

The question before the SAC is whether the hotel project, as proposed by its developers to the City and to the SAC, meets the expectations laid out by the City – both in the Seattle Municipal Code governing Major Institution Master Plans and in the Swedish Cherry Hill MIMP. This project as proposed has raised many questions and significant concerns among SAC members and neighbors about its compliance with SMC, integrity with the MIMP itself, and how a hotel was discussed in the planning process so as to be approved as part of the Swedish Cherry Hill master plan.

SMC MIMP Permitted Uses

According to Seattle Municipal Code which governs Major Institution Master Plans, section **23.69.008** concerns **Permitted Uses**:

A. All uses that are functionally integrated with, or substantively related to, the central mission of a Major Institution **or that primarily and directly serve the users of an institution** shall be defined as Major Institution uses and shall be permitted in the Major Institution Overlay (MIO) District. Major Institution uses shall be permitted either outright or as Conditional Uses according to provisions of Section 23.69.012. Permitted Major Institution uses shall not be limited to those uses which are owned or operated by the Major Institution.

B. The following characteristics shall be among those used by the Director to determine whether a use is functionally integrated with, or substantively related to, the central mission of the Major Institution. No one (1) of these characteristics shall be determinative:

1. Functional contractual association;
2. Programmatic integration;
3. Direct physical circulation/access connections;
4. Shared facilities or staff;
5. Degree of interdependence;
6. Similar or common functions, services, or products....

F. Uses other than those permitted under subsections A and B of this section shall be subject to the use provisions and development standards of the underlying zone.

Despite comments by SDCI staff to the contrary at the July 2019 SAC meeting, SMC clearly states both A **and** B must be satisfied for a MIMP project to be determined permissible use. If not, the code states that the underlying neighborhood zoning applies, and the Squire Park neighborhood is not zoned for a privately operated hotel.

The question before the SAC of responding to the proposed hotel project is two-fold:

Does the SAC find that the hotel project as presented to the SAC meets the permitted use Seattle Municipal Code for major institution projects?

Does the SAC find that the project faithfully implements the function of a hotel described in the Swedish Cherry Hill MIMP?

PERMITTED USE CODE – PROPOSED HOTEL:

A. Functionally integrated with, or substantively related to, the central mission of Swedish Cherry Hill or primarily and directly serve the users of an institution:

Over several SAC meetings, Swedish staff has made it clear that this hotel will not be functionally integrated with Swedish Cherry Hill. Swedish staff has cited HIPAA and other concerns about disclosing patient information to hotel operators, and has repeatedly asserted Swedish is “not in the business of running hotels” so would not be involved in any of the day to day operations of the proposed hotel.

There is no question that the MIMP includes a hotel, yet SAC members have raised questions about whether the hotel *as proposed* is substantively related to the mission of Swedish.

At a meeting on Nov. 11, 2016 between staff from multiple City departments and Ellumus, meeting notes reflect that City staff requested that Ellumus’ letter to SDCI (to request approval as a permitted use) “include programmatic details outlining **how this hotel will be available for patients and families only, and not the general public.**” Instead, the letter from Ellumus states “it is programmed so it *primarily* serves the users (patients and their families)”. Though Swedish’s mission is to serve their patients, and patient care was the sole rationale for including a hotel in the MIMP, neither Ellumus’ letter nor the proposed hotel project indicates the hotel will be used only for patients and their families.

In the letter from Ellumus to SDCI in November 2016 requesting approval as a permitted use, they wrote simply: “Based on our understanding of the code, the proposed project use as a boutique hotel is functionally integrated with the central mission (to provide Quality Care to their patients and their families) of a Major Institution (Swedish Hospital at Cherry Hill Campus), and it is programmed so it primarily serves the users (patients and their families) of a Major institution (Swedish), it shall be permitted in the Major Institution Overlay (MIO) District.”

Additionally, at the March 2019 SAC meeting, the [developer’s presentation](#) included these bullet points under “Operations and Management” that raise questions about how the SAC can be assured on an ongoing basis that the hotel is fulfilling their intent to “primarily” serve patients and their families. It also raises significant questions about how any management agreement between Ellumus (the owner) and Swedish would ensure any access for patients and families because Ellumus will not manage day-to-day operations:

- “The owner will hire a third party hotel management team to operate the hotel
- The hotel will primarily serve Swedish patients and their families with a discount rate. It opens to the public if there is any availability.”

In notes from the November 2016 meeting, SDCI noted to Ellumus that “if the use is found to not be functionally integrated with, or substantively related to, the mission of Swedish (a “permitted use”), SMC 23.69.035 is applicable. Here we must determine if the change to the master plan is an exempt change, a minor amendment, or major amendment.”

FINDING: SAC members are concerned/do not believe that Ellumus adequately demonstrated that the hotel project as proposed meets the first permitted use requirement in SMC 23.69.008.

Permitted Use – B. The following characteristics shall be among those used by the Director to determine whether a use is functionally integrated with, or substantively related to, the central mission of the Major Institution:

1. Functional contractual association:

In meeting notes from November 2016, Ellumus informed SDCI that a discussion had been initiated with Swedish Hospital through Andy Cosentino regarding the project's functional relationship with Swedish. According to the 2016 letter submitted by Ellumus to SDCI, "We are in the process of reaching an agreement with Swedish Organization for a mutually beneficial management plan to ensure the patients and families having privileges /advantages staying at the proposed property."

The SAC has not seen or been made aware of such an agreement, and Mr. Cosentino is no longer with Swedish. Rather, current Swedish staff have made it clear that privacy concerns as well as operational constraints would likely prohibit such an agreement.

FINDING: The SAC does not believe the hotel project meets the criteria of functional contractual association.

2. Programmatic integration:

Ellumus' letter to SDCI does not respond in any way to the question of how it integrates programmatically with Swedish – it asserts only that the MIMP describes future space needs predicated on growing bed counts which include a hotel: "As stated in the MIMP, the inventory of space needs indicates that as future demand for inpatient hospital bed count grows, the need for hotel rooms will, concomitantly, grow. As the data suggests, a projected increase of 27 hotel rooms to 56 hotel rooms is needed by year 2023. By providing a 42-room boutique Hotel project on the 1522 E. Jefferson Site that primarily serves the patient and their families are in alignment with this needs." In SAC meetings, Swedish has not indicated there is any plan or agreement for integrated programs, even the most basic as ensuring that patients and their families are able to book hotel rooms.

FINDING: The SAC does not believe the hotel project meets the criteria of programmatic integration.

3. Direct physical circulation/access connections:

The proposed hotel is across the street from Swedish's MIO southwestern corner; there is no physical circulation or access connections to any other Cherry Hill campus building. In Ellumus' letter to SDCI, they described "proximity (within walking distance)" to Swedish's campus, but no physical connections or direct circulation: "The property's proximity (within walking distance) to the central campus makes it an ideal location for a hotel use to serve the patients and their

families while greatly reduce the traffic impact to the community, thus contribute to the reduction of SOV.” Other projects built under previous Swedish Cherry Hill MIMPs have included a skybridge over a street or physically connecting a new building with existing ones with hallways, etc.

FINDING: The SAC does not believe the hotel project meets the criteria of direct physical circulation/access connections.

4. Shared facilities or staff:

In its letter to SDCI, Ellumus wrote *“The proposed facility provides majority of the units to be accessible units with special features to meet the special needs for Swedish patients and families. It is possible and beneficial for some of the hotel staff to bear some degree of medical knowledge, such as having the onsite nurse (shared staff with Swedish hospital) to handle the emergency situation.”* The SMC characteristic does not reference accessible facilities; it refers to shared facilities, and because the hotel building has no physical connection to other buildings in the MIO, it cannot qualify as a shared facility.

Furthermore, in SDCI’s letter in 2018 regarding its permitted use, Ellumus’ response was interpreted to mean *“an onsite nurse is anticipated,”* though Ellumus did not explicitly “anticipate” this, and did not necessarily plan that Swedish would share staffing to provide an onsite nurse – only that it would be “possible and beneficial”. In SAC meetings, Swedish has made it clear that while any staff nurse may choose to work at a hotel, this would not be an arrangement between Swedish and the hotel - it would be a personal choice by individual nurses. Swedish has clearly stated they are not in the business of operating hotels, and has not indicated there is any plan to share staff or facilities.

Finally, in response to this characteristic of permitted use, Ellumus used its ‘accessory function’, the proposed café, as an “additional amenity (shared facility)”, yet the café qualifies neither as a shared facility nor shared staff with Swedish: *“Just as this boutique hotel can be an asset to the Swedish Institute and the surrounding neighborhood, the hotel’s accessory function - the ‘Corner Café’ on the ground floor can be an additional amenity (shared facility) to the Major Institution. This nice accessory not only primarily serve the Swedish staff, their patients and families, but also add warmth and welcome feel to the local community.”*

FINDING: The SAC does not believe the hotel project meets the criteria of shared facilities or staff.

5. Degree of interdependence:

Ellumus described no ways in which its business or operations would be interrelated or interdependent with Swedish Cherry Hill. On the contrary, Ellumus wrote that “it will maintain financial independence” from Swedish, “instead of adding burden to the institution”, rather than describing any ways in which the function or use of the hotel is interdependent with Swedish’s mission: Ellumus/Perfect Wealth Investment *“is committed to provide functional amenities to support Swedish mission to accommodate the needs and desire from the patients*

and their families. While seeking mutual support and benefit, it will maintain its financial independence instead of adding burden to the institution.” Without shared facilities or staff; without direct, physical connections or access; and without any agreements for shared programming, Ellumus was unable to describe any additional ways their hotel project is interdependent with Swedish.

FINDING: The SAC does not believe the hotel project meets the criteria of “degree of interdependence” because there is none described.

6. Similar or common functions, services, or products:

Ellumus described its similar functions or services as being related to building (ADA) accessible units: *With majority of the hotel units to be accessible, it expands the capacity of Swedish outpatient services, reduces the anxiety of their patients and families.”* ADA accessibility is not specific to hospitals, and many (if not all) newly constructed hotels have certain rooms that meet this standard, so this explanation makes this hotel project as similar to Swedish Cherry Hill as any other hotel in Washington is to Swedish. The hotel proposes no specialized services, products, or functions different than any other hotel in Seattle would offer, other than a discounted room rate for patients and their families - a service which Swedish staff told the SAC cannot be verified by Swedish.

FINDING: The SAC does not believe the hotel project meets the criteria of common functions, services, or products.

With the information provided to the SAC since February 2019 about this proposed hotel, SAC members have had no evidence that supports the request for permitted use for this hotel using SMC’s Permitted Use characteristics, or criteria, beyond the fact that the MIMP does indeed allow for a hotel for patients and their families.

In fact, more questions than answers have come up in SAC discussions about the connections between Swedish Cherry Hill’s mission and how a hotel owned and operated separately is capable of fulfilling the hospital’s mission. For example, we have asked:

- Without significant involvement by Swedish, how would a hotel know that it is “primarily” serving hospital patients and their families?
- How would it be monitored and enforced that a hotel “primarily” serve Swedish patients and their families? How would that monitoring and enforcement be handled over time?
- How would a “discounted” rate be monitored? How much of a “discount” meets the mission of serving Swedish patients sufficiently?
- The developer/applicant has stated it will not manage the hotel once it is built: how would any agreement about possible shared or interdependent programming, staffing, functions, services, contractual association, etc. that could be developed for this project be enforceable with a third party operator?

- If the hotel owners decided to sell the business, how would the mission of serving Swedish patients be ensured with new owners or operators?

These questions arose just in our conversations about the SMC that guides MIMPs generally. More questions arise when the Swedish Cherry Hill MIMP was examined.

SWEDISH CHERRY HILL MIMP – PROPOSED HOTEL:

Plans for a hotel serving patients and their families is not new for this campus: even the 1994 MIMP for then-Providence Hospital lists proposed uses that includes guest beds (“dormitory-style inn for patients and their families”): a proposed new Providence Inn was slated for construction on 18th Ave with 40 rooms “to be used for patients and their families only” (p. 14).

The 2016 Swedish Cherry Hill MIMP allows for a maximum build out of nearly 3 million square feet, which includes planned space needs for: Hospital, Clinical/Research, Education, Hotel, Long-Term Care/Assisted Living/Skilled Nursing, and Other Campus Support: there is no question that a hotel has always been envisioned for Swedish Cherry Hill. But by including a hotel in the expanded Swedish Cherry Hill square footage, it is designed to serve the needs and mission of Swedish, and, like the 1994 MIMP, the 2016 MIMP ordinance does not envision a use other than Swedish patient care.

In reference to a hotel in the MIMP, the [Swedish Cherry Hill MIMP](#) refers to the hotel exclusively as the “hotel” or the “*Patient Family Hotel*” (p. 56). Nowhere in the MIMP is there a reference to hotel guests that are not patients or patients’ families: the MIMP solely describes a hotel for patient benefit, specifically related to anticipated increase in patients (“inpatient bed growth”).

The purpose and size of the hotel and its guests are clearly described on page 139, the section on *Hotel Rooms*: “**The hotel forecast is primarily influenced by inpatient bed growth since the majority of the users are family members of inpatients. Some beds are used for early arriving inpatients and for outpatients coming from out of town for treatment.**” The majority of guests were planned to be patient families – the only other guests described were pre- or post- care patients themselves, not visitors to a boutique hotel in the Squire Park neighborhood.

Also, the MIMP sections on neighborhood amenities or benefits does not contain any references to the hotel as an amenity for the neighborhood to benefit from. The justification for a hotel in the MIMP is exclusively based on Swedish’s mission to provide excellent care for its patients – and the forecasted expansion of hospital beds.

Appendix G: Volume and Space Projections

The projected volume and space needs supports the Cherry Hill campus role within the Swedish Health Care system by providing patient care and research in Cardiac & Vascular, Neuroscience and other specialties. Requirements by type of space are as follows: Hospital, Clinical/Research, Education, Hotel, LTC/Assisted Living/Skilled Nursing, Other Campus Support.

In projecting future needs, it is important to understand the major factors that influence future demand for health services.

On p. 131, **Appendix G: Volume and space projections**, a hotel is listed as a **space need** in response to an assessment of demographics, health care delivery changes, etc. The MIMP includes forecasting methods that include average length of hospital stay and 'bed need' (p. 136) to justify an increased need for hotel beds - i.e. increases in inpatient bed use will increase need by families to stay nearby.

(p. 134) Forecast Methodology:

The development and growth of current specialty programs will continue on the Cherry Hill Campus and contribute to future space and facility needs along with building and infrastructure replacement that have outlived their useful lives and are functionally obsolete.

Projections of needs are aligned with major categories of programs present on the Cherry Hill campus that require different types facilities, namely (the six types identified above).

On p. 139, under the heading **Space Needs - Hotel Rooms**, the MIMP describes the projected users of the hotel, which seems to be based on the Inn at Cherry Hill (rooms set aside within the hospital for patients' families), which was in operation during the period when the MIMP was created but apparently closed in the last year or so. Nowhere does the MIMP here include the possibility of non-patient related ('general public') uses of the hotel:

*The Inn at Cherry Hill provides 'hotel' rooms for the **convenience of inpatients and their families**. The Inn offers family members comfortable and **reasonably priced** accommodations on the Cherry Hill campus so they can be close by to their loved ones while they are treated at the Medical Center. It is also **used by patients arriving early** for their inpatient stay, as some procedures and admits occur in the early morning. The accommodations, repurposed from former patient rooms, lack the types of space one would expect in a typical hotel. There are currently 29 beds available in mostly semiprivate rooms. **The hotel forecast is primarily influenced by inpatient bed growth since the majority of the users are family members of inpatients.** Some beds are used for early arriving inpatients and for outpatients coming from out of town for treatment.*

On page 139, (**Inpatient Bed Growth**) the MIMP anticipates the demand for hotel space this way: *"Family members are more likely to choose to be nearby their loved ones for their intensive and shorter hospital stays, so it stands to reason that demand for hotel/Inn beds in will increase along with inpatient bed growth."* In projecting Hotel Room use on page 140, there is an assumption that at approximately 10% of hotel rooms would be used for outpatients – patients arriving early or patients receiving treatment who live out of town. There is no forecast for non-patient-related demand for hotel rooms, because *"The hotel bed projections understandably follow the same general increases as the inpatient bed projections."*

In the following section on **Space Needs** (p. 140), *"The space benchmark for a modest hotel, as envisioned for the Cherry Hill Campus, is 1,000 Building Gross Square Feet (BGSF) per bed"*. Note that what is envisioned for this project is a "modest" hotel – not a "boutique" hotel.

Finally, according to the projected project timeline, the hotel was planned to be Phase E – the final phase of construction for this 20 year plan. While none of the timelines are binding and clearly subject to change, it may provide context for the intent and purpose of this hotel. It

bears noting that the projected hotel bed demand seems to assume a current level of use, as the Inn at Cherry Hill was providing, because hotel bed demand begins with 29 beds in 2012, rises to 51 beds in 2023, up to 72 beds in 2040 (note that the final MIMP reduced the total allowed hotel beds by 24 from Swedish's projections.) It is very possible the level of projected demand for hotel beds was anticipated to grow as the other construction projects added more patient care – thus more need for more space for them and their caregivers – and that the Inn at Cherry Hill was intended to provide for the more limited demand in the meanwhile. If this hotel were built closer to the end of this 20 year, it's quite possible that there would be no need at all to consider non-patient related guests, because patients and their families would fulfill all the demand that Swedish projected – when it planned this hotel to be built last.

To assess intent for the hotel that may not be captured in the MIMP itself, there are references to a proposed hotel in documents related to the creation of the MIMP (Swedish Medical Center Cherry Hill Campus – MIMP Citizens Advisory Committee Final Report and Recommendations – May 28, 2015): the CAC did discuss the proposed hotel. On p. 50, the report indicates that “Swedish says (the Inn) would serve not only Cherry Hill but also its First Hill and Ballard campuses” – there is no mention of non-hospital related guests. In submitted public comments cited on p. 527, it is described as “Hotel that serves First Hill and Ballard”. On p. 203 of the CAC's *Final Report and Recommendations*, Sabey employee Mr. Cosentino described the future hotel plans by describing the anticipated growth in guest rooms (24 to approximately 84 rooms by 2040) in the West Tower, saying “These rooms will be restricted to only patients and families and not for the public.”

For what it's worth, it also is clear from comments by CAC members and neighbors throughout the planning process that many felt the hotel was a “non-essential” use, and several neighbors made arguments for why, with the totality of the proposed growth and the impacts on the residential neighborhood, the proposed hotel should be eliminated in the final master plan.

FINDINGS re MIMP: The Swedish Cherry Hill Master Plan ordinance and the process leading up to the final plan clearly includes a hotel – but one that is quite unlike the boutique hotel project presented to the SAC over the past six months. This project is incompatible with the MIMP's explicit and implicit mission to serve patients and their families with excellent health care and supports, and it does not reflect the expectations by the CAC and surrounding neighborhood that it would serve only patients and their families. This expectation is reflected in SDCI's original direction to Ellumus in 2016 to demonstrate “*how this hotel will be available for patients and families only, and not the general public*”.