with the Rental Registration and Inspection Ordinance (SMC 22.214.030); and
- Make various updates and clarifications in the Land Use Code.

## **ANALYSIS - SEPA**

This proposal is adoption of legislation and is defined as a non-project action. The disclosure of the potential impacts from this proposal was made in an environmental checklist submitted by the proponent, dated March 21, 2017. The information in the checklist, a copy of the proposed code changes, and the experience of the lead agency with review of similar legislative actions form the basis for this analysis and decision.

This change to the Land Use Code (Title 23 SMC) and Licensing Code (Title 6 SMC) would adopt standards for short-term rental uses and modify the definition and standards for bed and breakfast uses. The proposed amendments may result in potential environmental impacts, which are identified and discussed below.

## **ELEMENTS OF THE ENVIRONMENT**

### **Natural Environment**

## **Earth, Air, Water, Plants and Animals, Energy, Natural Resources, Environmentally Sensitive Areas, Noise, Releases of Toxic or Hazardous Materials**

The proposed ordinances are unlikely to result in significant adverse impacts to these elements of the environment: earth, water, air, plants/animals, fisheries, energy, natural resources, environmentally sensitive areas, noise, or releases of toxic/hazardous substances. The reasons for this conclusion are discussed below.

The eligible locations for the affected kinds of lodging uses would not be significantly altered by the proposal, and the proposal would not alter procedures or regulations related to natural environment protections. The City's Land Use Code currently allows bed and breakfasts (B&Bs) as an accessory use in zones where residential uses may occur, including single-family and multi-family zones. Existing B&Bs would be allowed to continue to operate under the proposal. The proposal creates a new category of lodging use, short-term rentals, which are currently not specifically regulated or otherwise addressed in the Land Use Code, and establishes requirements and limitations on the use that are not in place today. The proposed changes, given their particular content leading toward increased regulation and limitations on this type of use, are not expected to increase the pace or scale of future new residential development with short-term rental uses. When compared to the existing conditions that entail an absence of specific regulation, it is unlikely that the proposal would lead to increased expansion of residential structures and expansion of the frequency of such uses. Therefore, outcomes such as increases in land disturbance or land coverage that might generate adverse increased discharges to water or unstable conditions in the natural environment are not expected to occur. With respect to the proposal's changes as they relate to B&Bs, please see the discussion that discusses noise impacts below.

The proposed changes would result in no direct negative impacts, and are unlikely to result in indirect or cumulative adverse impacts related to energy or natural resources. The eligible locations for short-term rental uses would not be significantly altered by the proposal, and the proposal does not alter any procedures or regulations related to energy consumption or natural environment protections. While short-term rental uses would unavoidably consume energy to the extent they are occupied by lodgers, the same condition of energy consumption by occupied short-term rental uses already occurs today or is possible to occur, and thus future energy use patterns are not expected to be substantively different or adversely impacting as a result of this proposal. The proposed changes are thus not expected to alter the pace or scale of new residential development, nor generate adverse impacts related to inordinate energy consumption or depletion of natural resources.

### **Built Environment**

#### **Land & Shoreline Use**

##### *Relationship to Plans and Policies*

Implementation of the proposal would allow for land uses and land use patterns that are compatible with the Comprehensive Plan. This includes, but is not limited to, goals and policies related to land use, housing, and economic development (see a list of relevant policies from the Comprehensive Plan in the response to Question #D.7 in the environmental checklist). The proposal includes land use regulations newly addressing the manner in which such lodging uses can be conducted within dwelling units, with an intent of maintaining overall compatible land use conditions in residential

areas. The proposal's relationship to, and consistency with, housing policies is slightly more indirect. The proposal includes limits on the operation of short-term rentals to help ensure that this growing industry does not significantly reduce the City's supply of sufficient, diverse, and affordable housing.

#### *Land Use and Shoreline Use Impacts*

The proposal would create a new category of lodging land use, known as short-term rentals, which is currently not specifically defined, regulated or otherwise addressed in the Codes, and would establish requirements and limitations on this use. The new land use, short-term rentals, would be allowed in any structure established as a dwelling unit, except as restricted by the existing provisions of the Shoreline Code, SMC 23.60A. In addition, short-term rentals would not be an allowed use in any dwelling unit established as caretaker's quarters. The short-term rental use could be accessory to the primary use as a residence, as is currently common practice, or could be the primary use of the structure in certain instances. New requirements would limit an individual to operating just their own residence and a restricted number of other units they own (such as one, two or three additional housing units) as a short-term rental. One policy intent for this is to constrain the future attraction for housing owners to convert housing units from long-term tenancies to short-term rentals, in a manner that might substantively affect the availability in the housing market of housing opportunities for long-term tenants and owners. Given the range of policies pertaining to housing in the Comprehensive Plan, such as those summarized in the checklist, it is important to avoid potential adverse impacts on both the availability of housing for individuals as well as the overall functionality of the citywide housing market.

The proposal would allow an exception to the proposed limits on short-term rental units for the operators of existing rentals located in Downtown, South Lake Union, and Uptown Urban Centers. This would allow operators to continue operating existing short-term rental units in multiple locations in those areas, without being restricted by the otherwise applicable limit of two dwelling units. This exception would allow for the continuation of land uses that are generally compatible and consistent with the dense, urban commercial nature and zoning of these areas, which serve as the office, residential, entertainment, and retail core of the city and as the center of the tourism and lodging industries. This suggests that continued operation of such rentals in locations where they occur today would not contribute to incompatible land use patterns or activity levels and so no significant adverse land use impacts are expected as a result of the exception.

This proposal would not affect rentals for periods of longer than 30 consecutive nights. Property owners renting out housing units for periods of longer than 30 nights, such as those that serve temporary/contract workers or visitors undergoing lengthy medical care, would be able to continue to do so. Therefore, no significant adverse housing-related operational impacts of the proposal on long-term rentals are likely.

The Shoreline Code allows lodging uses on upland portions of lots in the Urban Commercial, Urban Harborfront, and Urban Industrial shoreline designated areas, and therefore short-term rentals would be permitted uses on those portions of lots, under the proposal. However, short-term rentals would be prohibited in other shoreline designated areas regulated by the Shoreline Code. By addressing shoreline designated areas in this manner, no significant adverse land use impacts with respect to shoreline areas are likely.

Bed and breakfasts are currently allowed as an accessory use in single-family and multi-family zones, and existing B&Bs would continue to be allowed under the proposal. Any proposed new B&B operations would be considered short-term rentals under the proposal and regulated as such.

In terms of the proposal's potential for generating adverse effects on existing short-term rental lodging opportunities, it is not expected to dramatically reduce the availability of lodging on a nightly or weekly basis in the city. Based on information pulled from the online platform Airbnb in January 2017, around 80% of the units currently offered for nightly or weekly rentals through their website would be able to meet the requirements proposed for short-term rentals, and could be able to continue to operate at their current activity levels. To the extent that approximately 20% of the units currently offered might not comply with the proposal, it is reasonable to anticipate that some might be able to modify their business operations within one year of the adoption of the legislation to be in compliance, and that some other locations might need to cease operations. (Already established B&Bs would be able to continue without such modifications.)

The proposal is not expected to increase the pace or scale of future new residential development, or otherwise adversely affect the number of physical housing units present in the city. It is also not expected to increase eligibility for short-term rental uses or to result in significant differences in their geographic distribution across the city, given the continued eligibility for this use in zones where residential uses may occur in the city. These factors suggest there is little if any potential for the proposal to generate different or greater adverse land use impacts related to the potential growth or proliferation of these land uses in any given location. Rather, the proposal would provide increased regulation and constraints on this type of lodging activity, in comparison to the existing condition where such uses are permissible without particular controls because the Land Use Code and other codes are silent.

The discussion above contributes to a conclusion that the proposal would not generate significant adverse land use impacts because it would not be likely to cause land use incompatibilities. Rather, it would be setting new requirements that would help to avoid compatibility issues. One example of this is that certain arrangements of these uses, such as renting out parked recreational vehicles or other kinds of non-permanent housing structures, would be prohibited by the proposal. This would help to avoid situations that might otherwise generate nuisance compatibility complaints such as excessive noise or activity levels in locations outside of structures.

Regarding certain aspects, the proposal would continue to accommodate conditions that can already occur in the existing condition, given the Codes' silence on this kind of use (as distinguished from bed and breakfast uses). For example, the proposal accommodates the short-term rental use in accessory dwelling units that could include detached accessory dwelling units (DADUs). Given a lack of change between existing and future conditions in the possible land use and structure arrangements that could host short-term rentals, this aspect of the proposal would not result in new potential for adverse land use impacts regarding compatibility or height/bulk/scale matters.

In terms of the potential for differences in physical arrangements of structures and uses and their operation, the proposal has slightly different implications for bed and breakfast uses as compared

to short-term rental uses. These arise due to the proposed amendments to existing regulations that would allow existing B&Bs to continue their operations. The proposal's amendments to B&B provisions would allow for their operation in accessory dwelling units including DADUs, which in DADUs is not possible currently. This means existing B&Bs could potentially expand their operations through physical structure expansions or new detached structures. This expansion potential could add to overall structural height and bulk on a given B&B site, with an associated increase in potential for B&B lodging activity. This incremental change would represent a new land use impact of the proposal, one that is evaluated as "adverse" but not "significant adverse" in nature due to the relatively limited presence of such existing uses across the city, and a relatively low probability that B&B expansions would be frequent or sufficiently large or substantially disruptive in their operations.

The proposal also includes the deletion of a handful of operational provisions that currently ensure that existing B&B uses fit into their surrounding neighborhoods with low potential for generating disruptive impacts. The amended regulations would continue to apply to existing B&Bs, and so the deletion of limits in the worst case might generate the potential for differences in B&B operations and adverse impacts such as added noise. Examples of these removed limits include:

- Building owner no longer would need to be the primary resident (but the primary resident must still be the B&B operator);
- A two-employee limit on non-resident employees;
- Minimum dispersion of 600 feet between B&Bs (which would be a moot point if no new B&Bs could occur; rather, such operations would be categorized as short-term rentals);
- Certain provisions that require operating plans and building designs meant to minimize potential for operational noise, light, traffic, and similar disruptions.

Despite the potential for these changes in operational provisions to generate an adverse land use compatibility impact in terms of worst-case changes in noise generation and activity levels, this is not evaluated as a probable significant adverse land use impact due to the relatively limited presence of existing B&Bs across the city, availability of other enforcement mechanisms, and a low likelihood that these regulatory changes would lead to substantial changes in daily use practices at existing B&Bs. (Any future B&B-style uses would be operated as short-term rentals according to the proposal.) Existing B&Bs would remain subject to City noise limits and similar limitations on nuisance conditions, through typical code enforcement provisions, meaning that the realistic potential for significant spillover land use compatibility impacts is likely to be low.

This checklist does not identify any particular potential for cumulative adverse impacts, meaning there is little potential for these regulatory changes, in combination with other pending or recent land use legislation, to generate unforeseen kinds of significant adverse land use compatibility impacts.

## **Transportation**

The proposed changes in this non-project proposal would result in no direct impacts and are unlikely to result in significant indirect or cumulative adverse impacts related to the transportation element of the environment.

The proposed changes, given their particular content and meaning leading toward increased regulation and limitations upon short-term rental uses, are not expected to increase the pace or scale of future new residential development with such uses. They are also not expected to increase eligibility for such uses or to result in significant differences in the geographic patterns or distributions of their presence across the city. These factors suggest there is little if any potential for generation of different or greater adverse transportation impacts or public service/utility impacts in any given location. This includes a conclusion of a low potential for adverse impacts on streets, transit, parking, and traffic operations in any given location across the city.

Based on information pulled from the online platform Airbnb in January 2017, around 80% of units currently offered for nightly or weekly rentals through their website would meet the criteria proposed for short-term rentals, and would be allowed to continue to operate at their current frequency. To the extent that this suggests a potential cessation of short-term rental uses for around 20% of current short-term rental offerings, it is possible that some of these uses might be re-used as long-term rentals, adapted in ways to become compliant with new regulations, occupied by owners, or left vacant. Given such a range of possible future outcomes, it is difficult to forecast whether the net result would be a shift upward or downward in total transportation trips or maintenance of a relatively similar pattern. However, the potential for significant adverse transportation impacts at such locations would appear to be minimal, given that residential patterns of use or some form of short-term rental use would continue to occur, or reduced traffic trips if such housing became vacant or more lightly used.

To the extent that 20% of units currently offered as short-term rentals might need to cease operations, competitive market forces might lead to additional offerings of lodging uses in more locations, and thus the specific patterns of locations where lodging activity occurs could shift over time, generating a speculative potential for altered transportation impact patterns. However, it would be difficult to know where such new short-term rental uses would occur across the city, given the wide range of zones in which such uses are possible. It would also be difficult to isolate differences in transportation effects if compared to other kinds of normal turnover or variation in the patterns of residential use and possible lodging activities and their related variability in transportation patterns. Therefore, the potential for identifiable significant adverse transportation impacts as a result of the proposal is concluded to be minimal.

### **Public Services and Utilities**

Using a logic similar to that discussed above for Transportation impacts, no direct or cumulative adverse impacts on public services and utilities are identified. Also, projected outcomes of the proposal do not include an increased pace of development including short-term rental uses, and it appears unlikely that the proposal would generate geographic or operational-related differences that might translate to meaningful differences in the consumption of public services and utilities. Therefore, the potential for identifiable significant adverse public services and utilities impacts of the proposal is concluded to be minimal.

### **DECISION - SEPA**

This decision was made after review by the responsible official on behalf of the lead agency of a completed environmental checklist, the proposed Code amendments, and other information on file



with the responsible department. This constitutes the Threshold Determination and form. The intent of this declaration is to satisfy the requirement of the State Environmental Policy Act (RCW 43.21.C), including the requirement to inform the public of agency decisions pursuant to SEPA.

Determination of Non-Significance. This proposal has been determined to not have a significant adverse impact upon the environment. An EIS is not required under RCW 43.21C.030(2)(c).

Determination of Significance. This proposal has or may have a significant adverse impact upon the environment. An EIS is required under RCW 43.21C.030(2)(c).

**RECOMMENDED CONDITIONS - SEPA**

None.

Signature: On file Date: 4/24/17  
Gordon Clowers, Senior Planning & Development Specialist  
Department of Construction and Inspections

## **EXHIBIT G**

# Seattle Housing Affordability and Livability Agenda



Final Advisory Committee Recommendations  
To Mayor Edward B. Murray and the Seattle City Council

July 13, 2015

consider the impacts the scale of a growth fund could have on other critical general fund investments that relate to housing stability, including human services allocations.

#### **R.8 Establish a Supportive Housing Medicaid Benefit**

Some people in Seattle not only suffer severe mental or physical illness but also lack safe housing. For these people, among the most vulnerable members of our community, homelessness and health challenges reinforce and worsen one another. Research shows that for many of these people, permanent supportive housing – combining affordable housing with tenancy supports and housing case management for people with complex health challenges and long histories of homelessness — is the solution. The City’s ability to sustain and expand this resource of permanent supportive housing is constrained by the lack of adequate operating and services funding. In light of the opportunities created by the Affordable Care Act, Medicaid expansion and the State Innovations in Medicaid grant, the state should create, and the federal government should approve, a Medicaid benefit for services in permanent supportive housing for chronically homeless people with disabilities. This item should be included in the 1115 Medicaid Waiver currently being prepared for submission to the federal government by the Washington State Health Care Authority. The benefit would reimburse housing providers for tenancy support services that help Medicaid-eligible residents maintain stable housing, increase access to health care and reduce health care costs over both the short and long terms.

#### **R.9 Hotel Tax on Short-Term Rentals**

Following the lead of other jurisdictions, the City should, in conjunction with the county and state governments, explore regulating and collecting hotel taxes from short-term rentals such as Airbnb or VRBO. Under such an approach, short-term rentals would collect and remit taxes to the county that originate directly from guests as an extra charge on their bill, the same way that hotels collect them. In addition, the City should commit to dedicating these taxes to affordable housing.

#### **R.10 Explore a Social Impact Investing Model for Housing in Seattle**

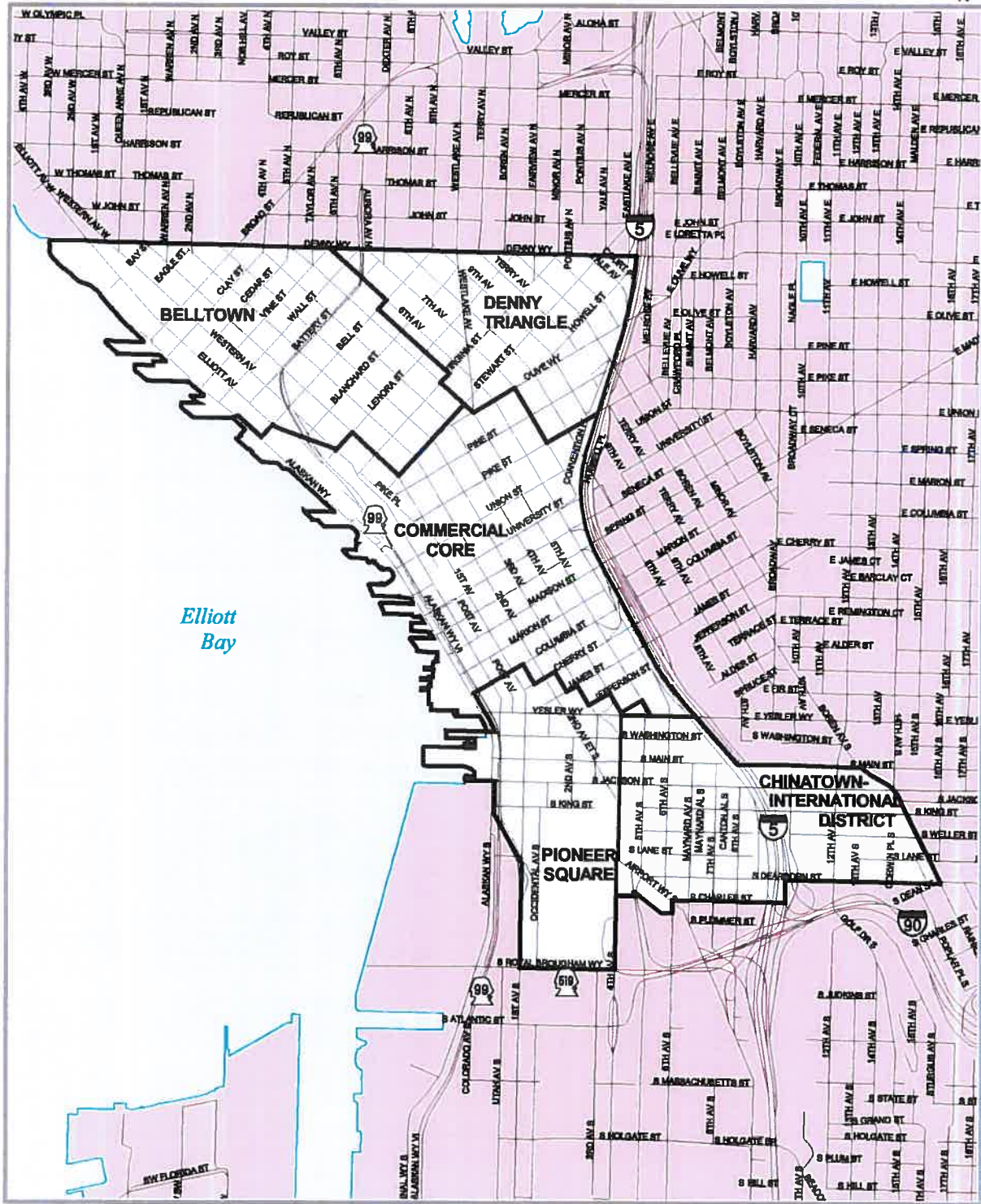
The City should use the opportunities of significant regional growth in private venture capital activities to convene stakeholders to explore local opportunities for Social Investments in housing. This can include the use of social impact investments and social impact bonds. Social Impact Bonds use private investments to implement or expand prevention and early intervention social programs. Private investors can earn a financial return if programs achieve desired goals, as demonstrated by third party evaluators, and potentially reduce future government expenses for the target populations. Other jurisdictions have explored or piloted Social Impact Bond models that address various issues, including chronic homelessness, homeless children and jail recidivism. Social Impact Investments are usually loans provided by social investors to nonprofit organizations. Unlike grants and donations, these are loans which organizations repay and use to create real social impact. They can be used for a host of purposes, including capital investments.

## **EXHIBIT H**

# Urban Village Figure 2 DOWNTOWN Urban Center



urban village element



0 0.25 0.5 Miles

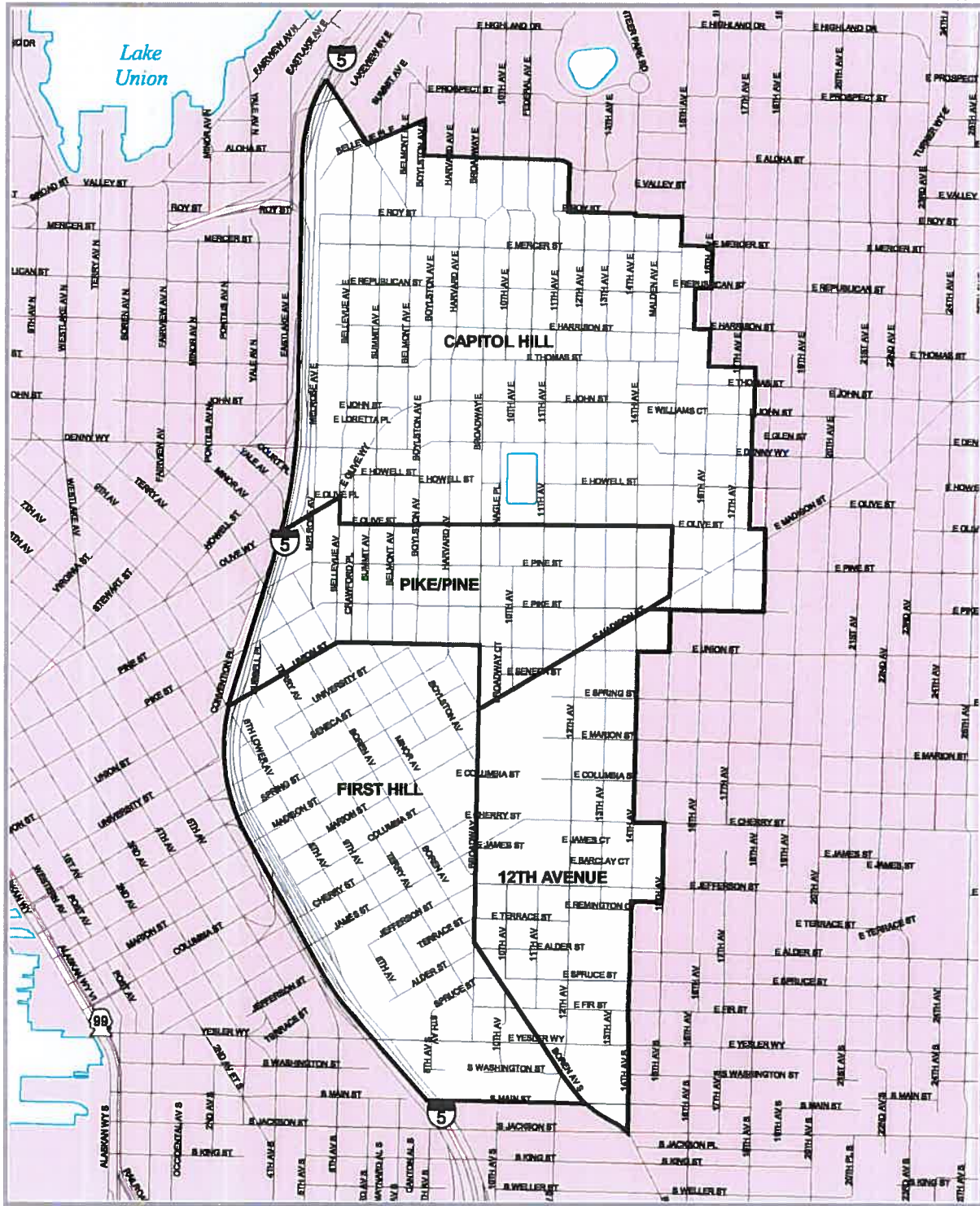
VILLAGE BOUNDARY

A-1

January | 2005



### Urban Village Figure 3 FIRST HILL/CAPITOL HILL Urban Center



urban village element

A-1

January | 2005

0 0.25 0.5 Miles

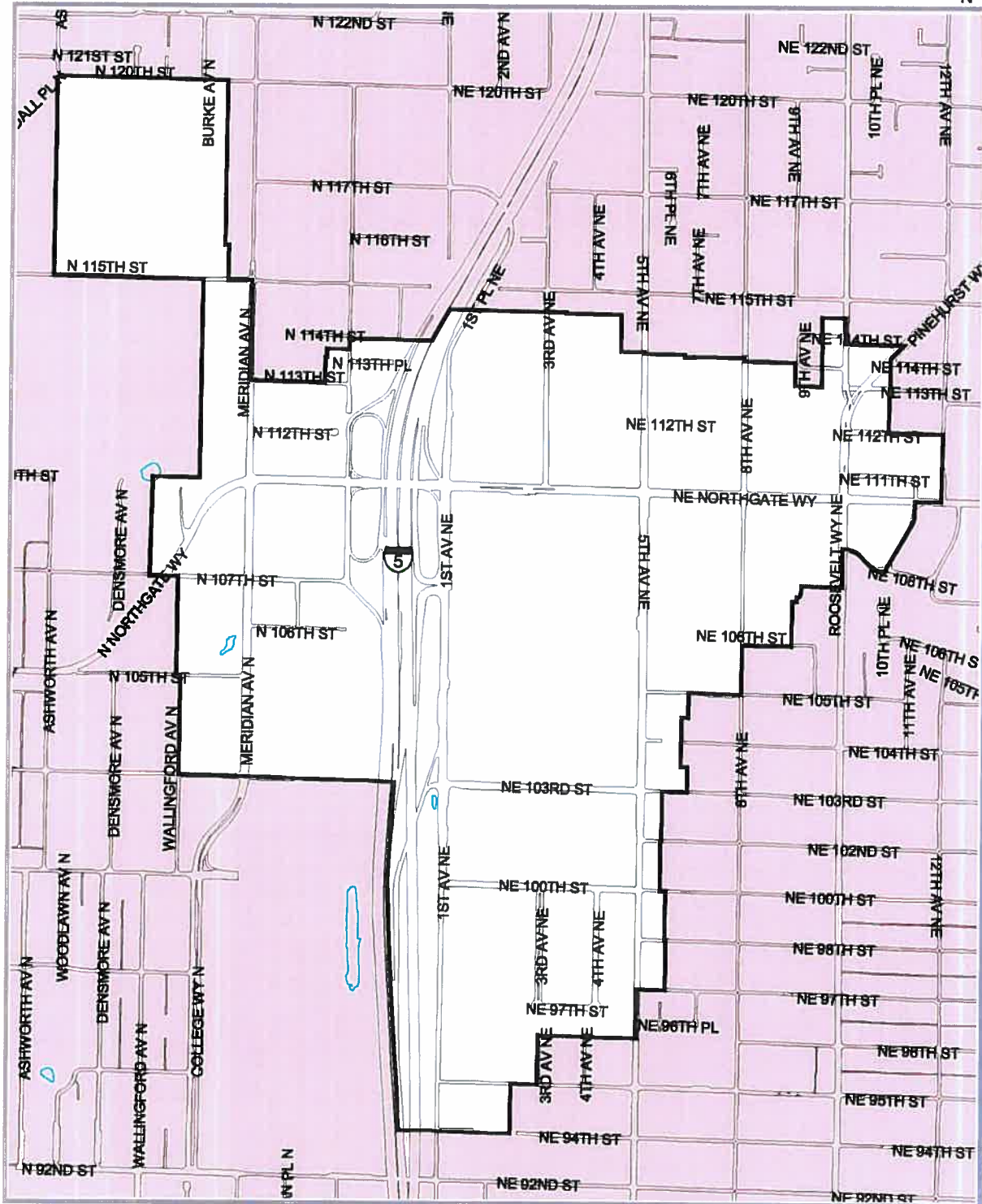
VILLAGE BOUNDARY





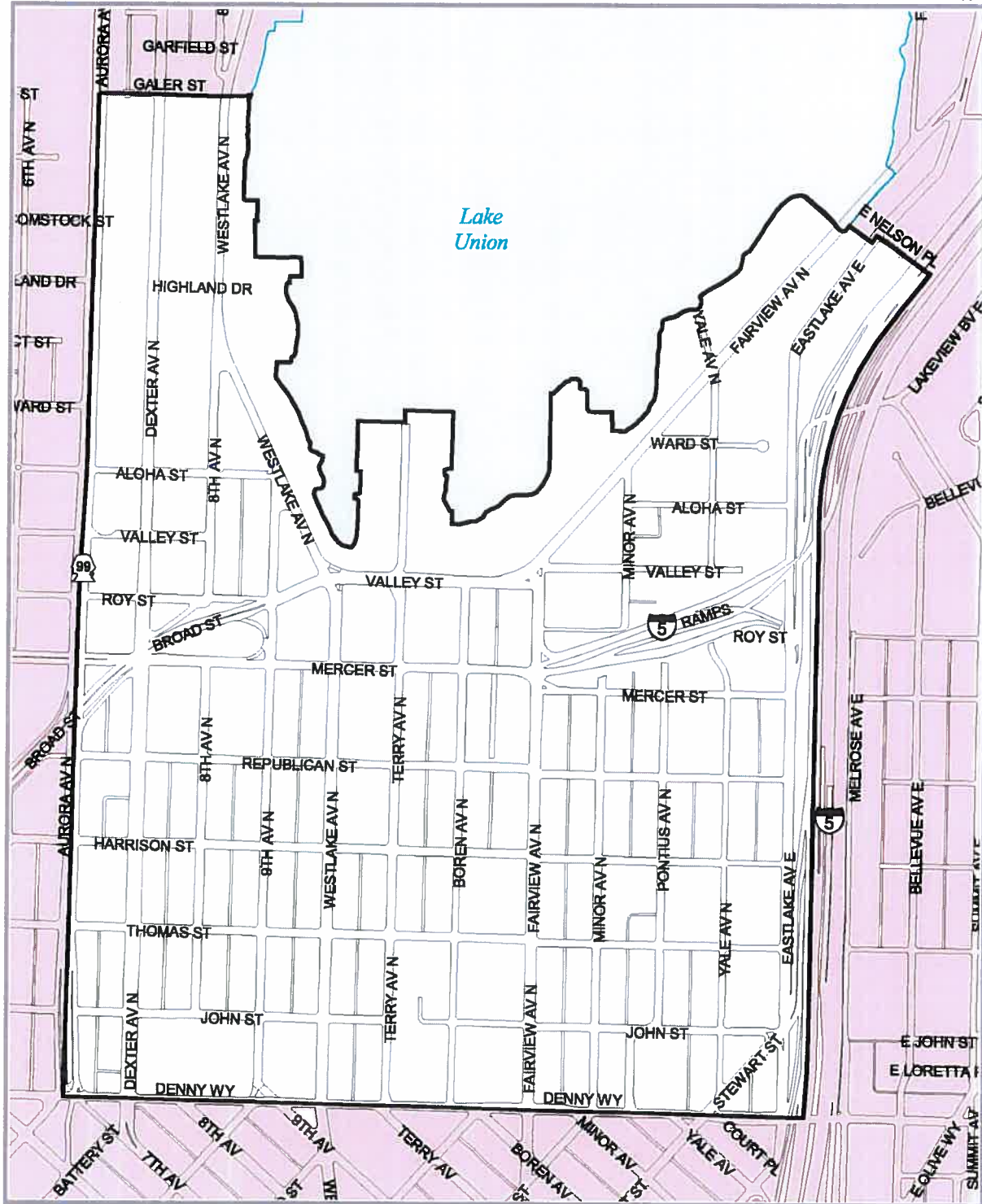


# Urban Village Figure 6 NORTHGATE Urban Center



 CENTER BOUNDARY  
 EDGE OF PAVEMENT

### Urban Village Figure 7 SOUTH LAKE UNION Urban Center



- VILLAGE BOUNDARY
- EDGE OF PAVEMENT

urban village element

A-1

January | 2005