

Dear Mayor Harrell and Executive Leadership Team members,

We write to you today to urge swift action on strategies to increase vibrancy, strengthen the city's tax base and provide economic opportunity and prosperity in downtown Seattle and for the region.

These strategies build on the foundation that Mayor Harrell laid out during his State of the City address. We applaud the Mayor for choosing to use this opportunity to focus on the two most important things we can do to energize our economy: revitalize downtown Seattle and address public safety.

Downtown is in a better place than it was 12 months ago, thanks to the Mayor's efforts. A record number of residents have returned to downtown; we've seen a strong return of visitors last summer and a slow yet steady return of office workers.

The street environment has seen some improvement, yet significant safety challenges persist in many parts of downtown. The one strong constant we hear is that public safety must take priority in our downtown revitalization efforts, and that without this, other steps to generate activity will not be successful. We support investments in the countless actions that can make communities safer, from better lighting to activation of spaces, but all public safety actions must be centered around increasing officers – or officer alternatives – who can effectively respond to community needs.

Voter sentiment echoes this prioritization as well: in a recent survey conducted by the Chamber and DSA, results show that a majority of Seattle voters (70%) believe we need more officers to keep us safe and reduce crime, and 8 in 10 voters support the idea of a public safety force with unarmed officers to respond to low priority calls. Further, voters believe things like signing bonuses will help hire officers (66%).

Our public safety challenges, along with the sluggish return to office, return of business travel, and pace of convention bookings continues to present serious threats to downtown's vibrancy, the city's tax base, and the region's overall economic health.

Downtown Seattle's current situation can best be described as fragile. But we, like you, are bullish on downtown; we have ideas, and we are excited to roll up our sleeves and work with you to advance them.

Our ideas focus on the following:

- To effectively address the key issue of public safety so downtown residents, visitors and patrons both feel safe and are safe in the neighborhood;
- More workers in the core – employers should continue to embrace flexibility, but ask employees to come back more than one or two days a week;
- A laser-like focus on addressing homelessness and public safety using an all-of-the-above approach,
- To develop and implement a retail strategy that city leaders not only support, but meaningfully engage and invest in;
- Implementation of creative ideas to boost arts and culture as a way to attract people downtown;
- A real estate approach that includes policy changes and incentives to: 1) attract and retain businesses, 2) keep buildings occupied, 3) incentivize new construction for facilities like life sciences labs and schools, and 4) allow for building more housing in more neighborhoods around the city; and

- To capitalize on the significant upcoming positive milestones coming to downtown, including the MLB All-Star Game, FIFA World Cup, Seattle Waterfront and Aquarium expansion and more.

Action Steps for the City's Downtown Activation Plan

We hope that the Downtown Activation Plan (DAP) will have many recommendations in the areas mentioned above, but our letter today focuses on four specific areas of opportunity with recommended actions for each. These opportunity areas are ordered by priority, with 1, 2 and 3 as the most urgent to be addressed first. We believe that the specific actions listed within those top priority areas should be implemented within **60 days**.

1. Make our downtown streets safe and healthy for all

While progress has been made to reduce crime and tent encampments over the last year, the current street environment is unacceptable. Drug use and sales are visible and prevalent and contribute to significant violent crime and property crime, driving substantial increased costs to property owners and tenants. These activities contribute directly to people feeling unsafe downtown.

We are at a critical moment where additional action is needed, with a particular focus on the worsening fentanyl and synthetic drug crisis. To address the complex public safety issues occurring across the country, cities are taking an all-of-the-above approach to add more officers, mental health workers, trained civilians, and outreach workers with many cities, such as San Francisco and Denver, adding resources to adequately staff law enforcement agencies and prosecutors.

We recommend the City:

- Implement an immediate action plan to achieve the mayor's goal of 1400 uniformed SPD officers within three years via Executive Order, Ordinance, or Resolution;
- Increase presence of uniformed police officers – foot patrols – on the streets of downtown, and ensure they are trained and directed to actively engage with business owners, residents, and visitors;
- Increase SPD recruitment bonuses for the next 200 new hires;
- Create a workgroup comprised of criminal legal system leaders and representatives from the employer community to lead a public-private partnership to: 1) augment retention and recruitment strategies, 2) identify interim, immediately impactful public safety actions, and 3) report progress on existing initiatives such as the high utilizer and organized retail theft initiatives. This group should meet monthly to review metrics and propose key actions for the subsequent 30 days;
- Propose a timeline and implementation plan for standing up the Civilian Assisted Response and Engagement Department (CARE);
- Propose and implement strategies to address the fentanyl and xylazine crisis, including enforcement and treatment via Executive Order, Ordinance, or Resolution; and
- Match the private sector's additional investment of \$3 million annually (beginning in July 2023) to enhance the Metropolitan Improvement District's (MID) cleaning, safety and hospitality services. Downtown property owners have petitioned the City to reauthorize the MID for another ten years and are increasing their investment from current levels by \$3m annually (from \$15.5m in 2022/23 to \$18.5 in

2023/24) to enhance MID services. The city should match this additional contribution to further increase ambassador services in busy and challenging corridors and in conjunction with major events.

2. Return more office workers to downtown

Seattle lags the national average for return to office, as of January, office foot traffic is still only 43% compared to 2019. In parts of the retail core, this decline is even more dramatic with foot traffic at 31% of 2019 levels. Prior to the pandemic, downtown was home to 350,000 daily workers. This represents a significant portion of the average daily downtown population that drives substantial economic activity for small businesses and the city. The public sector is one of downtown's largest employers yet has not returned in meaningful numbers.

We recommend the City:

- Require a majority of city employees return to the office at least three days per week by May 1, 2023;
- Contact and lead other public sector employers downtown to commit to return their employees to the office at least three days per week by May 1, 2023; and
- Work with the 15 largest private employers downtown to join the city in return to office commitments by May 1, 2023.

3. Do no harm

The city has in place – and is currently considering additional – regulatory and cost burdens that will hamper future private investment and job growth in an already challenging market environment. At approximately 25%, office space vacancies are high nationally and well above historic levels in downtown Seattle. In the next three years, leases covering approximately 9% of office space downtown will expire, and Savills is projecting that Seattle will surpass a 30% office vacancy rate by 2024.

Considering vacancies and the end of the construction boom in 2025 (when nearly all projects currently under construction will be delivered), there will be a major cliff in funding for local governments nationally - upwards of \$4 billion dollars if the public and private sectors continue fully flexible models. Given that downtown generates nearly half of the City's annual tax revenues, the ability to fund services and budget priorities across the entire City will only become more challenging in the absence of a robust economic recovery downtown.

To increase our competitiveness and help attract new capital and businesses, the city should suspend the following taxes for the *next three years*:

- City B&O Tax holiday for *new* businesses
- Jump Start Tax holiday for all businesses

In addition, the City should not enact new taxes and fees on fragile Downtown businesses or properties during this critical time. This includes:

- Transportation Impact Fees
- Building Emissions Performance Standards

4. Encourage and incentivize new users/uses and streamline permitting

Significant ground floor vacancies exist downtown, particularly in the retail core, Pioneer Square, and Belltown. Retail vacancy in downtown is the highest in decades at 12% in 2023, surging from less than 3% in 2020. More than 500 ground-floor downtown businesses permanently closed since the onset of the pandemic and the current environment for many existing ground floor businesses remains challenging with high operating costs relative to sales volumes.

Downtown is not out of the woods when it comes to the potential for additional ground floor closures. Immediate action is needed to reduce regulatory burdens and create incentives for new occupancy and investment.

We recommend the City:

Encourage Street-Level Activity

- Authorize three-year temporary uses at street level;
- Do not require a building code retrofit to install a temporary use or return to a former use;
- Guarantee a three-month review for a Type 1 land use permit (TI permit) and approve a Waiver of Land Use Code restrictions (e.g., FAR, loading, solid waste storage, parking);
- Expand the range of street-level uses to include, for example: office, conference room, lab area, building amenities;
- Expand/scale the Seattle Restored Program;
- Fund a storefront beautification program to fill vacant ground floor windows with art and advertising to promote downtown entertainment destinations and events; and
- Formalize and stand up a retail recruitment program with public offices and private sector partners.

Keep Permits Alive

- Extend the Master Use Permit (MUP) lifespan to six years, as occurred in the Great Recession; and
- Relax time limits on building permit application and issued building permits. Do not cancel any currently pending building permits.

Incentivize New Development

- Raise State Environmental Policy Act (SEPA) exemption thresholds for downtown permanently;
- Provide for a two-year holiday on design review;
- Eliminate Seattle Energy Code surcharges (above State Code);
- Promote new hotel uses by allowing an exemption from FAR; and
- Extend retail/restaurant/entertainment FAR exemption to all levels in a structure.

Fix Problem Areas

- Create residential/hotel upzone in the Retail Core, based on successful Belltown zoning near 4th and Bell (280 feet/max four towers per block/floorplate size limits) that will bolster new investment, and take this action independent of the Comprehensive Planning process; and
- Increase FAR levels in Belltown to incentivize more nonresidential development.

In addition to the specific new actions we suggest above, we commend you for your commitments and work to advance initiatives and investments we've previously discussed with your administration, which will accrue significant benefit to our joint efforts to revitalize downtown. These include, but are not limited to: reauthorizing the Metropolitan Improvement District (MID) for a new 10 year term, expanding the public/private partnership for the activation of downtown parks, advancing the Downtown Seattle Association's vision for transforming Third Avenue, and deploying digital way-finding in downtown to promote small businesses, events and improve safety.

We believe each of these recommendations is consistent with and supports the realization of the revitalization vision you have laid out for downtown. We want to reiterate the importance of public safety – **91% of Seattle voters believe that Downtown Seattle cannot fully recover until the homelessness and public safety problems are addressed.**

While we know it will take action in all of the categories outlined above, we will not be successful in the absence of significant public safety actions.

We thank you for your leadership and your commitment to downtown and we are all in to partner with the city on this approach to revitalizing downtown.

Sincerely,

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