

**CITY OF SEATTLE
DETERMINATION OF NON-SIGNIFICANCE BY
THE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS (SDCI)**

Applicant Name: City of Seattle
Address of Proposal: Most locations where residential development is allowed within Seattle

SUMMARY OF PROPOSED ACTION

The proposal is to amend the Land Use Code to define and add standards for short-term rental uses and modify the definition and standards for bed and breakfast uses. The proposal would:

- Establish a new definition for “short-term rental” as a type of lodging use;
- Establish standards for short-term rentals, including an annual rental limit of 90 nights for units that are not the primary residence of the owner;
- Modify the definition of “bed and breakfast” as a type of lodging use to include only those uses established before May 1, 2016;
- Modify the standards for bed and breakfasts as an accessory use in single family and multi-family zones;
- Require that all short-term rentals and bed and breakfasts have a business license from the City, and that short-term rental uses and bed and breakfasts that rent more than 90 nights in a year have a short-term rental license from the City; and
- Include other related changes to update and clarify the Land Use Code.

The following approval 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 platforms have increased the number of housing units, or portions of units, that are offered for rent on a nightly or weekly basis within the City of Seattle. According to data published by the web-based platform Airbnb in December 2015, there are 2,900 hosts in the City of Seattle that rent all or part of a housing unit through Airbnb. An estimated 20% of those hosts rent out a housing unit that is not their primary residence, and 630 units are rented out for more than 90 nights a year.

The proposed code changes are intended to establish regulations to address this emerging type of land use, as the 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 code to address this emerging land use in a way that balances the need to preserve housing available for long-term tenants with the interest in allowing the economic flexibility that short-term rentals offer homeowners.

The proposed code changes create a new definition for “short-term rentals” as a type of lodging use, and establish standards for short-term rentals as an accessory use in residential zones in a new Section 23.42.060 SMC. The proposal modifies the requirements for bed and breakfasts in single-family and multi-family zones in Sections 23.44.051 and 23.45.545 SMC, and consolidates them in Section 23.42.060 SMC. Short-term rentals defined as a lodging use would not be allowed for residential uses over water as provisions of the Shoreline Master Program do not allow lodging use over water as it is neither water-related nor water-dependent.

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.

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 May 20, 2016. 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 would add standards for short-term rental uses and modify the definition and standards for bed and breakfast uses. The proposed amendments may result in potential impacts and warrant further discussion.

ELEMENTS OF THE ENVIRONMENT

Adoption of the proposed Land Use Code amendments would result in no immediate adverse short-term impacts because the adoption would be a non-project action. The discussion below evaluates the potential long-term impacts that might conceivably result from differences in future development patterns due to the proposed amendments.

Natural Environment

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

The proposed changes would result in no direct impacts, and are unlikely to result in indirect or cumulative adverse impacts related to earth, air, water, plants/animals, fisheries, energy, natural resources, sensitive areas, noise, or releases of toxic/hazardous substances.

The proposed changes are not expected to alter the pace or scale of new residential development. The eligible locations for lodging uses would not be significantly altered by the proposal, and the proposal does not alter any procedures or regulations related to natural environment protections. Bed and breakfasts are currently allowed as an accessory use in single-family and multi-family zones under existing regulations and will continue to be allowed under the proposal. The proposal creates a new category of lodging use, short-term rentals, which are currently not regulated or otherwise addressed in the Land Use Code, and establishes standards for and limitations on the use.

Future development projects subject to the standards in this proposal will also be subject to the City's existing regulations, such as the Stormwater, Grading and Drainage Ordinance, the Environmentally Critical Areas Ordinance, Noise Ordinance and others as applicable.

Built Environment

Land & Shoreline Use, Height/Bulk/Scale, Transportation, Public Services and Utilities

The proposed changes are not expected to create significant impacts on existing and planned land and shoreline use. Bed and breakfasts are currently allowed as an accessory use in single-family and multi-family zones under existing regulations and will continue to be allowed under the proposal. The proposal creates a new category of lodging use, short-term rentals, which are currently not regulated or otherwise addressed in the Land Use Code, and establishes some limitations on the use. As the current Shoreline Master Program does not allow lodging use over water, short-term rentals would not be allowed over water. Depending on the shoreline environment, short-term rentals may be allowed within the shoreline overlay district where residential and lodging uses are allowed on the dryland portion of waterfront lots and on upland lots.

The proposed changes are not expected to alter the pace or scale of new residential development, however, they could influence the number of housing units available for nightly or weekly rental as a short-term lodging use. The proposed changes are not expected to significantly impact transportation systems, public services, or utilities.

None of the above described potential minor effects of the proposed legislation would result in significant adverse environmental or cumulative impacts on the built environment when compared with land uses and development that could occur in the absence of the proposed legislation. Future projects developed subject to the standards in this proposal will require permits, review and project approvals as provided for in the Seattle Municipal Code.

Conclusion

The proposed code amendments to define and add standards for short-term rental uses and modify the definition and standards for bed and breakfast uses in residential areas are expected to have minimal impacts on both the natural and the built environment. The proposed regulations do not alter the scale or intensity of development compared to what could be built with existing regulations, and are not expected to alter the pace or scale of new residential development.

The existing regulatory framework, i.e., the Land Use Code, The Shoreline Master Program, Environmentally Critical Areas Ordinance, and others will address impacts of any individual development proposals subject to the standards in this proposal on a project-specific basis.

DECISION - SEPA

This decision was made after review by the responsible official on behalf of the lead agency of a completed environmental checklist, code amendment, 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.

- [X] 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).

Signature: On File Date: 5/20/16
Christina Ghan, Planner
Department of Construction and Inspections