The Legacy We Leave Behind

Rehabilitating single room occupancy hotels in Seattle's Chinatown International District through use of a Legacy Development Fund

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Abstract

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Urban Design and Planning

A booming regional economy and ever-growing population places stress on established, low-income neighborhoods near the central core of Seattle. Many residents in these vulnerable neighborhoods have been unable to realize the same economic prosperity as their counterparts in wealthier, privileged neighborhoods. Historic institutional barriers to security of tenure led to disinvestment and divestiture, inviting gentrification, disassociation, and displacement. This investigation examines current neighborhood capacity for growth within existing historic buildings and considers the potential for reuse of locally owned cultural assets to meet capacity demanded by new zoning and increasing population. This thesis explores the effects of new and existing regulations, the complications of non-traditional ownership models, and the pressures associated with a volatile, escalating real estate market on the choices made by long-term residents and local property owners to redevelop existing properties. This thesis analyzes the availability and efficacy of development tools used in rehabilitation of existing properties, focusing on the viability of public/private partnerships, local funding structures, and incentive programs.

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CHAPTER 1: INTRODUCTION

> We hope the city and developers will meaningfully engage with the community and offer real, tangible benefits for community-oriented development. Until then, we'll see you in the streets.[1]

There was a time when gentrification seemed like a good thing. The market-driven move to rebuild older neighborhoods full of shabby houses and empty storefronts promised to build up local economies and create happy neighborhoods full of tax paying professionals. An influx of new populations willing to rebuild older neighborhoods at the city center seemed to solve the problems caused by decades of disinvestment and decline in the inner city. What could possibly go wrong?

As our understanding of gentrification has grown, so has our perception of the complex mechanisms at work. New populations replace old. Displaced residents struggle to afford the move to a new neighborhood, manage the long commute to their distant job, and fit into an unfamiliar social network. Vulnerable populations sensitive to rising rental rates and tax values are pushed closer to the edge of fiscal failure, all while bearing a psychological and emotional trauma of navigating strange waters with little support from family, friends, or familiar institutions. As they watch their familiar places evaporate in hot real estate markets, they lose the primal connection to their community.

The vulnerability endemic to low-income neighborhoods is the result of racist institutional and regulatory action on urban populations. These actions have led to a concentration of poverty that has placed long term financial and educational investment out of reach for many families. New development that pushes populations into substandard housing or into distant, more affordable neighborhoods is a continuation of a system that has disenfranchised poor populations for decades. Gentrification, like most things in life, has proven to be far more complex than originally perceived. While the positive benefits are undeniable, the deleterious effects must be carefully considered, and safeguards put in place to ensure that long term residents have a voice in redevelopment.

This thesis considers mechanisms which provide a voice for vulnerable populations, safeguarding legacy business and property owners, residents, and the places which provide a sense of place and belonging. Change may be inevitable, but our response to threats in our community can be proactive, progressive, and equitable.

CONSIDERING AND EQUITABLE FUTURE

Seattle is growing beyond predictions and expectations. Many newcomers want to settle close to their work. They want to bike to work or ride mass transit. They want the "Seattle Experience", living in a quirky neighborhood full of quaint bungalows with views of the space needle or the Sound. Many long-neglected neighborhoods near the urban core of Seattle are experiencing a renaissance, and that change is fundamentally shifting their nature and identity. The "Artists' Republic" of Fremont, once a mecca of low-income rentals for students

[1] Wu and Wallace, "Protect the Chinatown International District Community from Runaway Development."

and creatives, has evolved into a hipster capital with high rents and expensive homes.[2] The Central District, once a bastion for black communities, embodies the drastic decline in minority populations as high-end residential development replaces modest homes and humble local business.[3] Residents in the Chinatown International District are witnessing familiar institutions closing their doors, relocating to distant neighborhoods with affordable rents or disappearing altogether.[4]

While systemic structural inequalities have made ownership difficult to impossible for many residents within vulnerable neighborhoods, those who have managed to purchase a property or sustain a successful business face new challenges in the changing market. A business owner may struggle to meet the demands of new clientele and ever-increasing rental rates. If they do not also own their business space, the tenuousness of their position increases exponentially. The building which houses their livelihood may be sold out from under them, leaving them in search of a new space which may be too expensive or simply non-existent within their home community.

Property owners may feel both the push to upgrade their building to meet new expectations and the desire to serve their community and tenants by keeping their rents low. The complications of meeting both needs may seem daunting, leading an exasperated owner to sell their property in hopes of seeing a one-time windfall. That windfall, while welcome, eliminates any future gains from their investment and drastically reduces their ability to affect change in their community.

Gentrification is not new to Seattle. Certainly, districts like Ballard have shown the pitfalls of redevelopment – the potential for loss of character and displacement of lower-income populations. Ballard, a working-class neighborhood once decried a "white ghetto",[5] has become bastion of high-end living with Pacific Northwest flair. The changes in Ballard have been so profound that they engendered the term "Ballardization" and a slew of #freeballard related hashtags on Facebook, Twitter, and Instagram.[6]

Ballard was a harbinger of things to come. Neighborhoods throughout central Seattle are feeling amplified pressure due to increases in property values, rents, and tax rates. Many are demanding representation, fearing the seemingly inevitable change. Newcomers desire homes in established urban neighborhoods and developers want to take advantage of that desire by offering every new amenity modern life can provide. Long-term residents are left

[2] "Following Fremont's Ever-Evolving Development."
[3] Berger, "Looking at Gentrification in Seattle: How Historic Preservation Is Boosting Diversity at a Time of Gentrification." According to this article, the black population of the Central District is rapidly declining, from 73% of the population in 1970, to 36% in 2000, to an estimated 19% in 2014.
[4] Tomky, "Beloved Seattle Deli Closed Its Doors After 27 Years, Highlighting Downtown Development Tensions: The Vietnamese Deli's Closure Is a Worrisome Sign for the International District's Future."
[5] Schwartz, "Ballard: Epitome of Norwegian Neatness or White Ghetto."
[6] Bellingham Neighborhood Coalition, "Don't Ballardize Bellingham"; Bellingham Neighborhood Coalition, "(230) Don't Ballardize Bellingham Trailer & Barker Montage - YouTube"; Berger, "Whole Feuds."

wondering how they fit into the new vision for their beloved home. Are they the next Ballard? What can they do to stop it?

While new development may threaten a community, it also offers an opportunity to create new infrastructure and amenities, improve neglected properties, and realize an investment which has been historically denied. Intense commitment from community members, business and property owners, and neighborhood support organizations aims to safeguard resident populations. The City of Seattle has pledged public involvement in regulatory decision making. Developers and investors want to cultivate a project which will serve the occupants and the greater community, realizing a return on investment through successful occupancy and operation. As we grapple with the specter of past injustice, it is incumbent upon planners to consider how we can address the wrongs of our predecessors by leveling the playing field. Planners create the frameworks for development; can we harness that ability to incentivize equitable development which speaks for all members of the community, not just the privileged few?

Continued disinvestment in property within low-income districts benefits no one, but the changes that come with reinvestment and improvement can seem overwhelming and treacherous. Property owners may be fearful of displacing their neighbors or tenants. Some own properties which are underutilized or vacant for a myriad of economic and regulatory reason, and rehabilitation efforts may only seem possible at too great a cost. While some are already meeting the need for affordability through reduced rents, this limits their ability to move forward with their own investment. *Is it possible to capitalize on their ownership and interest in their community by offering an opportunity to renovate and redevelop to meet modern aesthetic and usage standards?*

When redevelopment occurs, existing historic building stock is often threatened. While these buildings are important to a community's character and identity, the complications of adaptive reuse or rehabilitation are often too difficult for those unfamiliar with construction to overcome. A building might be lost to demolition, leaving a hole in the fabric of place. *Is it possible to incentive reuse of historic properties in such a way that it becomes more attractive than new construction? Would a system supportive of rehabilitation and reuse efforts allow these buildings to be saved?*

Old fears regarding outside interest in vulnerable communities create barriers to investment, continuing a cycle of disinvestment begun by racist institutional practices and pernicious regulation. *Is it possible to build the trust between outside developers and residents of a community, allowing all interested parties to have a voice in changes which affect their daily lives? Can we create a framework which pairs developers with owners, leveraging developer's expertise and owner's knowledge of their community to create properties which benefit all?*

The primary goal of this thesis is to explore the possibilities offered through collaboration between disparate groups, creating a framework which satisfies the financial concerns of developers, the desires of the city, and the needs of the community. If partnership between community members, non-profit organizations, business and property owners, developers,

and city officials can be incentivized, a hot real estate market and influx of development funding can strengthen a community while preserving character.

PROJECT GOALS

This thesis attempts to address the legacy of inequity endemic in institutional and governmental structures, the pattern of neglect and disinvestment which has created communities vulnerable to modern patterns of development and the real mental and physical dangers of displacement. Research and synthesis of scholarly work in gentrification, displacement, and place attachment, provides a framework of understanding regarding conditions within the Seattle community.

An analysis of funding mechanisms used to encourage redevelopment of historic properties, tempered by information gathered through a series of interviews with local developers and experts in the field of preservation and planning, offers an understanding of the complexities of development and construction within the wildly variable Seattle market. This work will provide a foundation for development of recommendations which will lead to a more equitable form of development, one which provides a voice for the community, leverage for property and business owners, and transparency and trust in collaboration with outside developers and regulatory institutions.

The Legacy Development Fund (LDF), a new incentive framework introduced in this thesis, endeavors to empower vulnerable populations by offering them a seat at the development table. Legacy property and business owners, professionals and residents with a proven interest in neighborhoods health and equity outcomes, can provide a voice for their communities in rehabilitation and development. Through a funding incentive program, legacy owners will gain leverage in real estate transactions and rehabilitation projects. As representatives of their community, they will be given the opportunity to speak for their neighbors, friends, and families. The LDF considers community issues, current methods of incentivization, and trends in construction. For the purposes of this thesis, the fund will target rehabilitation of historic structures integral to the cultural fabric of community.

This thesis explores the nexus between old practices and new realities. As we face an uncertain future, we must strengthen the ties that bind our community. Planners must be able to adapt to new expectations and environments, providing flexible solutions which answer the needs of all. The research and proposed fund detailed in this paper endeavors to provide new tools for those striving toward equitable outcomes.

CHAPTER 2: LITERATURE REVIEW

Seattle is experiencing unprecedented growth. According to a recent Seattle Times article, Seattle has seen a net increase of over 114,000 people since 2010.[7] Over 12,000 new residents arrived between June 1016 and July 2017 alone.[8] The entire metropolitan area population increased by 18 percent, the second highest in the nation for the same time period.[9] This figure outstrips the projected population gains provided by regional planning authorities and belies a need for increased residential capacity to accommodate growth.

Major tech companies have announced plans to expand regional and national headquarters within the metropolitan area. Both Google and Facebook have announced plans to expand in South Lake Union.[10] Amazon continues to gobble up office space at a breakneck pace.[11] Seattle is emerging as a hub for technology companies and a center for innovation. Continued interest from major, national employers, especially those in the tech industry, will ensure continued growth and increased investment pressure within Seattle and the greater metropolitan area for the foreseeable future. That pressure provides the promise of new development and an influx of wealth but threatens vulnerable populations within established neighborhoods.

Seattle's young, educated newcomers associated with the tech industry do not seek the idyllic suburban life of largesse and solitude; they desire the complete urban lifestyle – a great place to work, an inspiring and stimulating urban setting, available and robust transportation opportunities, and an authentic neighborhood experience.[12] Many neighborhoods near Seattle's urban center are attractive to this monied set. In contrast, many long-time residents have experienced generations of disinvestment and disinterest and fear that they will lose their voice in the coming development squeeze. Fears of displacement are real and growing.

THE ROLE OF THE CREATIVE CLASS IN DEVELOPMENT TRENDS

The tech industry attracts a specific type of professional, a group Richard Florida refers to as the "creative class." "The distinguishing characteristic of the Creative Class is that its members engage in work whose function is to *create meaningful new forms*."[13] The creative class comprises a highly educated, young, creative core of scientists, engineers, artists, and thinkers who diverge from previous patterns of settlement. The creative class requires three elements: talent, technology, and tolerance.[14] Their perfect neighborhood would include a multicultural setting, a community rich in social and experiential capital, and a setting with unique character. Established neighborhoods rich in diversity with strong societal bonds and unique

[7] Balk, "Seattle Once Again Nation's Fastest-Growing Big City; Population Exceeds 700,000."
[8] Balk.
[9] Balk.
[10] Stiles, "Vulcan Adds 12-Story Building to Google's South Lake Union Campus Plans"; Levy, "Google Doubles down on Seattle Region with Giant New Office Leases."
[11] Rosenberg and Gonzalez, "Thanks to Amazon, Seattle Is Now America's Biggest Company Town."
[12] Florida, *Cities and the Creative Class*, 30–38.
[13] Florida, 34.
[14] Florida, 37.

identity, especially those close to the central employment core, experience renewed or increasing growth as incoming populations seek out the quintessential experience of their specific locality.

The creative class demographic is not just moving back to the city; they are moving to technological hubs. Of the top ten fastest growing cities, six are recognized as fully established or up and coming centers for technological and scientific research and development.[15] Seattle is often placed in the top five. The employees of these institutions are typically young, well educated, and earn far more than the national average.[16] Increasingly, both employers and employees are seeking out cities with a reasonable cost of living and affordable real estate. The affordability of such centers becomes ephemeral in the face of large-scale migration of creative class of residents and competition between individuals who are relatively wealthy compared to local populations.[17]

Though the gentrification was first named in the 1960s, perceptions of gentrification and its effects have changed in recent years. Once a widespread and often welcomed phenomenon in many major cities, gentrification pressure and its reputation as a community building force has diminished the last decade.[18] Gentrification of inner-city neighborhoods highlights the appeal of affordable neighborhoods, disproportionately affecting neighborhoods which have experienced a long history of disinvestment and concentration of poverty.[19] Though often tied to white flight to the suburbs following racial unrest in the 1960s, much of the gentrification we see today happens in districts that never housed affluent white populations to begin with. They have been the home to generations of working-class, low-income populations of many races and ethnicities. [20] Decline is often a result of long-term barriers to lending and investment with strong hints of racist ideology.

The deleterious effects of gentrification – displacement, inequitable access, reduction in living standards for low-income residents – are now widely recognized.[21] Cities such as Seattle have increased awareness and instituted regulations and programs to combat negative outcomes associated with gentrification.[22]

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[15] Sharf, "Full List: America's Fastest-Growing Cities 2018"; Kotkin, "Tech's New Hotbeds: Cities With Fastest Growth In STEM Jobs Are Far From Silicon Valley."
[16] Florida, *Cities and the Creative Class*.
[17] Florida, *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class, and What We Can Do About It*, 35–56.
[18] Florida, 57–78.
[19] Florida, 58–59; Mallach, *A Divided City: Poverty and Prosperity in Urban America*, 97–103.
[20] Flynn et al., *The Hidden Rules of Race: Barriers to an Inclusive Economy*; Rothstein, *The Color of Law*; Moskowitz, *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood*.
[21] Mallach, *A Divided City: Poverty and Prosperity in Urban America*, 97–143; Florida, *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class, and What We Can Do About It*, 35–95. .
[22] Seattle Department of Planning and Development, "Analyzing Impacts on Displacement and Opportunity Growth and Equity"; Florida, *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class, and What We Can Do About It*, 185–216.

While gentrification may be slowing overall, it is ongoing and increasing in technological hubs commonly associated with the creative class. Also referred to as "superstar cities," these metropolitan centers are defined by an inelastic housing supply and excess housing demand.[23] Like the creative class which they attract, these cities are driven by growth in technological and research sectors. Superstar cities include Seattle, Los Angeles, Boston, Charlotte, and the perennially unaffordable San Francisco.[24]

Development pressures in superstar cities favored by the creative class are most acute in neighborhoods with vulnerable populations. The larger the disparity between actual and potential land values, known commonly as the "rent-gap,"[25] the more attractive an area becomes to developers.[26] Hoping to capitalize on trends, developers move quickly to add properties to their portfolio. As increased wealth often leads to increased expectations in style of living, developers seek to redevelop existing properties to maximize lot capacity, squeezing in as much rentable space as possible while adding modern amenities like lounges, gyms, and premium parking. Since new construction often involves fewer unknowns and greater development capacity than rehabilitation of historic properties, these new projects threaten the existence of older structures which provide the very character and culture which may have drawn their clientele in the first place.

While client desires drive development, governments guide investors into marginal areas to solve a multitude of perceived and real issues such as the encouraging redevelopment, stabilizing crime and stimulating local and regional economies.[27] Government subsidies and incentives also guide development. Therefore, government action also fuels gentrification.

The high rate of growth within the Seattle region places considerable pressure on housing and commercial stock at all levels of affordability. The proximity of many low-income neighborhoods to the city center indicates a high threat of gentrification and displacement as new populations enter the market and disperse into residential areas. As an influx of wealthy, educated, young professionals rediscover the attractiveness of living in the center of Seattle – near lakes, biking trails, retail and restaurants, and within an easy drive to a multitude of nature trails and recreational opportunities– many choose to move into established neighborhoods near employment centers. Some neighborhoods, like those in Rainier Valley, the Central District, and the Chinatown International District, are especially attractive to the creative class and increasingly threatened by changes to their environment.

Some of these neighborhoods have experienced generations of restrictive zoning and classist, racist lending practices which denied residents security of tenure. Gentrifying development exacerbates a historic lack of equity.

[23] Gyourko, Mayer, and Sinai, "Superstar Cities," 170.
[24] Gyourko, Mayer, and Sinai, 168.
[25] Smith, "Gentrification and the Rent Gap," 464.
[26] Moskowitz, *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood*, 37–43.
[27] Moskowitz, 31–43.

A CONTINUATION OF HISTORIC INJUSTICE

Gentrification is most acutely felt by the long-term residents of a community. Though gentrification is a long, multi-stage process, the cumulative effects often seem rapid, capricious, and inevitable to those experiencing them.[28] Perceptions of change and powerlessness can exacerbate issues in neighborhoods which may have experienced long-term decline and institutional disinterest.[29] The interwoven connections between residents, business, and history which have sustained the neighborhood during adversity seem especially vulnerable to disturbance by new development.

Institutional and systematic inequality

Redlining reports, developed following the Great Depression to safeguard bank practices, categorized risk of lending within assessed neighborhoods. While banks were not forbidden from lending in redlined districts, most banks, leery of risky loans and potential risk, chose not to extend loans within an undesirable area.[30] Redlined districts often coincided with occupation by low-income or minority populations. Restrictive covenants, legal restrictions barring certain activity associated with property use, forbade sale of properties in desirable districts to people of unwanted nationalities or ethnicities.[31] These patterns continue to affect neighborhoods today.

The City of Seattle completed a Growth and Equity Analysis in 2016. This study examined displacement risk within the city, focusing on several indicators of community sensitivity to change.[32] The city developed a series of maps demonstrating vulnerability of populations to changes in rent and tax values and risk of displacement given current development trends. It is not surprising that Seattle's displacement trends coincide with areas of redlining, exclusionary zoning, blockbusting, and restrictive covenant practices utilized by local governments and lending institutions within the metropolitan area. As shown in *Figure 1*, *Figure 2*, and *Figure 3*, vulnerability to change and risk of displacement trends follow neighborhoods assessments of decline and hazard. Each figure provides a detailed view of the Chinatown International District (CID), a community whose population demonstrates a high vulnerability to change and threat of displacement. This historic district is experiencing increased development pressure in Seattle's hot real estate market.

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[28] Moskowitz, 31–43.
[29] Brown, Raymond, and Corcoran, "Mapping and Measuring Place Attachment"; Manzo and Perkins, "Finding Common Ground: The Importance of Place Attachment to Community Participation and Planning."
[30] Rothstein, *The Color of Law*, 77–91.
[31] Several redlining studies of Seattle question whether the practice in western cities was made easier by experience and practice in eastern locales. Seattle assessors and policymakers may have been aided and their work accelerated through study of best practices in eastern cities.
[32] Seattle Department of Planning and Development, "Analyzing Impacts on Displacement and Opportunity Growth and Equity."
[33] Seattle Department of Planning and Development, 18.
[34] Seattle Department of Planning and Development, 17.
[35] Bowden, "Confidential Report of a Survey in Seattle, Washington for the Mortgage Rehabilitation Division, Home Owners' Loan Corporation, Washington, D.C., February 15, 1936"; Bowden, "Home Owners' Loan Corporation Security Map and Area Descriptions, January 10, 1936."

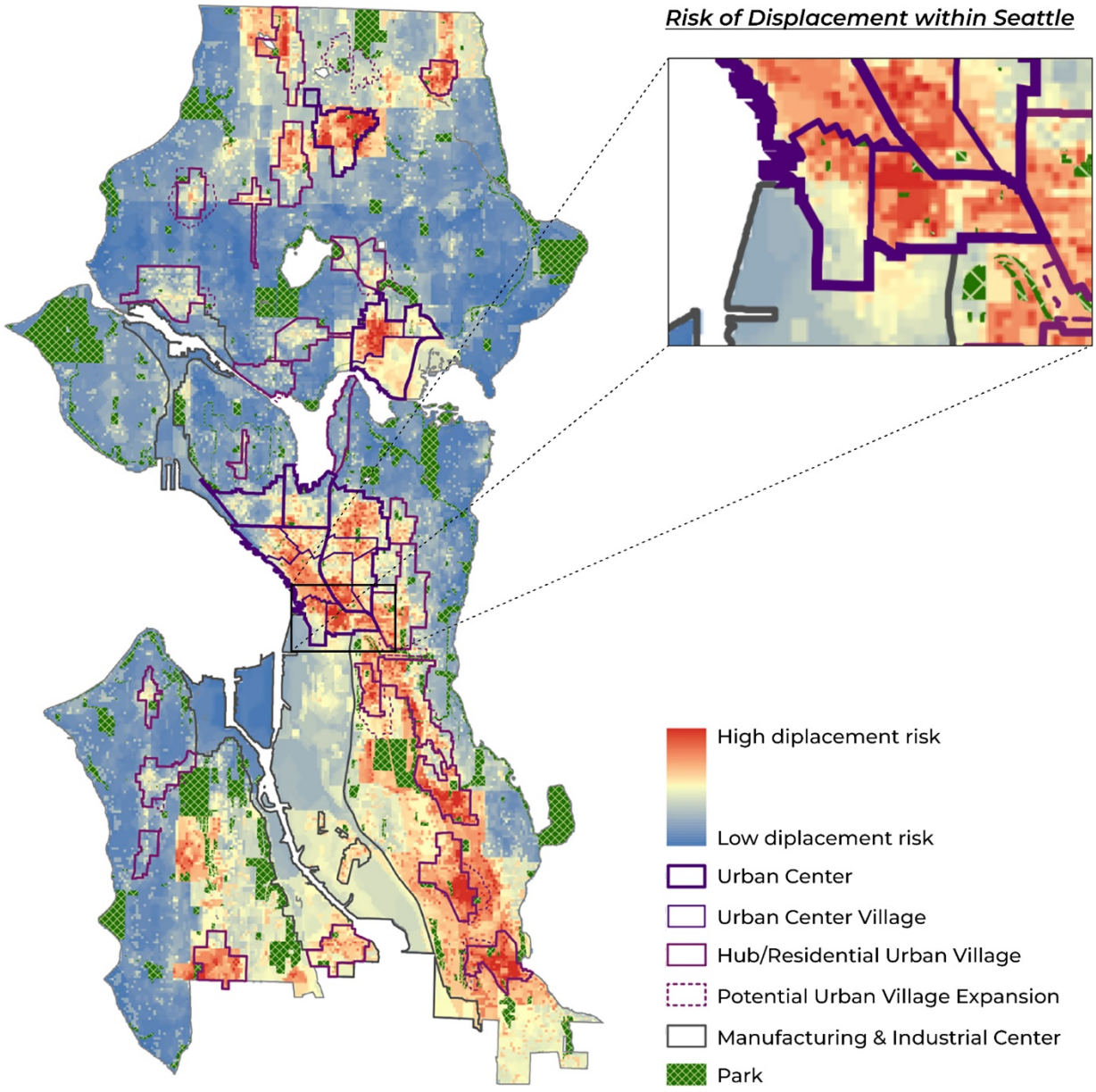

Figure 1 - **Risk of Displacement Within Seattle**

Graphic demonstrates the risk of displacement of resident populations within the City of Seattle. Risk is associated with factors such as vulnerability to market changes, area demographics, and proximity to opportunity.[33]

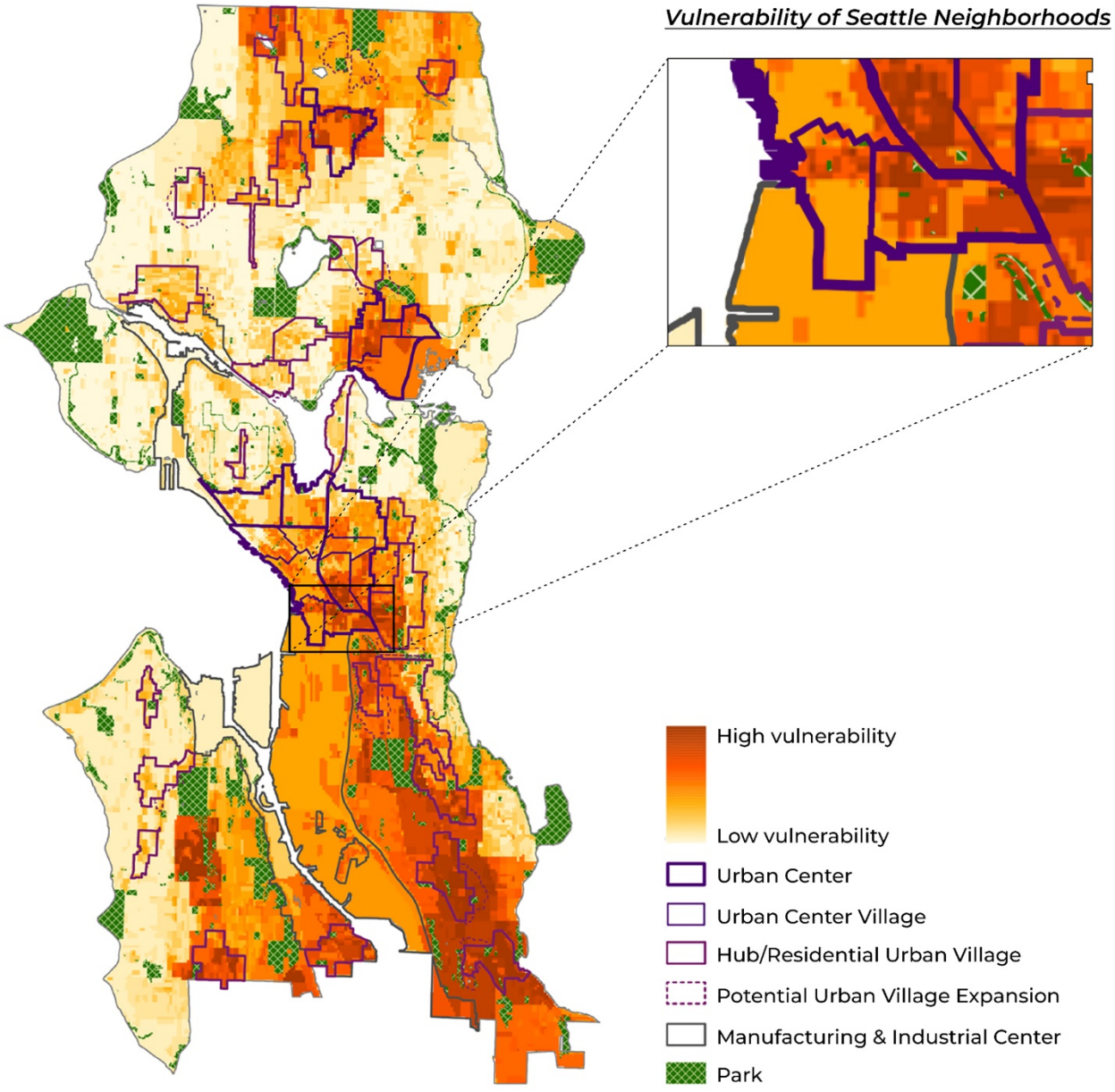

Figure 2 – **Vulnerability of Seattle Neighborhoods**

Graphic demonstrates the vulnerability of resident populations within the City of Seattle. Vulnerability is associated with reactions to economic changes such as rising rents and tax values.[34]

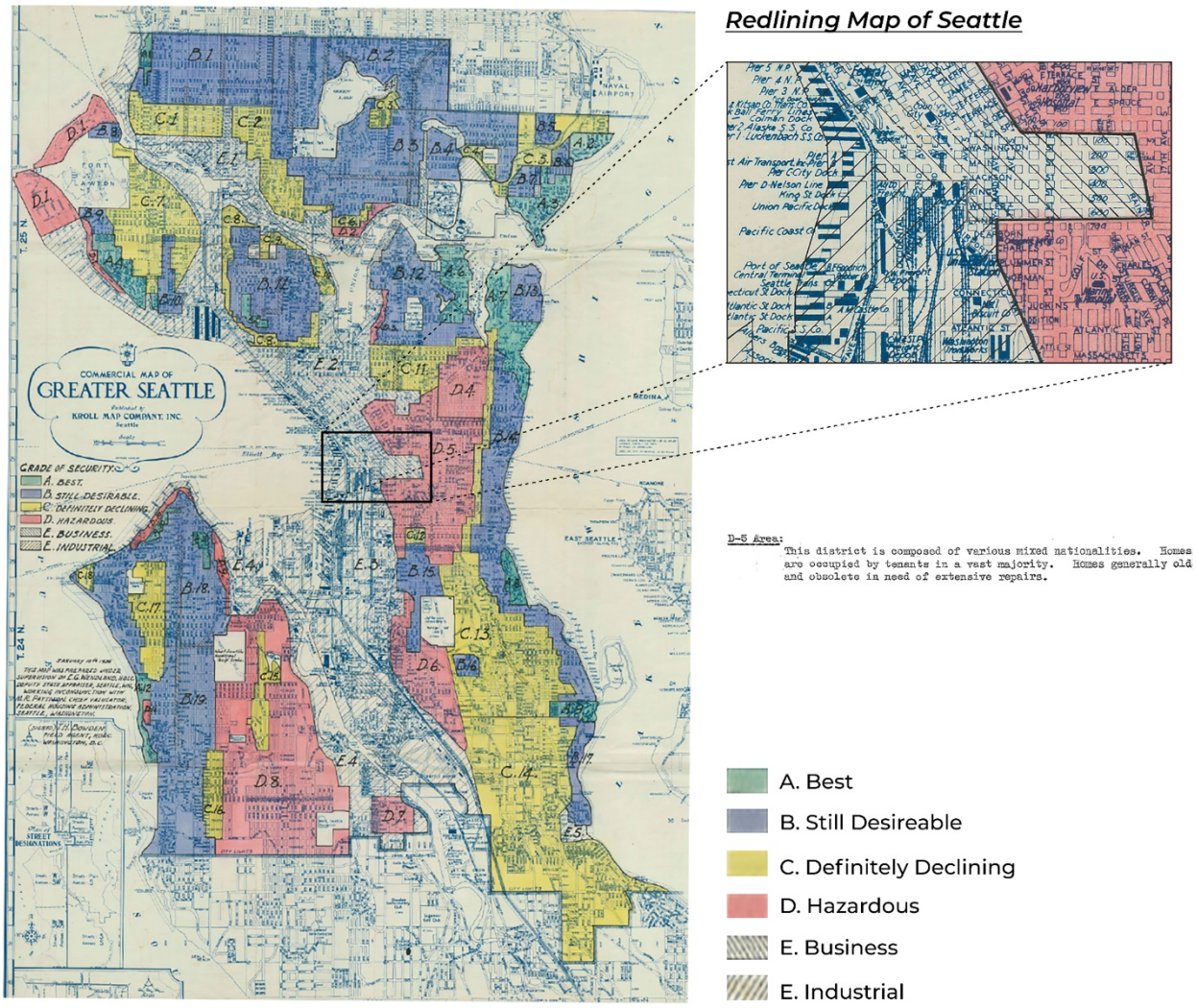

Figure 3 - **Redlining Map of Seattle**

Graphic demonstrates the risk of displacement of resident populations within the City of Seattle. Risk is associated with factors such as vulnerability to market changes, area demographics, and proximity to opportunity.[35]

Consider one vulnerable district in central Seattle. The area encompassed by the present-day Chinatown International District (CID) was classified generally as "Business", eliminating the availability of residential loans to inhabitants. The southern portion of the CID was included in Area D-5, a district "composed of various mixed nationalities. Homes are occupied by tenants in a vast majority. Homes generally old and obsolete in need of extensive repairs."[36] This blanket assessment would tell a lender all they needed to know without setting foot on a property; lending in this district would be ill-advised. While race was a factor in these decisions, the blanket inadvisability of lending encompasses all working-class districts, including white enclaves like Ballard and Fremont.

[36] Bowden, "Confidential Report of a Survey in Seattle, Washington for the Mortgage Rehabilitation Division, Home Owners' Loan Corporation, Washington, D.C., February 15, 1936"; Bowden, "Home Owners' Loan Corporation Security Map and Area Descriptions, January 10, 1936."

Across the country in communities like the CID, systematic exclusion from the housing market suppressed property ownership. Lack of access to lending drastically reduced the ability of families to upkeep what property they did own, save for emergencies, or save for education.[37] Inequality was often guaranteed by institutional and governmental actors, and dissatisfaction with the system was often rewarded with apathy at best and antagonism at worst. As economic stratification has grown, stereotypes of low-income areas as expendable and vulnerable residents as opportunistic and indifferent persist.[38]

Residents of redlined districts live with the consequences of historic racism. Disinvestment does not equate to disinterest; many feel strong connections to their homes, neighbors, and local businesses. The connections which hold these communities together are often intrinsically tied to health and wellbeing.

Emotional connections to community

Longtime residents of communities experience a connection to place and social networks based on shared experience. This connection can be seen clearly in neighborhoods like Ballard, a community holding on to the vestiges of Scandinavian culture held by the earliest settlers. The Chinatown International District steadfastly demonstrates the Asian culture which contributed to its growth. The Central District maintains its connection to African American communities despite displacement of those same populations. The same social networks which are especially important to vulnerable groups during less prosperous times are threatened by an influx of new populations with higher incomes and differing expectations.

Place attachment denotes the bond between an individual or group to their meaningful environments. This concept considers the psychological associations of a person with a place or object.[39] This idea is increasingly referenced in terms of community resilience and strategies for creation of place and meaning in the public sphere. Individuals or groups may form attachment to specific locations or location types. The strongest bonds are experienced on cultural and historic levels.[40] Associations with a specific place or type of environment may be held individually or as a group.[41] Place attachment is an instinctual reaction to environmental threat.[42] Populations find comfort in familiar surroundings and predictable interaction possibilities. Even if they do not share a common ethnic or racial background, they may have experienced shared adversity which has formed experiential bonds.

The place attachment concept can illuminate the negative effects of being forced from a familiar community, reducing the ability to predict outcomes and acclimate to a new

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[37] Flynn et al., *The Hidden Rules of Race: Barriers to an Inclusive Economy*, 63–76; Whittemore, "The Experience of Racial and Ethnic Minorities with Zoning in the United States."
[38] Flynn et al., *The Hidden Rules of Race: Barriers to an Inclusive Economy*, 15–34; Moskowitz, *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood*, 15–43.
[39] Scannell and Gifford, "Defining Place Attachment: A Tripartite Organizing Framework."
[40] Scannell and Gifford, 2–3.
[41] Scannell and Gifford, 3.
[42] Scannell and Gifford, 4.

location.[43] In the context of gentrification, the place attachment lens can be used to frame negative complications of displacement and the importance of maintaining and protecting resident relationships with their community. Attachment to place is connected to a person's core beliefs. It is an outgrowth of personal experience, generational learning, and shared legacy. It is no wonder that a threat to a community at the heart of a person's identity, an individual's core beliefs, meets with hostility.

Residents of established neighborhoods may lose their sense of connection and belonging when familiar landmarks, businesses, and community meeting places are lost to new construction.[44] Threats to local landmarks may create hostility toward new development by long-time residents, increasing project complexity and cost.[45] Not only can demolition of older structures and loss of familiar businesses increase feelings of displacement and disassociation, it can increase the likelihood of local opposition to a project containing needed amenities.[46] The poor condition of buildings and public space within low income neighborhoods, the very disinvestment which often drives planners and developers to consider wholesale redevelopment, is often secondary to the emotional meaning of place.[47] Attachment to place does not rely on aesthetics, order or ownership, but instead upon a feeling of shared identity, belonging, and safety.

Fears of displacement and continued barriers to investment

Displacement occurs when existing residents find themselves unable to maintain residency in their community due to conditions beyond their control, despite meeting the previous conditions for residency. [48] This most often occurs due to lack of affordability, often due to rising rents and tax costs.[49] Affluent populations move in; existing residents, often low-income or people of color, are forced into smaller, sub-standard accommodations or out of the neighborhood altogether. Many tenants in Seattle experience rent burdened conditions. Over 30 percent of their income is dedicated to housing costs, with the youngest and oldest renter demographics affected the most. Economic disparities are amplified and the access of low-income populations to shared community experiences is limited. Forced to choose between a long commute to a low paying job or a short commute with high rent burden, many choose to relocate to unfamiliar, distant suburbs.

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[43] Scannell and Gifford, "Defining Place Attachment: A Tripartite Organizing Framework."
[44] Devine-Wright, "Rethinking NIMBYism: The Role of Place Attachment and Place Identity in Explaining Place-Protective Action."
[45] Manzo and Perkins, "Finding Common Ground: The Importance of Place Attachment to Community Participation and Planning."
[46] Devine-Wright, "Rethinking NIMBYism: The Role of Place Attachment and Place Identity in Explaining Place-Protective Action."
[47] Fullilove, *Root Shock: How Tearing UP City Neighborhoods Hurts America, and What We Can Do About It*, 198–204.
[48] SC Perspectives, "Highlights from Session on Place Attachment."
[49] Freeman and Braconi, "Gentrification and Displacement: New York City in the 1990s"; Grier and Grier, "Urban Displacement: A Reconnaissance."
[50] Affordable Housing Task Force, "Final Report and Recommendations for King County, WA," 15.

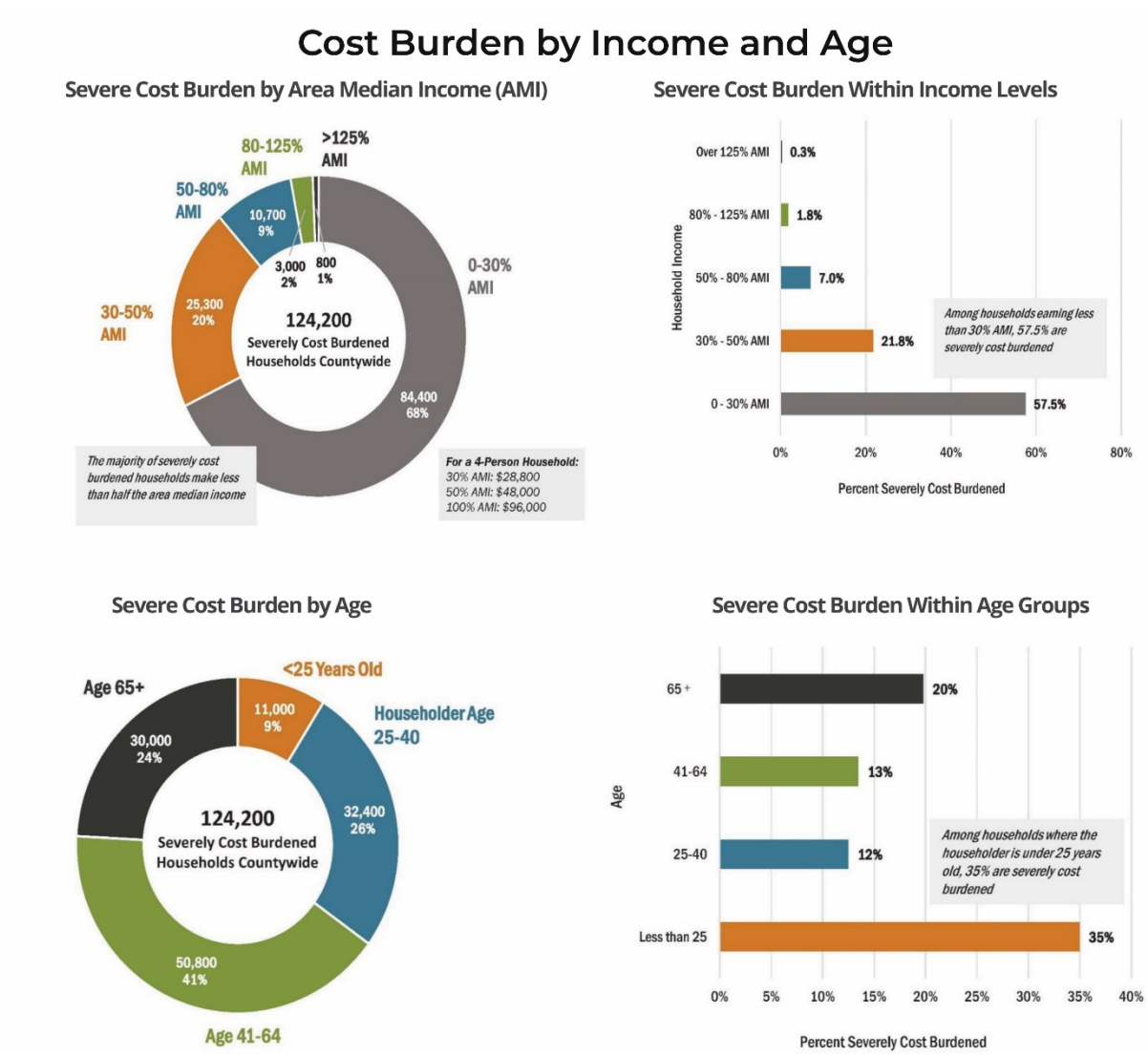

Figure 4 - **Cost Burden by Income and Age**

Graphic demonstrates the risk of displacement of resident populations within the City of Seattle. Risk is associated with factors such as vulnerability to market changes, area demographics, and proximity to opportunity.[50]

Seattle undeniably needs affordable housing at all levels. Unprecedented growth has caused rents to rise and property value to increase beyond the means of many families. The Housing Affordability and Livability Agenda (HALA) recommendations announced the city's intention to create 50,000 new housing units within a decade. 20,000 of those units would be affordable, including 6,000 units at 30 percent of AMI.[51] While this is commendable, it falls far short of the estimated 156,000 affordable units needed to meet the need in King County.[52]

MHA currently requires 10 percent of new housing units be affordable for low income households. Developers may avoid this requirement by paying a fee, removing incentives to

[51] "HALA: Housing Affordability and Livability Agenda."

[52] Affordable Housing Task Force, "Final Report and Recommendations for King County, WA."

include those units in newly constructed buildings.[53] If developers provide affordable housing within their project, they will likely need to juggle additional funding mechanisms such as vouchers or tax credits to make their project financially feasible. Funding mechanisms often require annual reporting and increased administration. By paying a fee, developers eschew the need for the additional paperwork and reporting, leaving that responsibility with the non-profits who would utilize SHA funds. To create housing in established neighborhoods experiencing shortages, non-profits must compete in a fast paced, everchanging market with escalating property costs. While developers can react quickly during property purchase negotiations, non-profits may be limited in their ability to respond with additional outlays of cash to meet seller expectations and win the bid for a property.

Many municipalities implement upzoning in an attempt to catalyze new housing production, especially in areas in close proximity to transportation networks and employment zones. Programs encourage new development by allowing density increases, reduction in development fees, and fast track incentives for projects in development. Upzoning is often coupled with density bonus programs which reward creation of affordable housing. Some states and cities allow exchange of development capacity between sensitive properties and new development through a Transfer of Development Rights (TDRs). Through creation of an easement, property owners can sell their "air rights" to interested developers, funding their own rehabilitation projects while increasing the capacity of new projects elsewhere.[54] After years of outreach and development, Seattle has implemented Mandatory Housing Affordability (MHA) in an attempt to address the need for affordability within vulnerable communities.

While upzoning is still early in its implementation, preliminary data has shown that upzoning may not deliver desired increases in development and may decrease affordability within affected areas. [55] Furthermore, upzoning without additional regulation to ensure equity and sustainability seems to exacerbate issues of gentrification and displacement in established low income and diverse neighborhoods. Upzoning leads to speculation, increasing land values, and destruction of naturally affordable housing. Long-term residents are pushed out due to rising rents.[56] Density bonuses can lose their appeal when market growth slows and may be ineffective in some areas due to construction cost constraints. While the City of Seattle report on gentrification and displacement demonstrates a high threat to vulnerable populations in

[53] Seattle City Council, "Citywide Mandatory Housing Affordability: Connecting Affordable Housing to Growth"; Seattle City Council, "How MHA Works: A Technical Summary of Seattle's New Policy to Ensure Growth Brings Affordability."
[54] Seattle City Council, "Citywide Mandatory Housing Affordability: Connecting Affordable Housing to Growth"; Seattle City Council, "How MHA Works: A Technical Summary of Seattle's New Policy to Ensure Growth Brings Affordability."
[55] Miskowiak and Stoll, "Planning Implementation Tools: Density Bonus."
[56] Angotti, "Zoned Out in the City: New York City's Tale of Race and Displacement"; Lewyn, "Does the Threat of Gentrification Justify Restrictive Zoning?"

several zones targeted for MHA upzoning, [57] amendments addressing displacement were not introduced until the public comment and review phase of the process.

While reinvestment can be a positive change, it can also lead to displacement of residents who are effectively priced out of the neighborhood. New development may destroy existing, naturally occurring affordable units. As rents rise, businesses and residents are forced to move to more affordable locations or close their doors altogether. Many property owners in these districts are asset rich but cash poor, and rapidly rising tax bills, rents, and pressure to sell can leave long-term investors feeling forcibly pushed out of their homes, businesses, and communities.[58]

The ripple effects of gentrification extend beyond that discreet boundary. Rising property values do not respect neighborhood boundaries; adjacent communities also experience rises in property value, though they may not gain the same benefits as those living in the gentrifying neighborhood.[59] While residents of the gentrifying neighborhoods theoretically gain access to infrastructure and market improvements, those living in neighboring communities experience all the negatives of gentrification without gaining even limited access to amenities and services provided for wealthier residents. All are forced into smaller, less comfortable quarters in order to afford their community, or pressured to relocate to neighborhoods that they can afford.

Though some debate the level and location of displacement caused by gentrification,[60] the fear of change and disorientation caused by destruction and rebirth of a district can do damage beyond that of mere relocation. Gentrification, even in neighboring districts, will drastically reshape the lives of low-income individuals, members of vulnerable populations sensitive to changes in the prices of goods and property.

HISTORY AND COMMUNITY IDENTITY

Historic and culturally sensitive properties provide the foundation for community identity. As the preservation field expands to include heritage conservation, a renewed consideration of common building types provides an understanding of how places and structures figure into the lives of those living in a community.[61] One type of vernacular structure[62] which has risen to notoriety in the Seattle area is the single-room occupancy hotel (SRO).

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[57] Seattle Department of Planning and Development, "Analyzing Impacts on Displacement and Opportunity Growth and Equity."

[58] Florida, *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class, and What We Can Do About It*; Moskowitz, *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood*.

[59] Moskowitz, *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood*.

[60] Florida, *The New Urban Crisis: How Our Cities Are Increasing Inequality, Deepening Segregation, and Failing the Middle Class, and What We Can Do About It*, 57–78; Mallach, *A Divided City: Poverty and Prosperity in Urban America*, 97–121.

[61] Stipe, *A Richer Heritage: Historic Preservation in the Twenty-First Century*, 385–404, 438–41.

[62] In preservation parlance, "vernacular" refers to a building which was used for business, industry, or middle to low income residents. These buildings are typically not highly designed works associated with famous architects or civic

When we think of the modern hotel, we rarely consider them as a home. Today, long term residents are often portrayed in popular media as rich bachelors, wealthy widows, or down on their luck poor. There is rarely any in between. However, urban residents at the turn of the nineteenth century were likely to live at least part of their lives in a hotel boarding situation before the low-density suburbanization following World War II gained prominence. While wealthier individuals may have been able to choose their accommodations more judiciously, working class urban dwellers often had few, if any, choice beyond the rooming or boarding house or cheap hotel. By the late nineteenth century, a city dweller was just as likely to live in a boarding house as in their own home. According to estimates, as many as one third to one half of urban residents were likely to take a room as a boarder or offer up rooms for board in their own homes. [63]

Hotel development from the 1860s to the 1950s reflected the emergence of the middle class, limited apartment and single-family development for lower income populations, and changing methods and speed of transit. Leisure travel, once the realm of the rich, became increasingly accessible to the upper-middle class. Relocation to take advantage of work opportunities became increasingly feasible due to the expansion of the interstate rail system. Demand for separation of classes in boarding situations grew as long-distance travel became more accessible to the lower classes at the turn of the century. Hotel construction stratified, with the finer construction reserved for wealthier clientele and spartan accommodations for merchants and workers.[64]

Hotel design fell into four types: palatial, mid-priced hotels, rooming houses, and cheap lodging houses. Residents were stratified according to socio-economic class and segregated by ethnic background.[65] At all levels, building design was a direct result of the proposed price of room and quality of tenant. Palatial and mid-priced hotels often achieved a high level of design to meet the desires of wealthier clientele. Rooming house and cheap lodging houses varied widely in style and structure, but most fell into a vernacular style associated with commercial, industrial, and common residential development.[66] Plumbed amenities such as sinks and bathtubs, room size and grouping, and access to air and light are among the most salient features at each level. Upper class establishments offered private bathrooms and additional rooms, lower class accommodations provided communal bathrooms, kitchens, and workrooms, sometimes at high ratios.

While preservation efforts have begun to realize the value of the SRO as a vernacular building type important to historic industrial and residential fabric, it is important to understand that this type of building was at the bottom rung of hotel development. Residents were in the

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functions. They are the everyday structures where commerce was conducted, materials were built, or where common people, the laborers that built this country, lived out their days.

[63] Gamber, *The Boardinghouse in Nineteenth-Century America*.

[64] Groth, *Living Downtown: The History of Residential Hotels in the United States*; Storck, "What It Was Like to Travel the Decade You Were Born."

[65] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.

[66] Groth, *Living Downtown: The History of Residential Hotels in the United States*; Gamber, *The Boardinghouse in Nineteenth-Century America*; Historic South Downtown, "Historic South Downtown Oral Histories: Marie Wong Discusses Her Research on Seattle's SRO Hotels and the Men and Women Who Lived in Them."

lowest socio-economic classes, often ostracized from polite society due to race and occupation.[67] Association with this type of housing could destroy the reputation of a higher-class individual. At the same time, these buildings housed the backbone of industry, the workers that toiled in the factories, built the railroads, and manned the merchant ships. The ground floors were filled with the commercial business that supplied industry, moved merchandise, and fed the masses. While these buildings were vernacular in nature, they were a lynchpin in the workings of a successfully industrializing city.

Construction of these buildings was expedient and practical. Developers of this type of housing competed with one another to attract clients; while the small rooms and shared bathroom facilities were commonplace, amenities such as laundry and kitchen facilities, plumbing and improved bathrooms, and associated retail business could elevate your offering in a rapidly changing market. Residents were highly mobile and could change rooms immediately upon finding better accommodations.[68] SRO design and efficiency improved with development experience during westward expansion. By the time these structures were built in Seattle, design and code guidelines required basic fire safety features like fire doors and hoses and public health considerations like access to daylight and fresh air for all paying residents.

These historic hotel buildings typically housed commercial and retail on the ground floor. Basements historically accommodated storage, laundries, saloons, and the occasional bathhouse; today, many basements have been repurposed for storage or use by ground floor retail. Upper floors are usually relegated to small apartments of varying size, amenity, and price point. Upper floors often retain vestiges of hotel life: reception desks, shared kitchens and bathrooms, community rooms or eating halls.

As detailed in later in Chapters four and five, SROs continued to provide affordable housing for low-income populations as cities evolved. In cities like New York, Chicago, and San Francisco, many SROs have been renovated to provide subsidized housing for vulnerable populations. While Seattle's SROs have seen major roadblocks to continued operation, those that survive today offer an opportunity to provide a mixed-use, culturally relevant development while reviving neighborhoods which have experienced disinvestment. Through careful renovation, these structures can meet the needs of the community which preserving legacy.

[67] Groth, *Living Downtown: The History of Residential Hotels in the United States*, 131–67.
[68] Groth, *Living Downtown: The History of Residential Hotels in the United States*.

CHAPTER 3: METHODOLOGY

This thesis explores the current development climate within the City of Seattle, barriers to entry in real-estate project for property and business owners in low-income neighborhoods, and the complications of funding preservation projects while meeting modern aesthetic, safety, and amenity expectations. The goal of this thesis is development of a funding program targeting legacy business and property owners in districts experiencing rapid growth and displacement of long-time residents. Legacy owners demonstrate a connection to their community through past contributions to neighborhood stability and economic success.

In order to understand the complexities of rehabilitation in a vulnerable district, a case study of an existing property was developed utilizing historic research, interviews with property ownership representatives, discussions with local developers, and analysis of outcomes for projects of similar type and scale. The subject structure, the West Kong Yick Building, lies at the heart of historic Chinatown. Its construction and survival are evidence of the entrepreneurial, tenacious character of the residents of this district. The case study includes research of the historic and cultural significance of this specific structure as representative of a building type and development trend within the local region, site context and current conditions within its community, and feasibility of redevelopment given rehabilitation and usage of similar properties.

The case study building is a contributing structure to the national landmark district and lies within a cultural preservation district. Single-room occupancy hotels (SROs) are common structures associated with industrial, commercial, and high-density residential development. The history of this type of structure provides numerous obstacles to redevelopment, including logistical issues related to building design, decline due to disuse, and structural and safety inadequacies. These structures provide an opportunity for mixed-use, transit-oriented development due to typical design conditions and location near transit corridors. Most SROs in Seattle were designed to accommodate commercial use at the street level and their large building footprints lend themselves to redevelopment and reuse.

Several Seattle projects have shown that SROs can be maintained through conversion to open office environments, affordable housing, and mixed-use retail. Nonetheless, these conversions are fraught with complications, requiring upgrades to meet current health and seismic safety codes, rehabilitation of historic features, and restoration due to disuse and neglect. Costs and complexities associated with repairs require specific expertise in construction methods and fiscal efficiency, dissuading those without extensive knowledge of preservation methodology or funding structures.

An analysis of rehabilitation efforts within the Chinatown International district provides an understanding of the impediments to design inherent in the rehabilitation process. This review covers the rehabilitation of five structures that qualified for Historic Tax Credits within the past two decades. Obstacles to historic preservation are elucidated, including logistical impediments related to incentive funding mechanisms.

Interviews with professionals working in and around the Chinatown International District and historic preservation field provide a broader picture of the complexities of owner and resident opinion, project complexity, and preservation feasibility. While interviews are limited due to time and availability, they include many facets of development which may need to be addressed in a substantial historic rehabilitation and renovation project. These interviews add to existing scholarship and fill in the gaps in published studies, adding specificity and understanding of the rapidly changing conditions in the Seattle market.

This work is supported by a comprehensive review of current scholarship regarding gentrification, displacement, and place attachment. The understanding of these concepts is critical to developing a better appreciation of community concerns. Attachment to community and place speaks to displacement and disenfranchisement anxieties in disadvantaged neighborhoods. Displacement poses a threat not only to the continued strength of neighborhood social networks which form the basis of community resiliency, but also to the health of individuals and families forced from their significant places. Continued pressure on vulnerable neighborhoods perpetuates a cycle of inequity.

Funding and regulation of rehabilitation projects exist on several levels. Federal, state, and local programs provide needed funding, logistical guidance, and regulation, but each program comes with its own set of administrative and logistical requirements. Generally, design and code requirements are met locally, while funding is triggered on the federal or state level. While local programs often represent the most stringent regulation of the process, many projects which seek funding must also meet the rigors of the Secretary of the Interior Standards for Rehabilitation. Requirements may conflict. Recognition of the historic or cultural importance of the property is often required at the federal level for a project to qualify for financial incentive programs.

As an example, the Historic Rehabilitation Tax Credit (HTC) program requires federal landmark designation.[69] If not already landmarked, an applicant must prove the significance of the property or structure and gain approval to be placed on the National Register of Historic Places. HTC program applicants make initial contact with state preservation officers acting as representatives of federal officials. Final approval is granted at the federal level.[70] Additionally, HTC projects will also require additional design review and permit approval at the local level. For funding to be released to investors, a project must be certified by the state preservation officers on behalf of a federal program.[71]

An analysis of incentives used in historic preservation provides a groundwork for understanding the nexus between developer, owner, and government. This analysis focuses on other superstar cities with a tech-hub focus or Pacific Northwest connection: Austin, Denver, Los Angeles, Portland, San Jose, San Diego, San Francisco and Seattle. This list was

[69] National Park Service, "Historic Preservation Tax Incentives," 6–8; Vann, "Federal Historic Tax Credits Update"; Vann, "Planning Successful Tax Credit Rehabilitations: Application and Application Process."
[70] Vann, "Interview - 3-12-2019"; Vann, "Planning Successful Tax Credit Rehabilitations: Application and Application Process."
[71] Vann, "Planning Successful Tax Credit Rehabilitations: Application and Application Process."

developed through analysis of superstar cities studies, lists of existing and up and coming technological hubs in major publications, and geographical proximity. New options for funding development in established neighborhoods are considered. Alternatives which incentivize the inclusion of legacy business and property owners in the development process will be explored.

The effectiveness of existing funding strategies and incentives used in historically sensitive rehabilitation and adaptive reuse projects is key in rehabilitation and reuse projects. While these programs have provided needed funding for many projects, their complicated structure and the transitory and bureaucratic nature of funding on the federal and state level can be a deterrent to property owners without specialized knowledge. On a project with a tight timeline and sensitivity to risk, these sources of funds may be underutilized and ignored, eliminating key funding which may mean the difference between project success or project abandonment.

An extensive analysis of government funding programs, especially Historic Rehabilitation Tax Credit application processes, allows understanding of the complexities of working within funding programs. This exploration has been augmented by an investigation of the Seattle market and the complex web of design review, permitting, and construction industry pressure involved in project development.

The thesis creates a framework for an incentive fund which will serve the community, business and property owners, developers and investors, and planning practitioners. This public/private partnership will provide capital for improvements to property and business owners with a stake in their community, reward developers for working with a community to answer affordability needs and lay a foundation for trust between parties traditionally at odds with one another. This thesis will examine the complexities of the current development climate in Seattle, determining the barriers to entry for a property owner without an extensive background in property investment. The work will explore methods which encourage partnership with large developers, leveraging the knowledge and funding base for a project while allowing the owner an opportunity to remain involved in a project.

The proposed framework empowers existing property and business owners, especially those with strong historical and emotional ties to established communities. These tools allow legacy business and property owners to affect the quality and tenor of preservation and growth within their neighborhood. By offering a method of funding beyond traditional means, individuals reap the benefits of property ownership while maintaining the cultural and historical integrity of their communities. This thesis attempts to answer the need for funding, the responsibility to address generational inequities, and the dearth of preservation activities within the City of Seattle.

Chapter 4: SRO Preservation Precedents in Seattle and the Chinatown International District

The SRO hotel exemplifies high density residential development at the end of the nineteenth century. These vernacular structures typify community and industry demands during the early development of many major cities in the United States. Examples of this type of building are often found in historic and landmark districts.[72]

Within Seattle, SROs were built anywhere a labor force needed housing. Most SRO type hotels were built expressly to serve working class laborers. SROs can still be found within the Pioneer District and CID, though there is evidence of their construction in Ballard, Fremont, South Lake Union, Eastlake, Capitol Hill, and Belltown. Hotels are almost always found near major transportation lines. Tenants were almost exclusively male. Food was rarely provided by a landlord, though this style of housing was often in dense downtown areas served by numerous groceries and restaurants serving various types of ethnic foods associated with immigrant populations.[73]

While some hotels catered to specific ethnic groups, hotels were rarely ethnically homogenous. Rooms were given to those who could afford them, regardless of race. As room rates could sometimes represent as much as one quarter of the workman's wages, many single rooms were shared by multiple people in an attempt to economize.[74] Despite this laissez-faire admission policy, many did target and cater to specific nationalities and ethnicities through offered services.

Due to their age and suppressed economic conditions in inner city, industrial districts, many of these structures have been "preserved by neglect", meaning they have not been touched by redevelopment and many historic features remain intact.[75] However, lack of funds have led to abandonment of some structures due to inability to meet safety codes.

CODE RESTRICTIONS REGARDING PUBLIC HEALTH AND SAFETY

When originally constructed, owners and residents felt that they had met safety requirements for inhabitants. Fire safety, ever-present in the minds of builders following the Seattle Fire of 1889, was solved by brick construction, tin-plated fire doors, and fire escapes. Seismic threats were an unknown risk, hidden until the earthquake of 1949. By the time new regulations were developed to address structural and safety inefficiencies in SROs, repairs necessary to address these issues were long overdue and often too costly for many owners.[76]

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[72] Groth, "'Marketplace' Vernacular Design: The Case of Downtown Rooming Houses."
[73] Groth, *Living Downtown: The History of Residential Hotels in the United States;* Historic South Downtown, "Historic South Downtown Oral Histories: Marie Wong Discusses Her Research on Seattle's SRO Hotels and the Men and Women Who Lived in Them."
[74] Historic South Downtown, "Historic South Downtown Oral Histories: Marie Wong Discusses Her Research on Seattle's SRO Hotels and the Men and Women Who Lived in Them."
[75] Phillips, "Interview - 11-19-2018"; "Cadillac Hotel, Historic Seattle."
[76] Ruppert, "Third-Class Hotels: First-Class Struggle."

Fire Safety. A series of fires in the Puget sound region cemented the need for fire safety upgrades in SRO structures. Though the dangers of SRO design features, including a lack of egress and open stairwell design, were becoming well known on a national level, the fire at the one specific hotel in the heart of downtown Seattle spurred swift and consequential action by local regulators.[77]

In March of 1970, an arsonist set fire to the Ozark Hotel on Westlake Avenue and Lenora. The subsequent blaze killed 21 people and hospitalized ten others. Residents attempted to flee the building, jumping from windows and hanging from ledges. The Ozark Hotel, built in approximately 1910, had one central staircase and exterior fire escapes, construction typical of low-end residential hotels.[78]

The following year another SRO caught fire. Twelve people were killed and eleven injured when the Seventh Avenue Apartments, located between Union and Pike on 7th, burned down. The fire began in the basement, and the Fire Marshall estimated that once the fire began the building was engulfed in less than 5 minutes. Again, construction methods led to rapid spread of the fire, and damage and loss of life was blamed on a lack of fireproof doors and inadequate escape opportunities. [79]

In response to these fires, Seattle passed sweeping fire safety reforms often referred to as the Ozark Ordinances. New regulations required automatic fire suppression systems, fire doors, self-closing exit doors. Stairwells, hallways, doors and transoms were required to be enclosed or retrofitted to meet one-hour fire resistance.[80] Many owners chose to abandon upper floors of their buildings rather than meet new regulations.

Unreinforced Masonry. Many SRO structures in Seattle – especially those in the central core neighborhoods like Belltown, Pioneer Square, and the CID – are unreinforced masonry (URM) construction. A URM building consists of load-bearing and non-bearing walls composed entirely of brick, adobe, or terra cotta. These masonry walls are intended to carry a portion of the structural load, transferring energy from embedded floor joists and beams to a concrete or brick foundation. Because the engineering of these structures is unable to withstand the stress of seismic activity, URM buildings are vulnerable to systemic failure, shearing, and collapse during an earthquake. URM buildings often possess unreinforced decorative parapets or architectural flourishes which pose a collapse hazard during moderate to severe shaking events.[81] Because many of the approximately 1,100 building lie within vulnerable

[77] McNerthney, "Ozark Hotel Fire: Unsolved 1970 Seattle Blaze Killed 21."
[78] McNerthney; Lange, "Arsonist Kills 20 and Injures 10 at the Ozark Hotel Fire in Seattle on March 20, 1970"; "19 Killed and 16 Hurt In Seattle Hotel Fire."
[79] McClary, "Twelve People Die and 11 Are Injured in a Fire That Destroys the Seventh Avenue Apartments in Seattle on April 25, 1971."
[80] Seattle Office of Emergency Management, "Seattle Hazard Identification and Vulnerability Analysis: Fires"; Seattle Department of Construction and Inspections, "Seattle Fire Code."
[81] URM Policy Committee, "Recommendations from the Unreinforced Masonry Policy Committee to the City of Seattle."

neighborhoods with low-income populations, upgrade requirements may prove too costly to accomplish without government assistance.

Recognizing a history of seismic activity and URM building failure, the City of Seattle began research and development of standards for rehabilitation of URM structures in 2008. Recommendations call for incentivization of structural retrofits, and adoption of the Bolts Plus Standard with addendums which would allow for "cost-effective" alternatives to standard retrofit procedures. Buildings would be graded based on the severity of the risk associated with their structure, and policies enacted which would encourage early adoption of retrofits, incentivize retrofits beyond minimum requirements, and discourage demolition of historic assets, especially those in landmarked districts.[82]

The City of Seattle is finalizing a new ordinance which will require retrofit of URM structures throughout the city. Code abatement is provided by the city through the review process. In some instances, new energy codes conflict with preservation practices. While it is likely to meet opposition, development pressures and available funding may be great enough to allow for renovation of some buildings in high demand districts. Development of funding mechanisms to support the requirements of the ordinance will be necessary to ensure that this code does not lead to further displacement and disenfranchisement.[83]

COMPLICATIONS OF SRO RESTORATION

Developers and designers face several challenges related to SRO architecture and condition. Design challenges are often related to salient architectural features such as lightwells, room size, and corridor length. These buildings rarely conform to modern code requirements and must be modified to comply with regulation. The three primary issues for many redevelopments concern the condition and integrity of historic features, necessary seismic and fire safety upgrades, and complications of floor plan configuration.

To ascertain issues related to application and certification under the HTC program, a comparison of five projects completed within the last two decades was completed in the course of this study. All projects lie within the two review districts encompassed within the CID. On the local level, the district is designated as the International Special Review District.[84] This set of regulatory guidelines allows for historic and cultural preservation within the broader Chinatown International District. Federally, a smaller district bears the designation of Seattle Chinatown Historic District.[85] Properties within the federally recognized district automatically

[82] URM Policy Committee; Site Story, "URM Outreach and Education: Columbia City Pilot Evaluation Report."
[83] While URM and Life Safety improvement are an important piece of the financial puzzle for redevelopment of historic properties, this work will not focus on funding related to URM renovation. The City of Seattle is exploring funding options for properties within the City with the intention of providing support for property owners needing to update their structure. Before the City passes URM renovation requirements, significant research should be completed to ensure that buildings owned by legacy owners are not negatively affected by such stringent regulations, and support provided to mitigate the impacts on vulnerable populations.
[84] Seattle Department of Neighborhoods, "International Special Review District."
[85] Kreisman, "National Register of Historic Places Inventory - Nomination Form: Seattle Chinatown Historic District."

qualify for consideration within the HTC framework. Properties outside of that district may need to provide additional qualification materials before partaking in the program.

The five hotels studied for this thesis include the Alps Hotel at Maynard and King, the Bush Hotel at Maynard and Jackson, the Milwaukee Hotel at Seventh and King, the Publix Hotel at Fifth and King, and the Louisa Hotel at Seventh and King. A review of HTC Part 2 applications indicates several factors which repeatedly occur within these projects. *Table 1* ranks twenty issues according to severity. For a full exploration of these issues design responses to SOIS-R regulations, please refer to *Appendix A – Historic Rehabilitation Tax Credit use for Rehabilitation of SROs in the CID*.

Issues Faced in SRO Rehabilitation	Alps	Busch	Louisa	Milwaukee	Publix
Overall structure: Interior and exterior repair	Moderate	Moderate	Severe	Severe	Moderate
Overall structure: façade replacement	Minor	Minor	Severe	Minor	Minor
Life safety: URM/Structure	Minor	Minor	Severe	Severe	Severe
Life safety: Sprinklers	Severe	Minor	Severe	Severe	Severe
Life safety: Ingress/Egress	Minor	Minor	Moderate	Minor	Severe
Additions/Poor Repair	Minor	Minor	Moderate	Minor	Severe
Repair/replace windows	Moderate	Minor	Severe	Severe	Severe
Uncover bricked windows	Minor	Minor	Minor	Minor	Severe
Elevator addition/expansion	Minor	Minor	Severe	Moderate	Moderate
Storefront replacement	Minor	Moderate	Moderate	Minor	Severe
Removal of walls: Basement	Severe	Minor	Severe	Severe	Severe
Removal of walls: Retail Space	Minor	Minor	Severe	Minor	Severe
Removal of walls: Upper floors	Minor	Moderate	Severe	Severe	Moderate
Floor plan changes: Basement	Severe	Minor	Severe	Severe	Severe
Floor plan changes: Retail Space	Minor	Minor	Moderate	Minor	Severe
Floor plan changes: Upper Floors	Moderate	Moderate	Severe	Severe	Moderate
Floor plan changes: Additions	Minor	Minor	Moderate	Minor	Moderate
Roof repair/replace	Minor	Minor	Severe	Minor	Severe
Lightwell repair/replacement	Moderate	Moderate	Severe	Minor	Minor
Association room renovation	Minor	Minor	Minor	Minor	Minor

Key	
	Minor
	Moderate
	Severe

Table 1 – **Issues Faced in SRO Rehabilitation**
Significance of common issues faced in renovation of CID SRO hotels. Information compiled through analysis of HTC Part 2 application forms provided by the Washington State Department of Archaeology and Historic Preservation.[86] For further information regarding design issues, please refer to Appendix A of this document.

[86] Moriguchi, "Publix Hotel: Historic Rehabilitation Tax Credit Application Part 2"; Sullivan, "Louisa Hotel: Historic Rehabilitation Tax Credit Application Part 2"; Koh, "Goon Dip Building (Aka Milwaukee Hotel): Historic Rehabilitation Tax Credit Application Part 2"; Tonkin, "Alps Hotel: Historic Rehabilitation Tax Credit Application Part 2"; Taoka, "Bush Hotel Building: Historic Rehabilitation Tax Credit Application Part 2."

Three of the hotels studied were abandoned for a prolonged period before rehabilitation efforts began. As described above, the residential portions of the Publix, Milwaukee, and Louisa hotels were essentially abandoned after institution of the Ozark fire regulations. Repairs to the exterior and interior were completed as cheaply as possible, and alterations to the façade, storefronts, and structure were often accomplished with little care for historic integrity of the structure. Years of neglect and abandonment result in dilapidation of existing trim, lathe and plaster, and wood frame windows. The Publix Hotel had years of additional stairways, entryways, balconies, and ramshackle additions removed before renovation.[87] The Milwaukee was riddled with rats and pigeons.[88] The Louisa Hotel was damaged by a fire which began in the uninhabited upper floors of the building. Firefighting efforts exacerbated structural and physical damage. Sections of the building, soaked and open to the elements due to structural collapse, began to mold and deteriorate while city officials decided the fate of the building.[89] In order to reveal the historic building beneath, vinyl siding, plywood sheeting, and plaster must be peeled away to reveal original features.

Room and hallway configurations are often dictated by the presence of the lightwell. This may limit the ability to reconfigure room relationships while maintaining original corridors and the rhythm of openings along corridor walls. Hallway configurations may be long and circuitous, leading to corridor lengths disallowed by building fire codes.

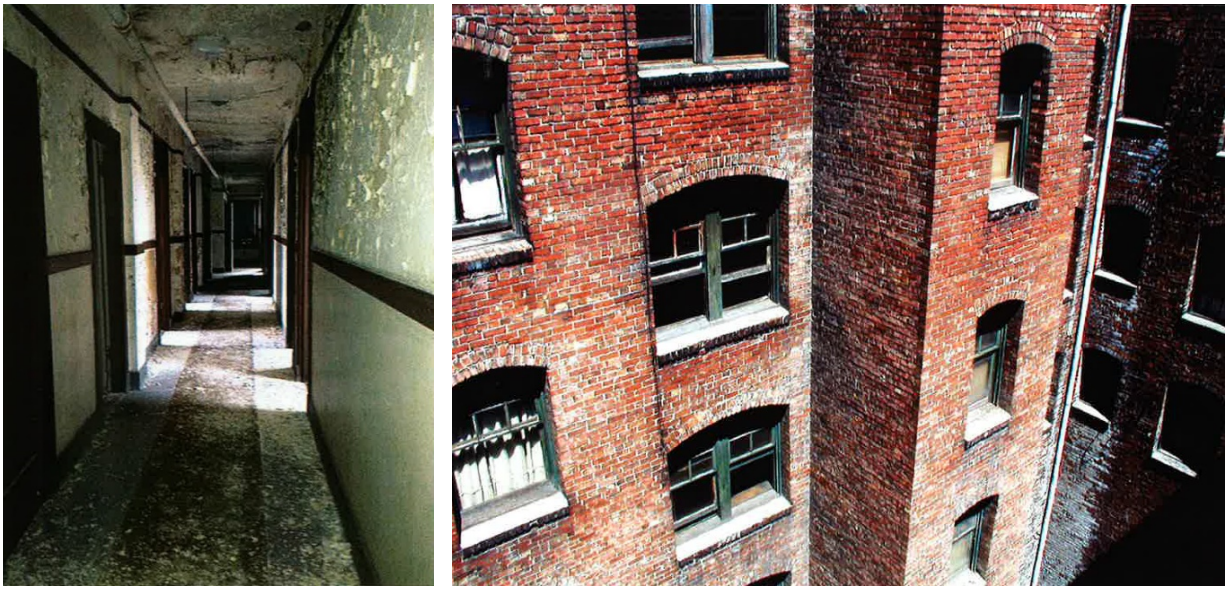

Figure 5– **The Milwaukee Hotel/Goon Dip Building Before Renovation**

Images of the Milwaukee Hotel prior to renovation. Renovations repaired surfaces, though original carpets and trim were often too damaged to retain. Many windows were reparable, though in key locations were changed to meet fire codes.[90]

[87] Moriguchi, "Publix Hotel: Historic Rehabilitation Tax Credit Application Part 2."
[88] Koh, "Goon Dip Building (Aka Milwaukee Hotel): Historic Rehabilitation Tax Credit Application Part 2."
[89] Sullivan, "Louisa Hotel: Historic Rehabilitation Tax Credit Application Part 2."
[90] Koh, "Goon Dip Building (Aka Milwaukee Hotel): Historic Rehabilitation Tax Credit Application Part 2."

As part of shared public space, these corridors receive a great deal of attention when designs are analyzed by State and Federal preservation officials. Designers are often required to maintain corridor locations, doorway and window opening, and fixture placement, even if the spaces behind corridor walls are consolidated.[91] Restoration of the Cadillac Hotel, an SRO in the Pioneer Square District, HTC renovations required designers to maintain original room relationships around the light well.[92] Hallways, trims and fixtures, and railings were maintained to satisfy local design review and Secretary of the Interior Standards for redevelopment.

Rooms and bathrooms are often found in a ratio of between twelve and eighteen to one, though that ratio could be much higher in some locations. While most rooms are plumbed to allow for a small washbasin sink, they do not accommodate private bathroom facilities and existing plumbing may be inadequate to serve a toilet or an additional sink in a kitchenette.

In the Chinatown International District (CID), SROs often house community association rooms. Community associations are an extension of family associations and tongs which were common in China. Community members could join if they were from specific families and held a specific last name. These groups are sometimes associated with crime and violence, but more often these groups provided necessary community services which would otherwise be unavailable to immigrant populations. Many community associations still operate within the CID, and these meeting rooms offer a community amenity to the neighborhood. Association rooms are a unique facet of CID identity.

The SOIS-R requires preservation of historic fabric whenever possible, replacement of missing elements with modern, differentiated materials, and discourages recreation of historic features without documentation.[93] Throughout many of these documents, there seems to be little pushback against replacement of windows and storefronts, and even less concerning any changes inside private apartments. The Publix renovation replaced large sections of storefront with modern glass and steel units, choosing to preserve only the main entrance to the hotel. Rooms were reorganized to create larger units, doorways removed from corridors, and apartment interiors replaced with sheetrock, carpet, and vinyl flooring.[94] Nick Vann indicated a prioritization of public space over private.[95] While the Publix has preserved many common spaces, there is a great deal of change to the interiors of the upper residential floors. Some of this may be excused due to condition, but some changes were undoubtedly due to expediency.

Penthouse additions were proposed as part of both the Publix and Louisa projects. Reviewers requested extensive modeling in both cases. Concern was expressed over scale and visibility of additions, and both projects were required to scale back plans. The Publix design went through five rounds of the amendment process and eventually removed all penthouse

[91] Vann, "Interview - 3-12-2019."
[92] Phillips, "Interview - 11-19-2018."
[93] Morton et al., "The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings."
[94] Keeley, "Publix Hotel Officially Transformed into 125 New Apartments"; DEI Creative, "Home - Publix Apartments Seattle"; Moriguchi, "Publix Hotel: Historic Rehabilitation Tax Credit Application Part 2."
[95] Vann, "Interview - 3-12-2019."

Figure 6 – **Penthouse Renovation at the Publix Hotel**

Publix building addition. Top photos (top left and top right) show proposal for round 1 of the amendment process. Bottom photos (bottom left and bottom right) show final addition designs which gained approval of federal authorities.[97]

massing that was visible from the street facing direction.[96] While this process protected the image of the building within the public sphere, penthouse changes of this sort provide additional income to developers wishing to redevelop older buildings. It is hard to imagine an addition at the top of the building in the scale originally designed would affect the integrity of the building more than wholesale replacement of storefronts and transoms.

Seismic and fire safety upgrades are rarely a concern for reviewers. The necessity of these upgrades seems to be paramount to project livability. The Milwaukee had undergone seismic retrofit before large scale renovations and application for HTC. Bracing installation was clumsy and intrusive, and concern over the impact on the integrity of the building was expressed on the state and federal level. This issue was eventually mitigated through negotiation with the owner and careful design consideration by the structural engineer. Nick Vann's language and steps taken during mitigation of this issue seem to understand that these retrofits are necessary, expensive, and complicated. While a less intrusive solution is preferred, the

[96] Moriguchi, "Publix Hotel: Historic Rehabilitation Tax Credit Application Part 2."
[97] Moriguchi.

Figure 7– **Conceptual Publix Floor Plan**

Graphic indicates preliminary floor plan alterations on upper floors of building. Multiple rooms are consolidated into larger units while relationships within public corridors are maintained. Corridors are shortened to meet fire code. Existing doors which are abandoned in the new scheme are grey, dashed ghosts in the new scheme.[99]

additional expense could end the project. The importance of the project to the district must be considered.[98]

Floor plan considerations vary across all applications reviewed. Generally, the further from the public eye the alteration, the more changes can occur. The Milwaukee, Louisa, and Alps have all seen complete alterations within basements, in all cases to accommodate amenities for residents such as parking, laundry, and gym facilities. Retail space alteration can result in a complete reorganization of space as commercial spaces are often seen as transitory in nature. The upper floors often see consolidation of many rooms into one apartment. Concern is indicated over trim and finishes along corridors, and conditions around lightwells, and more leeway is given with new apartment interiors. The Publix renovation rehabilitated corridors by replacing trim and carpets. Doors rendered unnecessary or unusable by the renovation of interior apartments were fixed in place, maintaining their integrity in shared public space while allowing flexibility inside the market rate apartment.

OPPORTUNITIES FOR CHANGE

SRO structures provide many opportunities for adaptive reuse. The commercial nature of the first floors of these buildings intended frequent change and alteration. Spaces can adapt to serve a variety of retail and restaurant needs. Spaces are deep and ceilings high to allow for storage of materials. While small rooms and extensive plumbed networks on upper floors lend

[98] Koh, "Goon Dip Building (Aka Milwaukee Hotel): Historic Rehabilitation Tax Credit Application Part 2."
[99] Moriguchi, "Publix Hotel: Historic Rehabilitation Tax Credit Application Part 2."

themselves naturally to low-income housing, the massing of these structures offers an opportunity for a wide range of uses. The multi-use nature of these structures meets modern considerations for design.

The lightwells which provided light and air to each apartment unit continue to provide that service to renovated floorplans. Several SROs have been renovated and repurposed in Seattle, providing space for residents, office workers, and retail business. The CID is in dire need of affordable housing units to accommodate current residential populations. SRO renovation in many jurisdictions – New York, San Francisco, Chicago – has proven that an affordable housing model can work for a structure with the spatial limitations of an SRO design.

One local hotel has been repurposed for workforce housing. When the Louisa Hotel burned in 2013, there was immediate action on the part of local neighborhood and preservation non-profit agencies, neighborhood advocacy groups, and property owners to find an equitable outcome for the historic structure. Following a ruling from the Landmark Commission that no significant demolition would be allowed, a team of designers and developers worked to produce a design which would restore the integrity of the structure.[100] Funding was a challenge due to the perceived risk of the venture, and extra development time was needed to secure adequate funding to begin construction. Gaard Development provided the final piece of financing.

Gaard provides financial backing through social impact investing, focusing on projects which protect historic character while providing workforce housing in communities a high need of housing at all levels of affordability. At the time of their involvement in 2017, design, environmental impact studies, and permitting were complete, and the project was ready for construction. From that point, it took two years to complete construction. Construction began in 2018, and the building should receive occupancy in mid-2019.[101] All told, from the fire through renovation, this project has been in the works for over six years.

The Seattle Chinatown International District Preservation and Development Authority (SCIDpda) has partnered with owners of the Louisa Hotel owners to administer affordable housing within this property. Through this partnership between property owners, developers, and local non-profit organizations, community needs have been met through advocacy and involvement.

[100] Barrientos and Louisa Hotel, "Louisa Hotel Update."
[101] Gee, "Interview - 4/2019."

CHAPTER 5: THE WEST KONG YICK BUILDING

The Chinatown International District (CID) represents over a century of immigrant struggle. From the men who immigrated to Seattle in search of work or gold, to south Asian immigrants escaping war torn countries, this pan Asian community represents a rich history of adversity and success.

The CID lies south of Seattle's downtown core and Pioneer Square. The district is bisected by Interstate 5, and bounded by King Street Station, Beacon Hill, and the SoDo district. Today, the CID is a minority majority district, with over 63 percent of the population identifying as minority. Thirty-five percent of residents identify specifically as Asian.[102] Over 17 languages are spoken, the most common of which are Vietnamese, Mandarin, and Cantonese.[103]

While 75 percent of the district's population have completed at least high school, only 36 percent have completed college. Both percentages are below the citywide averages of 93 percent and 57 percent, respectively. Household median income is below the citywide average, just below $34,000. Close to 30 percent of the population lives below the national poverty level. Within the district 82 percent rent, a percentage far above the citywide average

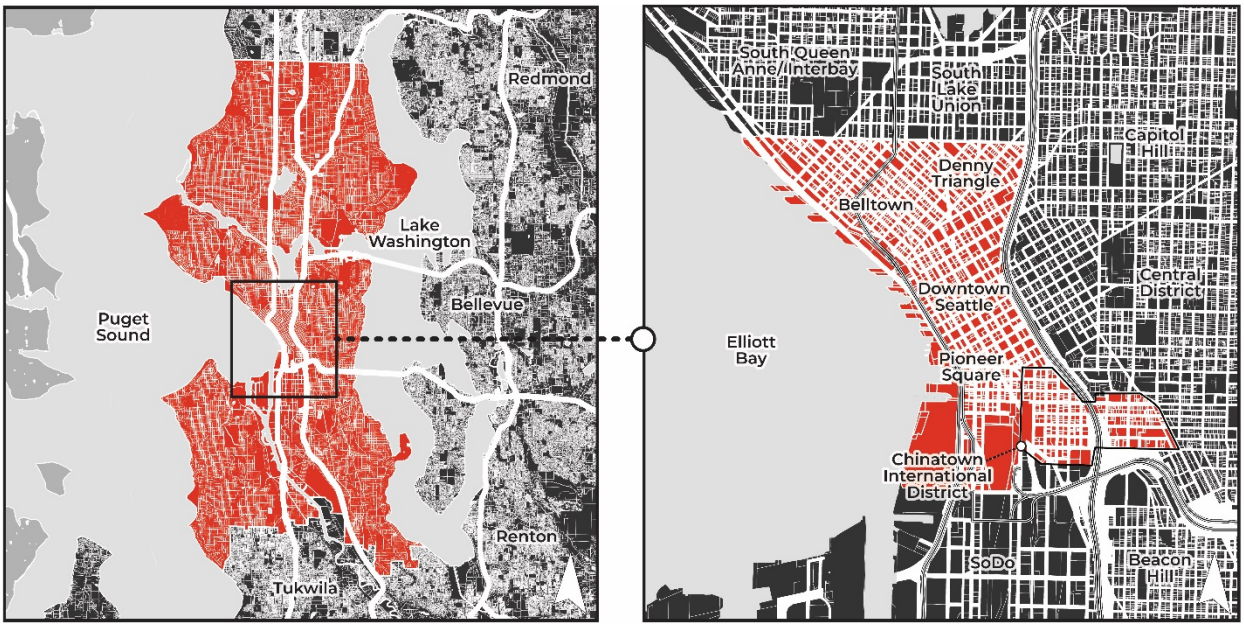

Figure 8 - **Location of Chinatown International District**

The CID is in the heart of Central Seattle. The district boasts some of the oldest surviving structures within the urban core.

[102] US Census Bureau, "2017 American Community Survey 1-Year Estimates: Seattle City, Washington (B02001)"; US Census Bureau, "2017 American Community Survey 1-Year Estimates: King County, Washington (B02001)"; US Census Bureau, "2013-2017 American Community Survey 5-Year Estimates: Census Tract 90, 91, and 92, King County, Washington (B02001)"; US Census Bureau, "2017 American Community Survey 1-Year Estimates: Washington (B02001)."

[103] Seattle Department of Neighborhoods, "Neighborhood Snapshot: Chinatown International District."

of 53 percent.[104] Almost 20 percent of the district's renters are elderly. Some of these renters have lived in the district their entire lives and speak little English, placing them among the most vulnerable populations within the city.[105]

As shown earlier in ***Figure 3***, the CID was either classified as a business district or defined as a "dangerous" residential district with a transient population of mixed ethnicity by redlining reports in the 1930s. Real estate investment was difficult for American citizens living in these districts, and impossible for Asian immigrants who entered the country following passage of the Chinese Exclusion Act and associated legislation which barred citizenship and property ownership by individuals. The subsequent loss of wealth leaves many long-time residents unable to achieve the same means as counterparts in white districts which had ready, regular access to mortgages and improvement loans.

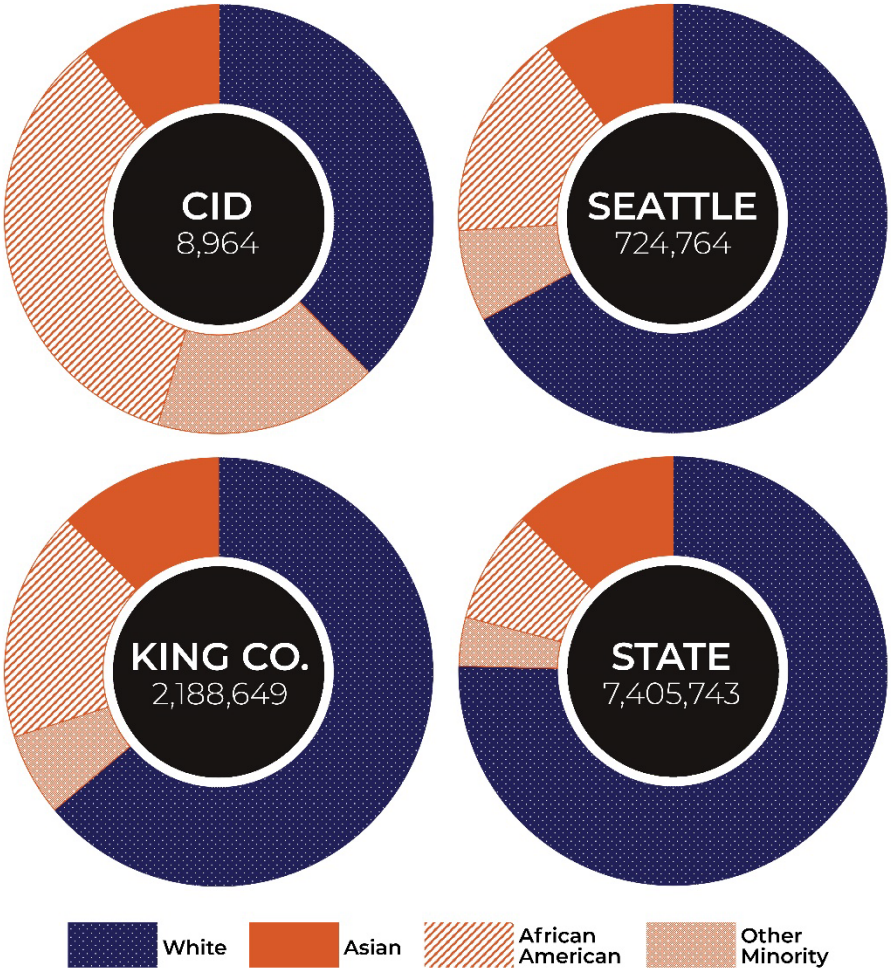

Figure 9 – **Demographics**

Graphic demonstrates demographic differences at district, city, county, and state levels. The CID is a majority minority district, unlike the city, county, or state.[106]

[104] Seattle Department of Neighborhoods.

[105] Winkler-Chin and Lee, "SCIDpda Tour of International District."

[106] US Census Bureau, "2013-2017 American Community Survey 5-Year Estimates: Census Tract 90, 91, and 92, King County, Washington (B02001)"; US Census Bureau, "2017 American Community Survey 1-Year Estimates: Seattle City, Washington (B02001)"; US Census Bureau, "2017 American Community Survey 1-Year Estimates: King County, Washington (B02001)"; US Census Bureau, "2017 American Community Survey 1-Year Estimates: Washington (B02001)."

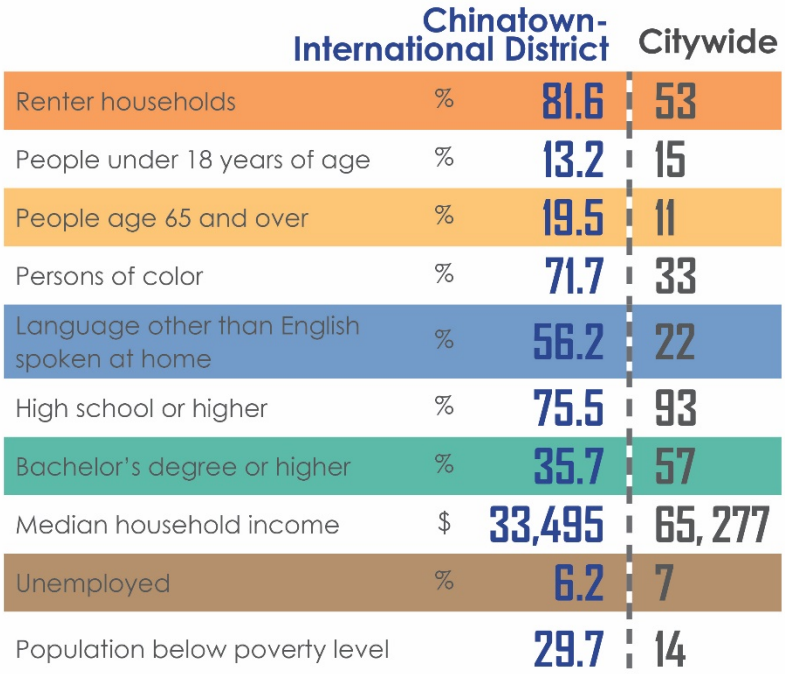

Figure 10 - **Comparison of CID Demographics with City Averages**

Figure demonstrates disparities between CID statistical data and city averages.[109]

City reports indicate that the CID is at high risk of displacement Residents show a tendency to be linguistically isolated and have a relatively low level of educational attainment, leaving them unable to take proper advantage of the many opportunities available in the rich employment environment in the downtown core. Residents are often severely cost burdened, with over 40 percent making below 200% of the federal poverty level.[107] Most residents rent rather than own, and many businesses are paying well below market rent.[108]

Disinvestment does not mean disinterest. From the earliest days, family associations buoyed the community, providing services otherwise unavailable to its residents. Residents stood up to threats from urban renewal developments like the Kingdome, forming a landmark and cultural district to protect the history and character of their environment.[110] Various actors involved with the CID attempt to ensure that new development is in the best interest of the historic population, but the seeds of mistrust have been sown. The strong social and economic ties between long term, neighborhood residents and owners ensure that outside action may initially be viewed with distrust.

From its inception during the earliest days of Seattle's history, Chinatown has been a focus for racial and social unrest. Through the inequity of the Chinese Exclusion Act, through Japanese Internment during World War II, bifurcation by interstate construction, and community

[107] Seattle Department of Planning and Development, "Analyzing Impacts on Displacement and Opportunity Growth and Equity," 42.
[108] Seattle Department of Planning and Development, "Analyzing Impacts on Displacement and Opportunity Growth and Equity"; Wong, "Interview - 3-12-2019"; Lee, "Interview - 2-14-2019."
[109] Seattle Department of Neighborhoods, "Neighborhood Snapshot: Chinatown International District."
[110] Seattle Department of Neighborhoods.

change following the Vietnam War, the district has been held together by community activism, ingenuity and entrepreneurship.

GROWTH OF CHINATOWN AND THE NIHONMACHI

Asian immigrants to the western parts of the United States began in the mid-1800s in response to economic conditions on the Asian continent. The west was the land of opportunity. Through hard work, enterprise, or good fortune in the gold fields of California or Alaska, fortunes could be made, and future prospects secured.

Chinese residents were listed in the Washington State census as early as 1850. Immigration increased with the discovery of gold and echoed an increase in general pattern happening across the country in the 1860's and 1870's.[111] Early counts seem modest; the 1871 census claimed only 234 Chinese[112] lived in the state. Newspaper reports of the period disputed the accuracy of the count, citing discrepancies on all levels but especially in the realm of immigrant populations. By the paper's account, there were least double the number of people of color than were listed in the rolls. [113]

Some of this discrepancy can be attributed to the "floating populations" of laborers who came in and out of the city between seasonal harvest and rail work, populations often housed in residential hotels. Many members of the Chinese community worked for the rail lines, constructing the connections between manufacturing and retail centers. On the Central Pacific line alone, as many as 20,000 Chinese were involved with construction over the project's lifespan.[114] They followed construction of the railroads as they headed west, often shipped from location to location by the railway companies themselves.

Asian populations could also be found in agricultural fields, on fishing boats and canneries, in lumber mills and shingle factories. Work in each industry was often segregated by immigrant group. The Chinese were associated with railroads and construction, the Japanese and the Filipino populations with canneries.[115] Work was acquired through personal and familial associations within the community.[116]

Seattle's first Chinatown was located on the tide flats near 3rd and Washington, at the southern edge of modern-day Pioneer Square. Following the great fire of 1889 and subsequent plans to regrade Denny Hill and Jackson Street, the district relocated to King Street. Property on newly created fill land was less expensive than land in the central city and financial district for a myriad of reasons. There was a general disdain for filled earth as a building substrate, and the

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[111] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.
[112] Within the sources and period records of the time, "Chinese" was often a blanket term for all East Asian immigrants. While the vast majority of the population was Chinese in origin, the population also included Japanese, Korean, and Filipino populations. There are moments in this text where the term "Chinese" will necessarily indicate others of East Asian ancestry, though it is important to note that each group was distinct and often maintained their separate identity within the Chinatown International District.
[113] Chin and Chin, *Chinese in Washington State*.
[114] Fuchs, "Thousands Gather to Reclaim Chinese Railroad Workers' Place in History."
[115] Wing Luke Museum, "Hotel and Canton Alley Tour."
[116] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.

area, located near sawmills, canneries, and the docks, suffered from undesirable industrial smells and sounds. Some white settlers did not want to settle so near the Chinese and Indigenous groups which called this area home or the "lava pits" red light district which would eventually become the "restricted district".[117] White entrepreneurs like William Chappel purchased land in the district despite the disdain of their peers; disdain which would not diminish despite significant financial gains.[118]

The Nihonmachi, or Japantown, community grew north of the original Chinatown. The vitality of the Japanese community appeared in local records starting in 1915.[119] Japanese businessmen owned and managed property throughout the southern downtown districts, with their interests ranging through Pioneer Square, Chinatown, and the Nihonmachi. Though much of the Nihonmachi was lost to the construction of Interstate 5, elements of Japanese life in the new city remain. The Panama Hotel at 6th and Jackson stands as a tribute to that life; not only is the building an SRO which would have housed Japanese workers, but the basement houses one of the few remaining Japanese bathhouses (sentos) in existence in the United States.[120] The basement also hosts a poignant reminder of World War II internment actions. A collection of items belonging to interned Japanese Americans is contained in the basement, a memorial to those who never returned to the Pacific Northwest.[121]

Many of the earliest immigrants from Asia were men. Many came to America hoping to secure employment due to economic hardships in their home countries. While some planned to stay in America, many intended on eventually returning home if conditions improved. As they had no family to house and often worked at "floating" jobs, purchase of a home or apartment was not only unaffordable but often unnecessary due to the transient nature of their work. Many lived in SROs built within their communities, near business and entertainment that catered to the tastes of immigrant homelands.

Societal barriers and entrepreneurialism in Chinatown

As fortunes turned for the country, so did sentiment toward the Asian immigrants living and working in Chinatown. Men returned from the gold fields of Alaska empty handed, desperate for funds and looking for work. The national economy experienced a downturn which would only deepen in the next decade. Racial tensions climaxed in the 1870s and 1880s in a series of riots throughout the Pacific Northwest and Puget Sound. In Seattle, these tensions culminated in February of 1886 when armed men drove the Chinese population to the docks and onto ships which would take them to California or China. Though these actions would severely diminish the Chinese populations, immigrant numbers rebounded, and the new residents persevered.[122]

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[117] Williams, *Too High & Too Steep*.
[118] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.
[119] Dubrow and Graves, *Sento at Sixth and Main*, 2.
[120] Dubrow and Graves, *Sento at Sixth and Main*.
[121] Kaplan, "The Mysteries of the Panama Hotel"; Sullivan et al., "Historic Structures Report: Panama Hotel, Hashidate-Yu Bathhouse and Japanese-American Collections."
[122] Chin and Chin, *Chinese in Washington State*.

Anti-Chinese sentiment was not unique to Seattle. A series of laws were passed at the end of the nineteenth century to curtail the perceived threat of immigrant labor to available employment for white citizens. Congress held hearings from 1886 to 1887 to discuss this so-called "Chinese Problem" and its remedies. The resulting legislation included renegotiations of treaties with China, official limits in immigration, and the Chinese Exclusion Act. This Act would, among a myriad of concomitant regulations, bar Chinese from owning property.[123] While some Chinese already owned parcels in Seattle, others were effectively barred from property exchange or purchase. Following passage of the Chinese Exclusion Act and other legislation, property ownership could be challenged in the court system.

While some immigrants lost their land through this process, the more successful entrepreneurs were often left unchallenged. To take land from a prosperous owner, even if he was not a naturally born citizen, would have hurt business prospect in the growing city. If a non-citizen was successful enough, his business practices were usually tolerated. Entrepreneurial Asians without a reputation for success or connection to a local economic powerhouse could own a building or business built on a piece of property, but they could not feel any security in ownership of their property.[124] Without property ownership, true tenure could not exist.

Neighborhood and family associations stepped in to fill the gap within the district. Most family associations functioned to support members with a specific lineage or provincial association.[125] These fraternities had existed in China for centuries and were brought to the continent by immigrants. Many family associations had a national headquarters in America, often in New York or San Francisco, ports of entry for many immigrants.[126] For example, the Bing Kung Association of Seattle is closely associated with a parent organization, the Bing Kong Tong of San Francisco. While these organizations were primarily business enterprises, they had a vested interest in the survival and health of the community and provided support systems for members of the community.

New organizations, like the Kong Yick Associations founded by Goon Dip, allowed general membership to those who could afford to buy shares. Shares in the Kong Yick Association are often passed down through inheritance, though purchase and bestowment of shares to non-inheritors is possible with board approval.[127]

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[123] Lee, *The Making of Asian America: A History*; Chin and Chin, *Chinese in Washington State*. The Chinese Exclusion Act chiefly accomplished three goals. First, it prohibited immigration of Chinese laborers. Any Chinese immigrant would need to prove that they were not of the labor class upon entry, leading to long detention of Chinese immigrants at federal facilities like Angel Island in California. Second, it denied Chinese the right to become American citizens, even if naturally born in United States territory. Third, the act required any Chinese person returning to the United States from abroad to apply for re-entry. If a Chinese immigrant wanted to visit their home, they likely would not be able to return. Amongst the many provisions of the Act, barriers to property ownership and limited protection for property owners were included.

[124] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*; Wong, "Interview - 3-12-2019."

[125] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.

[126] Chin and Chin, *Chinese in Washington State*.

[127] Wong, "Interview - 3-12-2019."

In the face of property ownership restrictions, family associations and successful individuals like Goon Dip recognized the benefit of incorporation under state law. Corporations could own property regardless of the origin or citizenship status of their membership. As a result, several groups incorporated within Chinatown and began building improvements around 1910. Japanese groups followed suit after witnessing Chinese success. Ownership of mixed-use buildings, at the least, was secured within the community despite restrictions.[128]

As time and enterprise moved on, the reputation of the Chinatown International District remained mixed. While there were a few successful businessmen and merchants and a thriving neighborhood level economy by the turn of the nineteenth century, the association with red light activities such as gambling and prostitution limited advancement as a key commercial district.[129] With the notable exception of a few like William Chappel, investment by outside entities was lacking. Eventually mortgage restrictions took their toll, and the lack of proper city services like police protection limited the neighborhoods desirability. While key, large structures were in community ownership, residential ownership was limited, and many residents rented rather than owned.

Time has taken its toll on the CID. Lack of adequate law enforcement, persistent issues regarding race and access, and economic issues caused by war and depression exacerbated legal barriers to investment. Internment during the second World War stripped the community of most of its Japanese inhabitants, and construction of the Interstate created a physical and symbolic barrier between the mixed-use development closer to downtown and the residential communities in Rainier Valley.

Again, disinvestment does not equate to disinterest and disassociation of place. Because of the multi-faceted aspects of community – the dogged determination of immigrant businessmen, the support of family associations, and a societal interest in forming support groups brought from their homeland – neighborhood cohesion has remained strong. Soon after the repeal of the Chinese Exclusion Act members of the community gained their citizenship and became involved in local politics. Native born Chinese politician Wing Luke became the first Asian American to serve in political office in Washington State. To counter the continued lack of service provided by the city, CID advocate and activist Donnie Chin sought out training as a paramedic and founded the International District Emergency Center.[130]

The district is a complicated mosaic of protections and regulations. Three zoning districts, designated as part of the recent MHA Upzone, cross the district. An Asian Design Character district lies at the core, encompassing most of the federally protected Seattle Chinatown Historic District. The International Special Review District designation, local regulations

[128] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*; Chin and Chin, *Chinese in Washington State*.
[129] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*; Williams, *Too High & Too Steep*; Thrush, *Native Seattle : Histories from the Crossing-over Place*.
[130] Seattle Department of Neighborhoods, "Neighborhood Snapshot: Chinatown International District"; Department of Neighborhoods Historic Preservation Program, "International Spescial Review District Design Guidelines (Draft 4/29/2019)."

enacted by the city to control development across the CID, allows for preservation of cultural character beyond historic artifact.

CID advocacy groups organized in an effort protect the historic fabric of the district. Concerned community activists applied for landmark designation in response to perceived and real threats to the future of the district embodied in the construction of the Kingdome and Interstate 5.[131] Landmark protections have played a large part in protection of the historic fabric and culture of the district. Those protections were easier to maintain in less prosperous times and may have led to the deterioration of existing building stock due to the expense of updating and maintaining historic structures. Certainly, a great deal of real estate is vacant due to protective policies requiring updated safety features and design review prior to construction.[132]

Neighborhood opinions of change and development

Today, there are over 22 neighborhood and community-based organizations within the district.[133] Residents are active and vocal concerning their hopes and fears for their district, and advocacy groups fight for the rights of the vulnerable populations within the district.

> Some say that equitable, community-led development is an unreasonable fantasy — but the history of the Chinatown-International District proves it is possible. When all Chinese were restricted to live east of Occidental Street and white-instituted banks refused to lend to Chinese immigrants, family associations provided housing and capital for small businesses. When elderly, low-income residents needed a place to grow their own vegetables, Danny Woo gave a plot of land on the hillside between Washington and Main for a community garden. When the Wing Luke Museum was created, community members donated family heirlooms and priceless artifacts to preserve the legacy of immigrants and laborers who built this neighborhood.[134]

Given the proximity to transit and opportunity, an established character, and current trends of redevelopment, there is a great deal of trepidation regarding change within the community. From the period of 2013 to 2018 there were sixteen new project application in the CID, totaling 130 stories of new development.[135] Developmental change triggers fears of outside authority and restriction of freedoms. The community, a self-supporting entity, fears that outside interests may not align with those of the long-time residents, some of whom have spent their entire life within the CID.[136]

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[131] Taoka, "Visiting Lecture."
[132] Winkler-Chin and Lee, "SCIDpda Tour of International District."
[133] Seattle Department of Neighborhoods, "Neighborhood Snapshot: Chinatown International District."
[134] Wu and Wallace, "Protect the Chinatown International District Community from Runaway Development."
[135] Wu, "Chinatown's Elders Are Being Priced out of Their Traditional Neighborhood - In Gentrifying Seattle, Low-Income Seniors in the Chinatown-International District Are Feeling the Housing-Affordability Squeeze."
[136] Wong, "Interview - 3-12-2019"; Winkler-Chin and Lee, "SCIDpda Tour of International District."
[137] Seattle Department of Planning and Development, "Analyzing Impacts on Displacement and Opportunity Growth and Equity," 22.

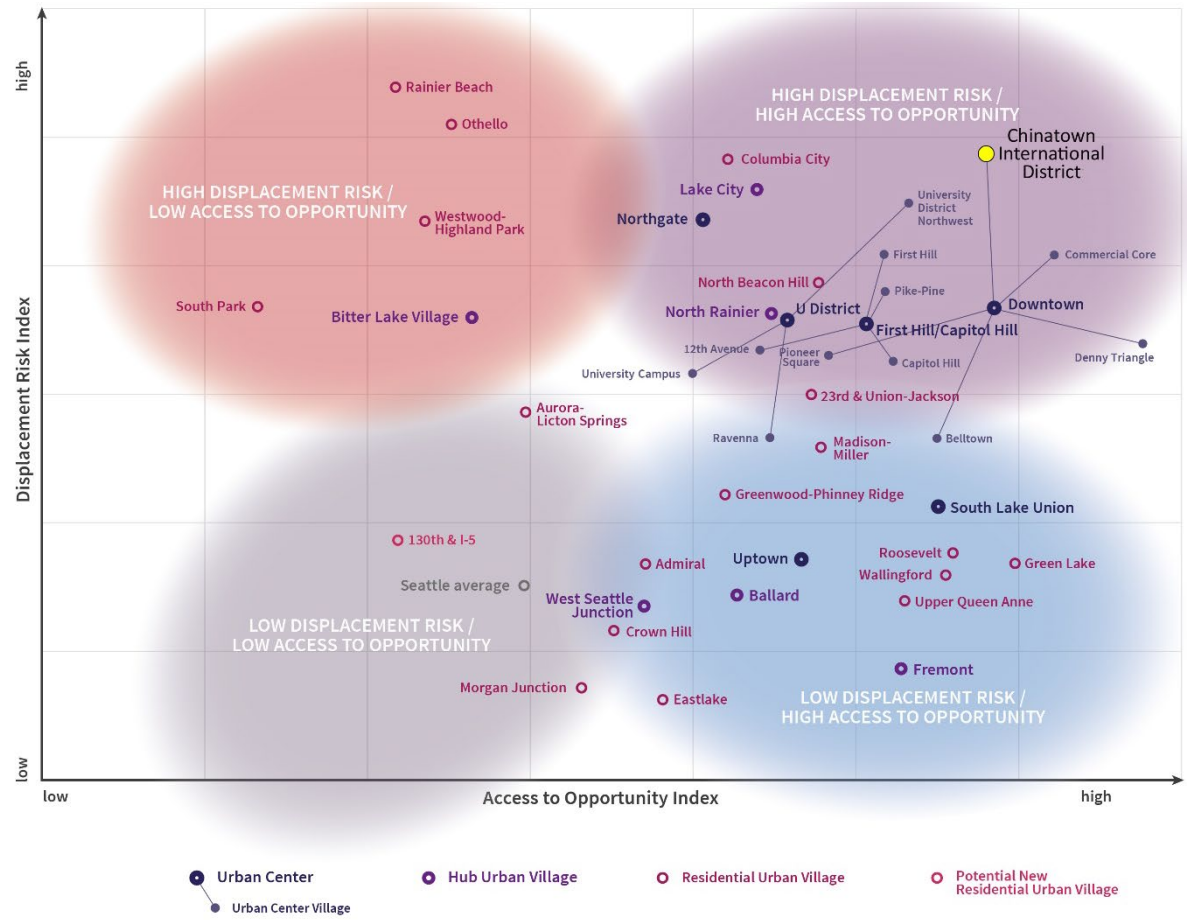

Figure 11 - **Displacement Risk vs. Access to Opportunity**

Figure illustrates the relative risk of displacement for various neighborhoods within the Seattle city limits. While neighborhoods like Wallingford and Greenlake represent a low risk of displacement with high access to opportunity owing to their relative wealth and proximity to the downtown employment core, the CID represents a high risk of displacement despite proximity to the same core. The major differences between the CID and its wealthier counterparts lies in lack of necessary tools to access the opportunity within such close reach.[137]

Ownership itself within the district is complicated. Though many property owners within the district today do not live within its boundaries, they have familial, historical, and cultural ties to the district. Some have moved out of the district as their fortunes have grown, retaining ownership and becoming landlords.[138] Others have inherited their property from elders, with some properties owned by scores of descendants.[139] Still others have bought into the district because of cultural ties. Though their original store had been located in Tacoma, the owners of the Uwajimiya grocery located the store in the Nihonmachi after returning from internment during World War II.[140] Some ownership structures, especially those where corporate shares in a structure have passed down to future generations, can be incredibly complex. That

[138] Kaltoff, "An Analysis of Historic Preservation and Affordable Housing Incentives in Seattle's Chinatown-Internation District."
[139] Winkler-Chin and Lee, "SCIDpda Tour of International District."
[140] "The Whole Story."

complexity often translates to added project time and feasibility, as decisions must be approved by large numbers of far flung parties.[141]

It is easy to label the lack of building upgrade as purely economic; property owners may be slow to upgrade their buildings, waiting until regulation demands to act.[142] Business owners have shown a propensity to safeguard the operations of their business, seeking limits to zoning and business regulations and easement of parking restrictions to safeguard business profits.[143] Owners within the CID generally dislike taking out loans for improvements. When faced with the need to upgrade the West Kong Yick Building to meet seismic disparities, the owners phased the work over several years and paid cash for those improvements.[144]

Construction requires a period of reduced or suspended activity for most businesses. Many cannot withstand the prolonged closure. In the case of the Louisa, a case exacerbated by losses following a fire, two community cornerstone businesses were lost during the long period of design and construction and inability to bounce back after the damage to their business.[145] In any new construction, phasing of improvements must be considered which would allow for continuation of business or a short period of closure during relocation.

It is also important to note that structural and physical upgrades would raise rents for current tenants, many of whom are not paying market rate or anywhere close for a variety of reasons, from long term agreement considerations to sensitivity of a community minded landlord.[146] An upgrade to the average restaurant space could easily soar past a million dollars, a cost which would understandably be borne by or shared with the tenant. When rents rise, small, community groups, familiar businesses, and tenants are displaced. Many property owners feel a responsibility to those tenants beyond business relationships.[147] They are their neighbors, friends, they have a shared experience specific to their community. A rise in rents would be catastrophic to community health.

While MHA upzones will spare the historic core of Chinatown and what remains of the Nihonmachi, pressure is certainly felt in the Little Saigon neighborhood in the eastern half of the district. In the words of one Little Saigon resident, "they're sitting up there passing all these policies above our head … If the city does get more involved, our community will be gone for sure."[148] With the redevelopment of Yesler Terrace, many see the neighborhood as a target for high rise development, ripe for deconstruction. As retail rates and rents skyrocket, many may be priced out of the district. Despite MHA requirements for affordable housing, the fee-in-lieu of construction means that those affordable units may not be rebuilt in the neighborhood.

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[141] Winkler-Chin and Lee, "SCIDpda Tour of International District"; Lee, "Interview - 2-14-2019."
[142] Lee, "Interview - 2-14-2019."
[143] Kaltoff, "An Analysis of Historic Preservation and Affordable Housing Incentives in Seattle's Chinatown-Internation District."
[144] Wong, "Interview - 3-12-2019."
[145] Lee, "Interview - 2-14-2019."
[146] Lee; Wong, "Interview - 3-12-2019."
[147] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*; Lee, "Interview - 2-14-2019."
[148] Beekman, "High-Rises in the Chinatown ID? Fear That Development Could Erase Neighborhood's Culture."

Unrealized capacity and realized risk

Current zoning within the CID allows for tall buildings, especially when residential or hotel uses are included within the structure. Without the protection of the landmark and cultural preservation district designations, many properties with historic structures would be ripe for redevelopment as high-density, high-rise, mixed-use development. As shown in *Figure 12*, any of the parcels within the federally recognized Seattle Chinatown Historic District (SCHD) are zoned IDM 75-85 and IDR 170, designations which would allow structures between 85 and 170 feet in height.

In addition to the complex mosaic of zoning designations, the CID also possesses several design review and landmark districts. District boundaries are show in in *Figure 13*. These include the Seattle Chinatown Historic District (SCHD), the Asian Character District, and the International Special Review District. The SCHD Boundary is defined by the application approved for inclusion on the National Register of Historic Places inventory in the late 1980s.[150] The Asian Design Character District (ADCD) specifies an area requiring sensitivity to the use of elements endemic to the heritage and culture of the district.[151] The International Special Review District, concurrent with the recognized boundary of the CID, is a local landmark district designation which requires all work to gain a Certificate of Approval from the district review board before commencing construction work.[152]

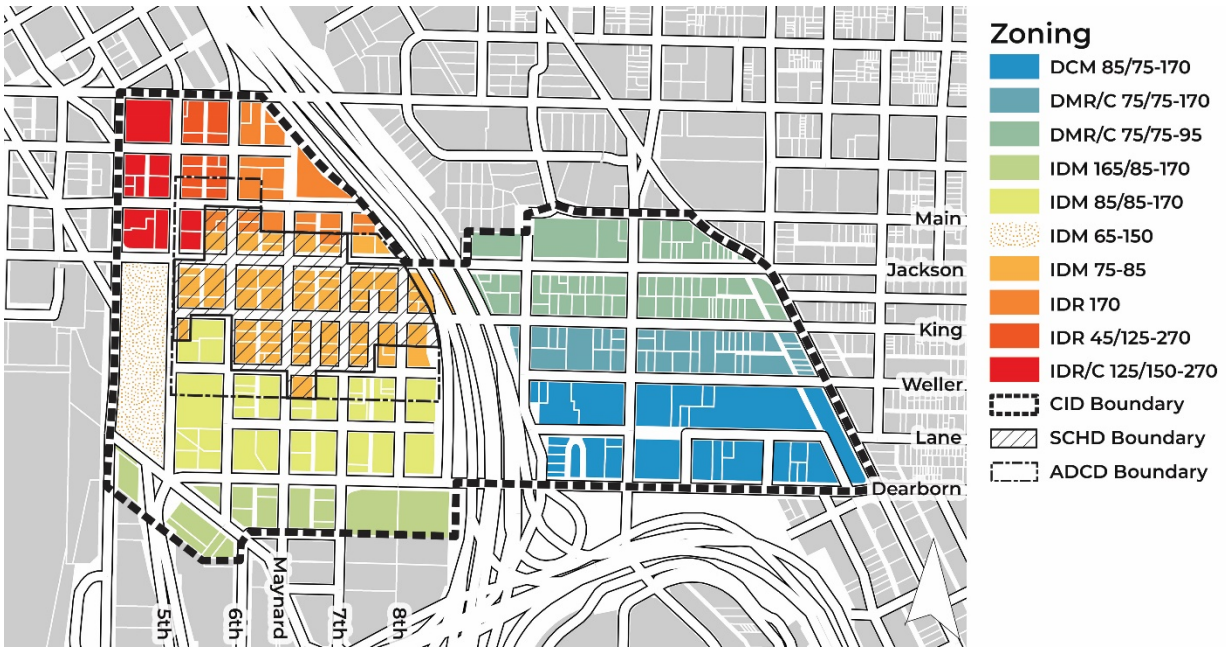

Figure 12 - **Zoning Within the CID**
Map demonstrating various zoning definitions within the Chinatown International District.[149]

[149] Seattle Geodata, "Zoning (Detailed)."
[150] Kreisman, "National Register of Historic Places Inventory - Nomination Form: Seattle Chinatown Historic District."
[151] Seattle Department of Neighborhoods, "International Special Review District."
[152] Seattle Department of Neighborhoods.

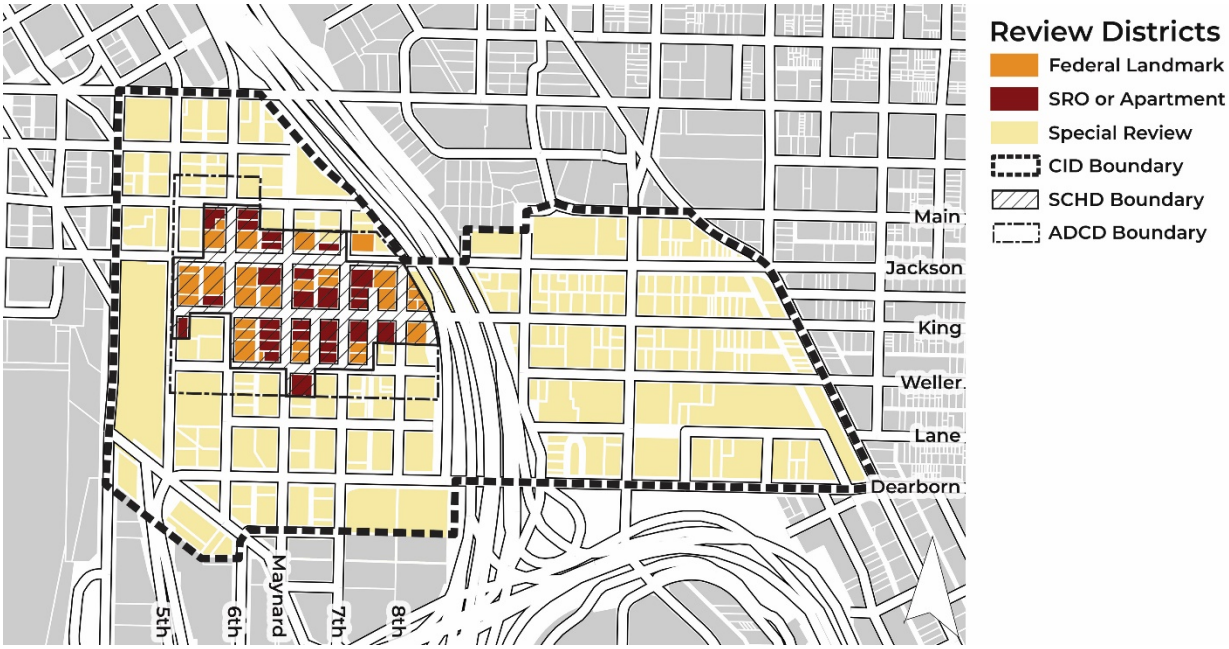

Figure 13 – **Districts within the CID**

Map showing various districts within the Chinatown International District.[155]

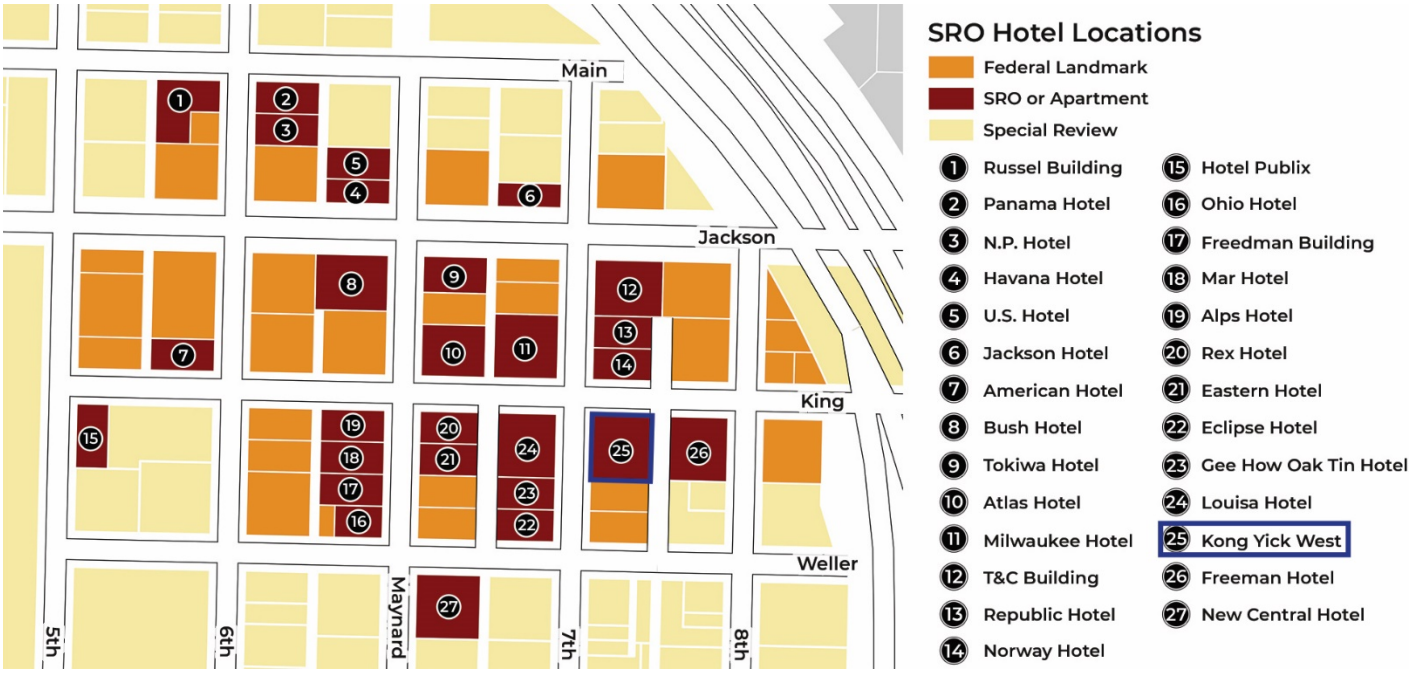

Figure 14 - **SRO Hotel Locations**

Locations of SROs within the Seattle Chinatown Historic District.[156]

No.	Name	Existing	Vacant	URM Risk	HTC Reno
1	Russel Building				
2	Panama Hotel				
3	NP Hotel				
4	Havana Hotel				
5	US Hotel				
6	Jackson Hotel				
7	American Hotel				
8	Bush Hotel				
9	Tokiwa Hotel				
10	Atlas Hotel				
11	Goon Dip/Milwaukee				
12	T&C Building				
13	Republic Hotel				
14	Norway Hotel				
15	Hotel Publix				
16	Ohio Hotel				
17	Freedman Building				
18	Mar Hotel				
19	Alps Hotel				
20	Rex Hotel				
21	Eastern Hotel				
22	Eclipse Hotel				
23	Gee How Oak Tin Hotel				
24	Louisa Hotel				
25	Kong Yick West				
26	Freeman Hotel				
27	New Central Hotel				

Key
Existing
Under Renovation
Museum
Vacant
Medium URM Risk
HTC Certified
HTC Under Constr.

Table 2 - **SRO Status**

List compiled from National Landmark Registration Form, List of Known Unreinforced Masonry Buildings in Seattle City Limits, HTC Tax credit information from SHPO, and windshield survey of properties.[157]

The SRO represents an important structure typology for the CID. For decades, most Asian immigrants to this district were male.[153] Many lived in SRO housing, laboring in factories by day, frequenting shops and restaurants on the ground floors of their hotel by night. When women began to immigrate in the early 20th century, storefronts like those found on Canton Alley were converted to makeshift homes to house multiple generations and extended family groups.[154] Today, those same building house both young and old, accommodating familiar restaurants and shops. SROs have been adapting to the needs of CID residents since the beginning of Seattle development.

As shown in *Figure 13* and *Figure 14*, several structures within the Seattle Chinatown Historic District included SRO hotel or low-income apartment type residential units at some point in their developmental history. Many included commercial retail units on the ground level. These structures provided a framework for community within the district, offering restaurants and shops which catered to Asian immigrants without prejudice.

As shown in *Table 2*, Many SROs within the district remain partially or completely vacant due to a lack of appropriate fire safety equipment. These buildings represent unrealized capacity within the district. While vacant, they pose a threat to public safety. As shown with previous renovations in Chapter 4, vacant structures can become unstable and unsafe, provide habitat for urban wildlife, and pose a fire hazard. These empty structures also represent a more figurative threat – they bring down community property values.

THE WEST KONG YICK BUILDING

The East and West Kong Yick buildings were built concurrently. The property was purchased shortly before the beginning of the Denny regrade, and, like many structures in the district, was constructed to allow for the changing grade. The president of the Kong Yick Association, Goon Dip, hired local architectural firm Thompson and Thompson to complete the design of both structures.[158] He conceived the structures as a model for architecture within the Asian community, eschewing Asian pastiche seen in other Chinatown districts on the continent.

The West Kong Yick Building has been known by many names during its tenure, including the Kong Yick Inn, the Luzon Hotel, and the West Kong Yick Apartments.[159] When finished, the structure contained nine street level store fronts and 158 single rooms, many of which were of a style typical of single room occupancy hotels. Unlike the neighboring East Kong Yick, the West Kong Yick included some larger apartments for more discerning Chinese visitors.

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[153] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*, 121.
[154] Wing Luke Museum, "Hotel and Canton Alley Tour."
[155] Seattle Department of Neighborhoods, "International Special Review District."
[156] Kreisman, "National Register of Historic Places Inventory - Nomination Form: Seattle Chinatown Historic District"; Seattle Department of Neighborhoods, "International Special Review District."
[157] Kreisman, "National Register of Historic Places Inventory - Nomination Form: Seattle Chinatown Historic District"; City of Seattle, "List of URMs Identified by SDCI – October 2018"; Seattle Department of Neighborhoods, "International Special Review District."
[158] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.
[159] City of Seattle, "Property Record Card - Parcel ID 524780-2680 - Kong Yick Inn/Luzon Hotel."

Figure 15 – **The West Kong Yick Building in 1936**

The Kong Yick West Building has operated under many names over the course of its history, including the Kong Yick Apartment and the Luzon.Hotel.[161]

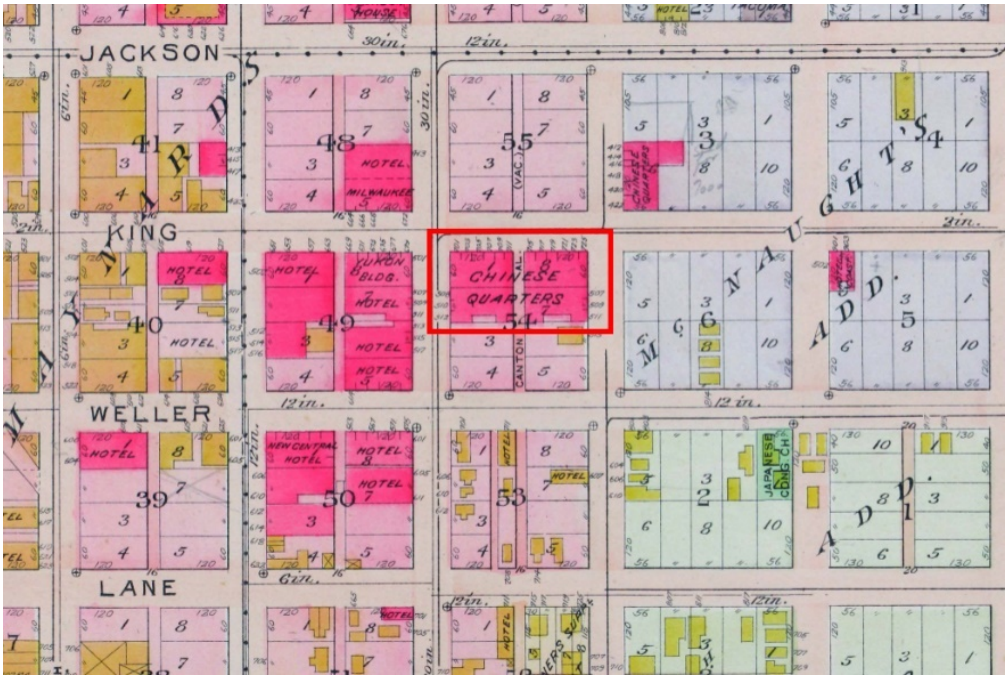

Figure 16 – **Chinese Quarters**

The East and West Kong Yick Buildings as they appeared on the 1912 Baist Map of Seattle. Labeled “Chinese Quarters.”[162]

The building also housed headquarters for two family associations in addition to those dedicated to the Kong Yick Association.[160]

Commercial storefronts along Canton Alley eventually became mixed live/work units, housing large, immigrant families after federal restrictions eased and women and children were allowed to enter the country.[163] Commercial space in alleyways is rare within Seattle, and the relationship of storefront to alley has been maintained at this location. Several storefronts on the east side, all encompassed in the East Kong Yick Building, have been preserved as examples of early immigrant housing. Storefronts on the west are still intact, though use and occupancy vary. The Sun May Company Store, long associated with the late, beloved local activist Donnie Chin, remains on the south end of the alley. Sun May is the home of the International District Emergency Center.

The West Kong Yick is currently partially occupied. Ground floor retail includes a number of restaurants, including Harbor City Restaurant, an incredibly popular and long-lived dim sum establishment that regularly makes the list of best dim sum in the city. Several non-profit associations use the community rooms, former Family Association rooms, on the second floor of the building. Tenants include the Luck Ngi Music Club, Lung Kong Tin Yee family association, and the Amitabha Buddhist Society of Seattle.

Operational realities and owner concerns

When the Kong Yick Association was founded there were 170 shareholders on its rolls. Articles of incorporations set up leadership structures, forming a board of investors. Decision-making was accomplished by the board, but also by a vote of shareholders. Shareholders with a larger number of shares had a greater weight in procedural votes. The Articles of incorporation have not changed since 1910. Ownership now consists of over 840 separate shareholders.[164]

Shareholders are scattered across several countries; some are unaware they have inherited stake in a building in Seattle's Chinatown. Some owners have died intestate or without any beneficiaries at all, leaving shares in limbo. Some single shares have been divided to accommodate multiple generations of inheritors. Transfer of shares can be complicated, and disposition or acquisition of property can be fraught with delays due to organizational structures related to the incorporation of the Association. For example, when the East Kong Yick Building sold in the 1980's for use by the Wing Luke Museum, the transfer of property took over three years due to the large contingency of shareholders who needed to relinquish their stake in the property.[165]

This complicated ownership presents challenges in the maintenance of the structure and property. Expenditures require consultation and procedural votes, and maintenance issues

[160] Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.
[161] City of Seattle, "Property Record Card - Parcel ID 524780-2680 - Kong Yick Inn/Luzon Hotel."
[162] Baist, "Baist's Real Estate Atlas of Survey of Seattle, Wash."
[163] Gee, "Kong Yick Building East: 715-725 South King Street, Seattle, WA."
[164] Wong, "Interview - 3-12-2019"; Wong, *Building Tradition: Pan-Asian Seattle and Life in the Residential Hotels*.
[165] Wing Luke Museum, "In the Footsteps of Seattle's Early Asian Immigrants and Pioneers."

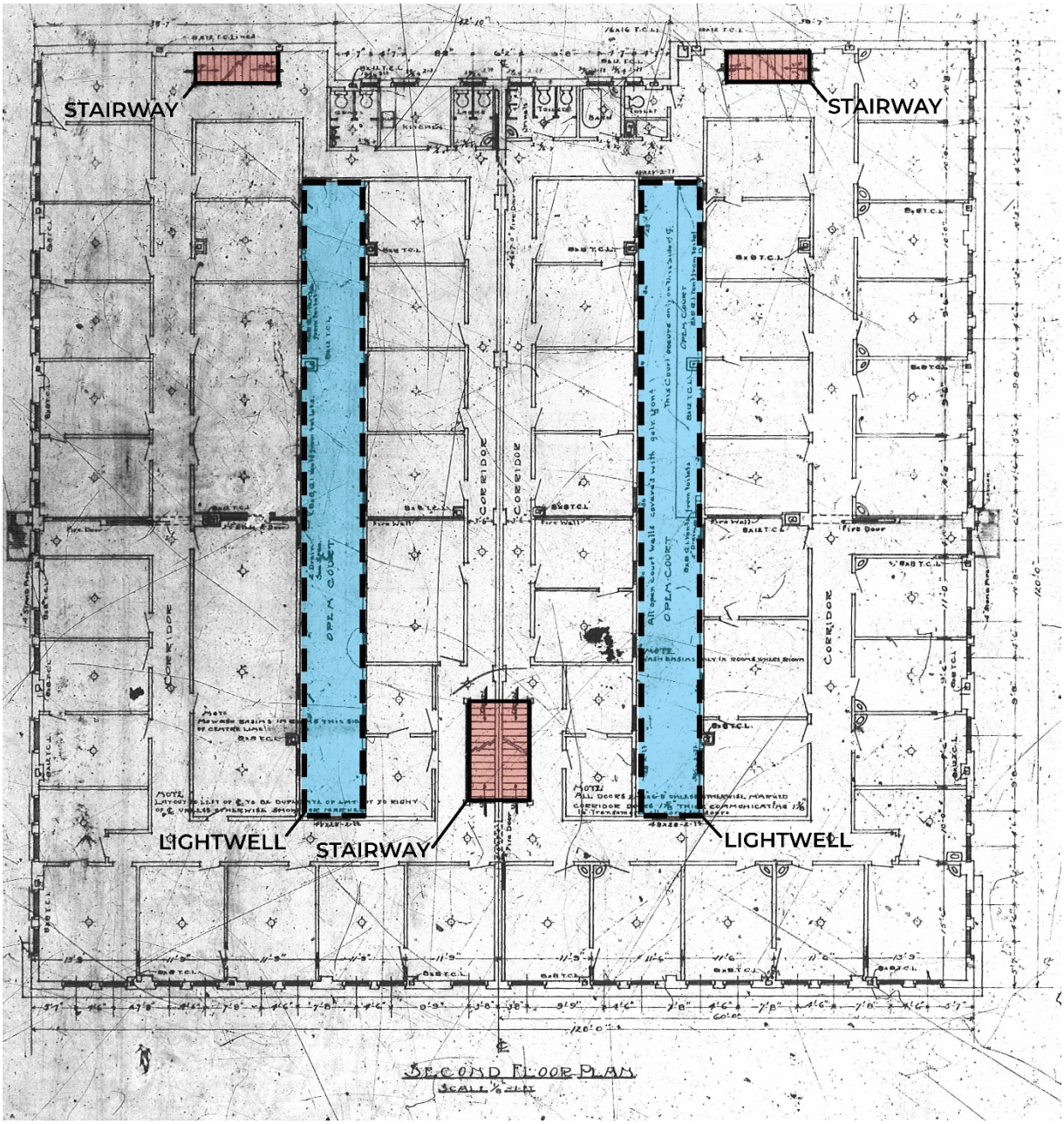

Figure 17 – **Floor Plan of Kong Yick West**

Plan view of second floor of Kong Yick West Building. Map shows location of lightwells and stairways. Corridor lengths and connectivity are elements of the original design which will need to be addressed given current zoning regulations.[168]

increase every year for a 108-year-old building with partial vacancy. As URM discussions became more critical at the City of Seattle, the Kong Yick Association proactively retrofitted their building to address structural inadequacies. They paid cash for the repairs, phasing the construction to do the least fiscal and physical damage possible. The Association found the idea of taking out a loan for $5 million dollars' worth of construction distasteful for cultural

reasons; why encumber future generations with debt?[166] Were the board to decide to sell the structure, the necessary paperwork could take years. When the East Kong Yick Building sold to the Wing Luke Museum in the late 1980s, the sale took three years to complete.[167]

Rehabilitation of the structure will necessitate inclusion of both occupied and unoccupied spaces. As analysis of other rehabilitation has shown, construction will likely require restoration of historic features, reorganization of rooms, and life safety upgrades. As shown in Figure X, the structure includes typical SRO structures – lightwells, long corridors, inadequate bathroom facilities – which will require reorganization of interior spaces. Designers will need to address the use of communal spaces, especially family association rooms. The balconies which once marked the location and prominence of these facilities were lost in previous earthquakes. The existence of these rooms offers an opportunity to provide community space within the building, possibly for use by community groups within the district.

The West Kong Yick Building has been seismically retrofitted. Once new regulations are passed, there may be further reinforcement required to meet Bolts Plus requirements. The building is partially covered by fire safety standards, but a large-scale renovation would require examination to determine compliance egress, hallway lengths, and fire suppression system coverages.[169]

When discussing the West Kong Yick Apartments, the current president of the Kong Yick Association, Dr. Marie Wong, expressed intense interest in the wellbeing of current tenants. Many of her tenants pay well below market retail rents. Prolonged construction will impact everyday functioning of commercial tenants, and the financial realities of a renovation projects may demand higher rents. While renovation may be an attractive option, it may come at a high cultural price.

[166] Wong, “Interview - 3-12-2019.”
[167] Olson Sundberg Kundig Allen Architects, “Wing Luke Museum - Issued for Permit October 20,2005.”
[168] Thompson & Thompson, “Original Design Plans - Kong Yick West Building.”
[169] Seattle Department of Construction and Inspections, “Seattle Fire Code - Means of Egress.”

CHAPTER 6: FUNDING PRESERVATION PROJECTS

Preservation can provide protections for the social and cultural fabric of a neighborhood. A building, site, or district can embody the desires of society, a fervent push toward a better life for themselves and their family. These places speak to the ephemeral nature of a place, defining character and providing a sense of belonging to those who live there.

Neighborhoods with diverse building stock, especially communities with historic and cultural assets, can preserve the fabric of a neighborhood while providing a foundation of affordability for residents and business owners. Granular neighborhoods with a range of building types and sizes provide a range of economic and affordability options to business owners and renters, attracting a wide cross section of classes and cultures.[170] Communities that show a high level of granularity often possess high density of job availability in multiple sectors, and because older building stock naturally provides some level of affordability, it can support employment of residents rather than subsisting off of a transient work force.[171]

Preservation efforts have come under fire in recent years regarding methodology and morality. Cultural assets in underserved neighborhoods, often communities of color, have historically been underrepresented, overlooked for high design examples in more affluent areas.[172] Preservationists often fall on a spectrum between the need for absolute preservation and the desire to adapt to modern technologies and living practices. Regulations often revolve around preservation of original materials at all costs, sometimes sacrificing a designer's ability to meet energy codes, programming demands, and financial requirements in development.

Funding restoration projects, especially large-scale rehabilitation schemes that include seismic and safety retrofits, requires reliable, significant financial backing and incorporates the use of complicated government incentive programs.[173] Unreinforced masonry (URM) retrofits, soon to be required of all older brick structures, average $32-35 per square foot alone.[174] Federal tax credit programs often require completion of lengthy applications, coordination with government officials, certification, and annual reporting of program expenditures and compliance. Tax credits can usually be sold for cash equity at a small loss, requiring negotiation and administration of sales. The going rate for a LIHTC Credit, nationally, is around 80 cents on the dollar.[175]

Administration of federal programs such as the Historic Rehabilitation Tax Credit (HTC), New Market Tax Credit (NMTC), and Low-Income Housing Tax Credit (LIHTC) often required enlistment of specialized consultants trained in the intricacies of the application process. NMTC and LIHTC require application at very early stages of the process, often before design

[170] Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities," 9–14.
[171] Powe, Talen, et al., "Jane Jacobs and the Value of Older, Smaller Buildings," 167–80.
[172] Minner, "Revealing Synergies, Tensions, and Silences Between Preservation and Planning," 80–81; Montgomery, "The Evolving Definition of 'Historic Preservation': More Complex, More Inclusive."
[173] Schuster et al., *Preserving the Built Heritage: Tools for Implementation*, 32–37.
[174] National Development Council, "Funding URM Retrofits: Report to City of Seattle from National Development Council," 5.
[175] Lubell and Wolff, "Variation in Development Costs for LIHTC Project."

has begun and true costs are understood. In the case of LIHTC, administered in Washington state as the 9 Percent Housing Credit Program, a final decision regarding approval of an application comes a full six months after the application deadline, and only 20 percent of applications are approved.[176]

In 2017, the National Trust for Historic Preservation partnered with the Urban Land Institute to study forces that inhibit reuse of older structures. This study found that development is hindered by zoning restriction and incompatibilities, inflexibility in usage and parking requirements, financial risk and lack of incentives for renovation and rehabilitation, and conflicts with modern safety and energy code.[177] Preservation practices as they have developed over the previous decades play a part in each of the four identified areas of restriction to redevelopment.

In order to make a project balance financially, developers require flexibility in use and programming within a building framework. Many landmark preservation ordinances are concerned with exterior detailing and funding mechanisms related to rehabilitation may limit use changes based on historic norms. The Secretary of the Interior has developed preservation guidelines; implementation of these guidelines focuses on retention of historic character, especially façade elements as they are viewed by the public and shared interior space.[178] The parcel housing the historic structure may be zoned for much greater density and height, increasing the attractiveness of demolition over rehabilitation when little flexibility for adaptive reuse is given. Renovation costs can meet or exceed those of new construction, especially when systems upgrades are required. The inflexibility of landmark ordinances often hinders redevelopment, reducing the capacity within established neighborhoods by increasing the cost of possible renovation and reuse. Even a seasoned developer may consider a preservation effort too great a risk with too little reward.

Gentrification can be intrinsically connected to the act of preservation, especially when preservation moves beyond the building and into an entire district. Restrictions regarding materials and uses adds complexity and cost to construction projects, favoring owners with the means and connections necessary to navigate the system. Increased costs require higher returns to ensure profitability. New development often leads to higher rents, pushing out populations in need of affordable options.

FEDERAL AND STATE INCENTIVE PROGRAMS

Federal, State, and local programs often offer special tax abatements, tax credits which can be sold for equity, zoning and energy code considerations, and special loan programs. Nonprofit and charitable organization provide grants, logistical support, and access to the expertise needed to navigate incentive programs and local regulations. Many large restoration projects

[176] Washington State Housing Finance Commission, "WSHFC | 9% Housing Credit Program."
[177] Preservation Green Lab, "Untapped Potential: Strategies for Revitalization and ReUse," 10–20.
[178] Morton et al., "The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings."

require a combination of funding strategies, including traditional mortgages, federal and state incentives, private equity, and cost cutting through code consideration.

Tax credit programs

Tax credits are a flexible commodity. They can be used directly by a developer or sold to an interested investor for an infusion of equity. A credit is exchanged for a commitment to meet program goals such as preservation action or inclusion of affordable housing within a proposed development. While these programs require an initial outlay of funds, that outlay is often offset by future earnings. Tax credits often spur construction, and associated activities result in income for local and state governments.

Funding is not released till the completion and certification of a project. While tax credits can be leveraged when awarded at the beginning stages of a project, an owner or developer must find an entity who is willing and able to purchase that credit knowing that they will only receive the benefit when a project is officially designated as "in-service". Funding from government agencies often requires a lengthy application process, monitoring during construction, certification, and possibly yearly reporting of compliance with program guidelines. If compliance is not met, the IRS may seek remedy with credit holders, garnishing tax returns and levying penalties.[179]

The entities that buy credits are often large investors and banks. Experienced investors who purchase tax credits may limit their transactions to entities with program knowledge. This necessitates either project level familiarity – i.e. a developer who has worked in this sphere before – or the contracting of a specialist who oversees transfer of credits for equity such as a syndicator. Many syndicators only work with developers, limiting their clientele in order to limit exposure to risk. A lay person who acquires tax credits may need to seek out a program specialist to act as middleman in a credit transaction. Even experienced entities may hire a consultant to conduct credit transfers.

Consultant fees may introduce complications to project administration and represent a significant cost. Historic Seattle utilized NMTC during the $8.8 million reconstruction of Washington Hall in Seattle's Central District. Sale of the tax credits brought approximately $3.1 million in equity to the project. After paying more than $600,000 in consultant fees and associated costs, the net gain was only $2.6 million.[180] Though the fees are high, the project may not have been able to proceed without the influx of over $2 million in funds generated by the credit sale to U.S. Bank. Without trained staff to oversee the intricacies of tax credit transactions, Historic Seattle saw the consultant fees and required costs as a necessary compromise.

[179] Office of the Comptroller of the Currency, "Historic Tax Credits Fact Sheet"; Keightley, "An Introduction to the Low Income Housing Tax Credit"; Rapoza Associates, "New Markets Tax Credit Progress Report."
[180] Kelly, "Interview - 3-12-2019."

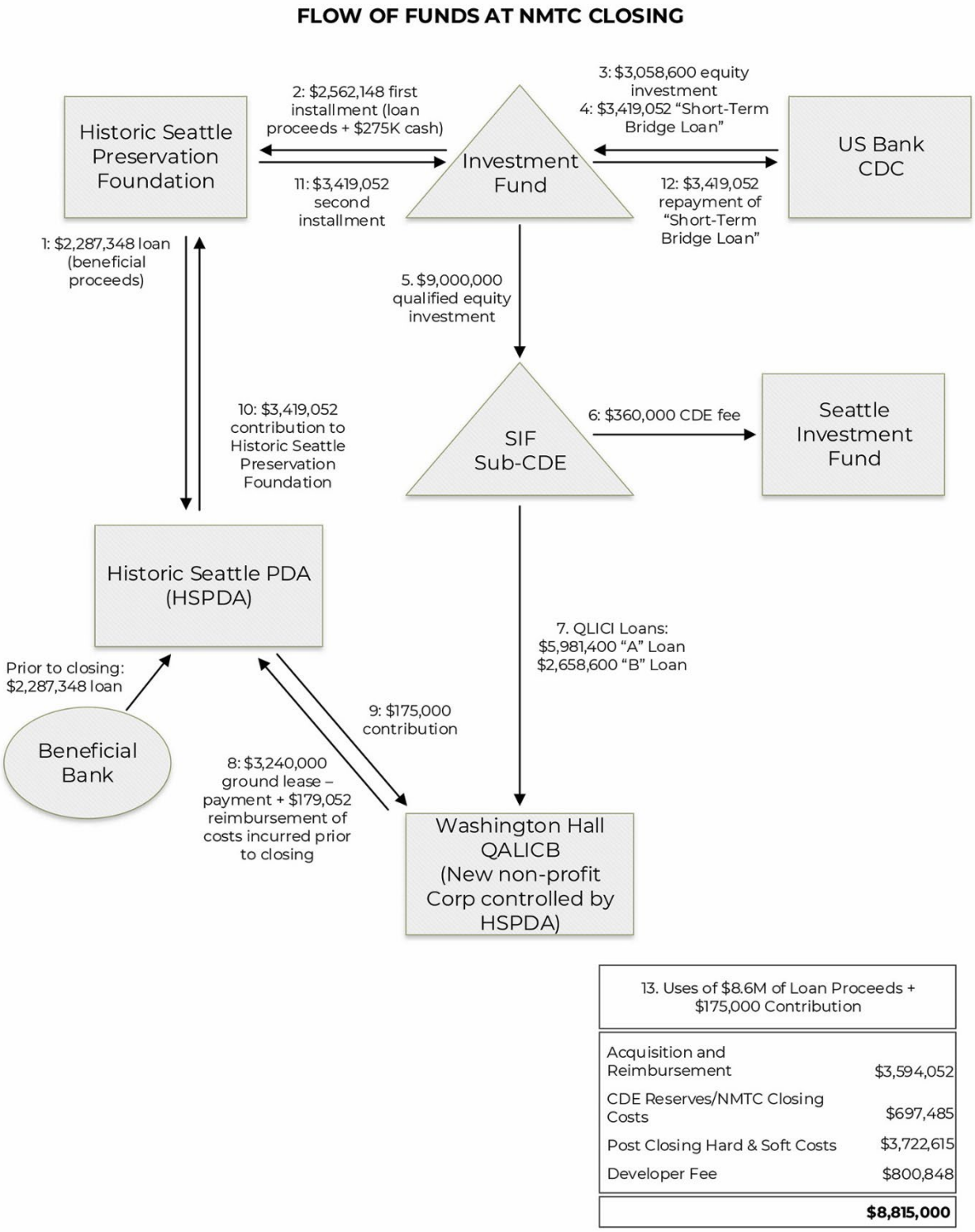

Figure 18 - **New Market Tax Credit Flow Chart**

Chart details flow of funds for renovation of Washington Hall in the Central District. Renovations spearheaded by Historic Seattle. Graphic adapted from information provided by Historic Seattle.[181]

Historic Rehabilitation Tax Credit. The Historic Rehabilitation Tax Credit Program is a federal program administered through the Washington State Department of Archeology and Historic Preservation (DAHP). Developers receive a 20 percent tax credit toward qualified construction and rehabilitation costs.

In order to qualify for HTC, a property must be listed individually or as a contributing structure on the National Register of Historic Places, must be income producing, either as rental housing or as a business, must be a substantial alteration, and must be rehabilitated according to the Secretary of the Interior's Standards for Rehabilitation (SOIS-R). Once qualified for funds, an applicant must complete three steps to secure credit funding: 1.) confirm landmark status or eligibility, 2.) describe rehabilitation requirements and effects on historic integrity of structure, and 3.) certify satisfactory completion of Secretary of Interior approved renovation work.

Historic Tax Credits do not cap the possible amount of award. While a project will receive no more than 20 percent of qualifying project costs, the program can be utilized by projects of any size. Unlike other programs, projects do not need to compete with similar developments in order to gain funding. Funding is determined through the application process and is at the discretion of state preservation officers, national parks service preservationists, and is reliant on compliance with the SOIS-R.

In comparison to other funding programs mentioned, the application process is accessible to a layman with little training in architecture or construction. Nicholas Vann, state historic architect and administrator of the HTC program at the DAHP, verified that this program has "a relatively low bar" of entry. In fact, many applicants are from small towns and rural areas and are completing the application on their own despite little relevant construction experience.[182] Despite this "low bar", the use of HTC funds within Seattle is declining. Vann speculates that this may be due to financial considerations. Developers are unable to balance the needs of investors with the requirements of the Secretary of the Interior's Standards for Rehabilitation (SOIS-R). Necessary reconfiguration of space inside a structure often conflicts with existing layout, and modern aesthetic requirements can clash with the historic use requirements of preservation standards.

New Market Tax Credits: The Community Renewal Tax Relief Act created the New Market Tax Credit (NMTC) program in the year 2000 as an incentive for investment in low-income and rural communities.[183] NMTC availability is tied to federally recognized districts determined through analysis of economic realities for residents of census tracts. Tracts are designated based on the number of residents below poverty line and percentage earning less than area median income (AMI) for the area. Designation is census tract specific. In Seattle, New Market

[181] Kelly.
[182] Vann, "Interview - 3-12-2019."
[183] The New Market Tax Credit could expire in 2019 pending action by Congress.

Tax Credit zones include the Chinatown International District, Rainier Valley, the University District, West Seattle and South Seattle.[184]

A Community Development Entity (CDE) applies for tax credits from the government. The CDE then allocates credits to a Qualified Equity Investor or Active Low-Income Community Business. These agencies then allocate funding to projects within the NMTC credit district. Credits are annualized over a seven-year period, with the percentage of return increasing over the life of the compliance period. Credit returns total up to 39 percent of a project's costs. NMTC cannot be used alongside LIHTC funding but may be used in conjunction with other tax credit financing. As with other tax credit programs, the credits may be sold to interested investors in return for equity.

The NMTC centers around the concept of gap financing. The number of allocated tax credits is based upon the amount of financing needed to make a project financially feasible. The credit can fill a gap in financing but may not be counted on in lieu of other financing.

The NMTC program, like many similar tax credit schemes, requires adherence to complicated regulations and transactional structures. As shown in *Figure 18*, the NMTC utilized by Historic Seattle during renovation of Washington hall required a CDE to oversee transactions. Sales required allocation of some proceeds to a local development fund. All activities were achieved utilizing the services of a consultant.

Low-Income Housing Tax Credit: The Low-Income Housing Tax Credit (LIHTC) provides funding for developments which include a mandated minimum amount of affordable housing. These developments trend toward large-scale, multi-unit projects consisting almost entirely of affordable units.[185]

LIHTC provides a tax credit of 40 percent to 70 percent of qualifying costs over a ten-year period. Credits return on average 4 percent or 9 percent per year depending on the nature of the development. The larger credit applied new construction, while the smaller is intended for rehabilitation and renovation of existing properties. While both percentages were originally tied to fluctuations in interest rates, subsequent legislation has placed a floor of 9 percent for new construction. This guarantees a minimum return on investment. No such floor has been instituted for renovation and rehabilitation.[186] As a result, LIHTC funds are most often used for new construction. According to a study of LIHTC properties constructed and in service in the time period starting with enactment of legislation through 2012, new construction projects outnumbered rehabilitation projects two to one.[187]

In order to qualify for the higher credit rate, a project must significantly alter an existing structure. According to Washington State's 9 Percent Policy and the Evergreen Sustainable

[184] Rapoza Associates, "New Markets Tax Credit Progress Report."
[185] Khadduri, Climaco, and Burnett, "What Happens to Low Income Housing Tax Credit Properties at Year 15 and Beyond?," 13.
[186] Keightley, "An Introduction to the Low Income Housing Tax Credit."
[187] Khadduri, Climaco, and Burnett, "What Happens to Low Income Housing Tax Credit Properties at Year 15 and Beyond?," xvii.

Development Standard, a renovation may be considered substantial if it includes redevelopment of all major building systems up to and including the building envelope. A building must be stripped to the studs and brick façade to achieve the stringent requirements for energy conservation.[188]

Washington State places caps on all qualifying costs. Even if a project receives the highest tax return rate, the credit rate assigned will only apply up to a predetermined amount set by State authorities. The State does allow for a "Base Boost" raising award caps in specific rural areas or urban areas that are experiencing higher redevelopment costs due to limited land availability and increased acquisition costs. While this boost can increase allowable costs to 130 percent of the cap, it increases funding uncertainty by requiring an additional waiver application and committee review and approval.

Washington State grants priority consideration to properties with historical importance. In order to receive this consideration, a property must lie within a landmark district, be listed as a federal landmark, or be determined eligible for such a listing. Additionally, the project must utilize HTCs as part of the financing package.[189] With the inclusion of HTCs, the project must now meet the Green Building Code regulations and SOIS-R requirements in order to receive the highest levels of funding.

It is important to note that LIHTC is a highly competitive program which requires lengthy and careful application and yearly monitoring to maintain compliance. In Washington State, approximately 20 percent of projects which request funding are awarded. Funding is not released until a building is placed in service. If yearly monitoring is insufficient or unsatisfactory, the IRS will demand a refund of credits.[190]

Tax considerations and abatements

Tax abatements and special valuations can provide relief to property owners over the life of a structure. State valuations can strengthen the position of a legacy owner, benefiting long time property owners over those who purchase land for speculation. New legislation enacted as part of recent federal tax reforms may prove to be a boon to all investors, potentially eliminating taxes on capital gains from a qualifying property in perpetuity.

Opportunity Zones: The US Congress introduced Opportunity Zones (OZs)as part of the Tax Cuts and Jobs Act of 2017. This program allows state governors to designate Opportunity Zones based on Census tract demographics. Up to 25 percent of the low-income census tracts in each state can be designated as OZs. In 2018, Washington State was allowed to designate 139 of the 555 low income census tracts in the state. The ability of local jurisdictions to

[188] Washington State Housing Finance Commission, "9% Competitive Housing Tax Credit Policy: Approved September 2017."
[189] Washington State Housing Finance Commission, "WSHFC | 9% Housing Credit Program."
[190] Washington State Housing Finance Commission; Keightley, "An Introduction to the Low Income Housing Tax Credit."

designate OZs and strong bi-partisan support at all levels provides a foundation of promise for the program.[191]

Investors can defer paying taxes on capital gains that are invested in Qualified Opportunity Fund (QOF) that in turn are invested in distressed communities designated as OZs by the governor of each state. An owner of a property which has received OZ funding can defer taxes for an extended period, with returns increasing per annum until year ten. Once a set holding threshold has been met, that owner will not need to pay any capital gains taxes on that holding when the property is sold.[192] As this program is a new one, developed under the new tax code, the actual dispensation in later stages is still murky and subject to change.

While the legislation is new and wide ranging in its applicability, it certainly offers an opportunity for a project within an OZ.

Special Tax Valuation: A qualifying property can receive a reduced Tax Valuation to mitigate the increase in taxes due following a major renovation. Special Tax Valuations can apply to both commercial and residential properties; the property must either be a landmark or lie within a landmark district. The valuation ends after a period of ten years.[193]

In Washington State, this valuation is based on the purchase price of the property following the most recent sale. Proposed renovations must equal at least 25 percent of assessed value; properties with lower assessed value are better candidates for this program. Because of this stipulation properties developed by a legacy owner could receive a substantially greater benefit.[194]

Implications of incentive use

Most private and third sector actors will consider the use of some combination of federal, state, and local tax credits, abatements, and preservation incentives in construction. Few banks will fund all construction costs; many will require 30 to 40 percent of project funding be made up of private equity. Incentive programs can go a long way to meeting the gap in funding.

A project like the West Kong Yick Building may qualify for several programs. The site qualifies for Historic Tax Credits, New Market Tax Credits, Opportunity Zone Funding, and a state Special Tax Valuation. If offering affordable housing units, the project may qualify for Low-Income Housing Tax Credits, voucher programs, or several other funding mechanisms on the

[191] Joint Economic Committee, "The Promise of Opportunity Zones," 1–3.
[192] Joint Economic Committee, "The Promise of Opportunity Zones"; Washington State Department of Commerce, "Opportunity Zones - An Incentive to Invest in Lower-Income Areas"; Lowry and Marples, "Tax Incentives for Opportunity Zones: In Brief."
[193] Historic Preservation Office, "Speciall Tax Valuation."
[194] Valuations in California are determined through the Mills Act Historical Property Contract Program, a tax abatement program similar to other abatements and special valuations found in many states. Unlike other programs, the Mills Act assesses value based on the income generated by the property instead of assessed value. This negates the losses that one might see with special valuation in hot housing market with rapid increases in property values. This alternative should be explored in Washington. It allows flexibility regarding ownership changes of historic property, making the special valuation more applicable in the Western Washington market while lessening the effect on eastern Washington.

federal, state, and local level. Grant programs are available from private and public entities in the preservation sphere.

Not all programs play well with one another. If a project utilized NMTC, they cannot also use LIHTC funding without creative investment structures.[195] While some grants and tax credits can be used together easily, partnering those programs may have unexpected tax implications. In order to gain the greatest benefit from these programs, it is imperative that professionals steeped in program requirements and culture be consulted in creation of a funding package for a rehabilitation project.

PRESERVATION IN CREATIVE CLASS CITIES

In superstar cities, preservation ordinances attempt to keep up with high demand, rising property costs, and an everchanging market. In order to gain an overview of incentives offered in various locations with relevance to the Seattle market, this work includes a brief overview of incentive programs offered in similar markets.[196] Cities researched include Austin, Denver, Los Angeles, Portland, San Jose, San Diego, San Francisco and Seattle. By extension, the preservation incentives of California, Colorado, Texas, and Washington are also assessed. Refer to *Table 3* for a comparison of incentives.

Federal landmark designation signals the importance of a cultural asset to a community, a city, a state, and the nation. However, federal designation comes with few true protections. Local preservation ordinances provide a regulatory basis for restrictions regarding changes to a structure, providing the highest level of protection available for historic properties. All cities in this study see the importance of local designation and have implemented preservation ordinances. Two of the cities – Portland and San Diego – have recently begun the process of revamping their ordinances to include greater protections for property and flexibility in use and design. Portland's efforts are in the early stages of community outreach.[197] San Diego has recently enacted a set of new regulations that address code restrictions at odds with older property usage.[198]

[195] Nixon Peabody LLP, "Combining NMTCs with LIHTCs."

[196] Florida, "Where's the Real 'Next Silicon Valley'?"; Gyourko, Mayer, and Sinai, "Superstar Cities"; Harrington and Sauter, "The 25 Most Innovative Cities in US Share Affinity for Technology"; Mims, "Where You Should Move to Make the Most Money: America's Superstar Cities." In order to develop a comprehensive list of markets which were considered both "superstar" per Gyuorko and tech hubs by various indicators, the aforementioned works were consulted. The final list was refined to include western cities outside the New England and Eastern seaboard, largely due to differing patterns of colonization and zoning development. Portland, Oregon, was added to due to proximity. It occasionally appears on Tech Hub lists but is not considered a Superstar City.

[197] Portland Planning Department, "Historic Resources Code Project"; Portland Planning Department, "Historic Resource Protections."

[198] City of San Diego City Council, "11th Update to the Land Development Code (Adopted)"; Stanco, "11th Update to the Land Development Code: Historic Preservation Development Incentives."

	Austin	Denver	Los Angeles	Portland, OR	San Diego	San Francisco	San Jose	Seattle
Local preservation ordinance	■	■	■	■	■	■	■	■
Special tax assessment or abatement	■		■	■	■	■	■	■
State preservation tax credit*	■		▒		▒	▒	▒	
City or County preservation tax credit							■	
State grant or trust fund program	■	■		■				
Conservation easement			■			■		■
Code abatement or exception			■		■	■	■	■
Streamlined process for qualifying projects			■					
Reduction in fees for qualifying projects			■				■	
Easement in zoning restrictions			■		■		■	■
Transfer of development rights**		■				■		■
Local or state preservation nonprofit		■	■		■	■	■	■
Demolition disincentive								■

Key	
■	Offered
▒	Pending

Table 3 - **Preservation Programs in Superstar Cities**

Details various programs available in study cities. Information gathered from state and local preservation websites.

Tax considerations provide relief in each municipality, with every state offering special tax assessments or abatements. One city, San Jose, offers tax relief in the form of tax rebates for construction costs.[199] Texas is the only state which currently offers state tax credits, though legislations implementing a state tax credit program is working its way through the 2019 session of the California Legislature.[200] Three states – Colorado, Oregon, and Texas – provide funding through state grant programs or trust funds.[201]

Conservation easements allow a property owner to deed elements of a historic structure to a city or conservation entity. These easements, legally bound to the deed on a property, are considered a charitable deduction in cities like Los Angles and Seattle. Easements are recorded on property deed, restricting future changes. In return for easement dedication, a property owner agrees to maintain the deeded element in a manner consistent with local and federal preservation guidelines.[202]

Beyond tax relief, cities and states may offer special zoning and regulatory consideration to landmark properties. Many historic structures do not meet current building code and retrofit could damage or destroy important features. California State allows alternate construction methods and may waive conflicting code requirements through a design review process. The

[199] Planning Building & Code Enforcement, "Historic Preservation Incentives."
[200] Commission, "Preserve"; Bernstein, "Email Interview - 4-8-2019."
[201] Commission, "Preserve"; Oregon State Historic Preservation Office, "Oregon State Historic Preservation Office: SHPO Programs."
[202] The Getty Conservation Institute, "Incentives for the Preservation and Rehabilitation of Historic Homes in the City of Los Angeles: A Guidebook for Homeowners."

City of Seattle offers a similar program, providing relief when alterations may become too cumbersome or deleterious to historic design. In both cases, no relief can be provided in situations which threaten public safety.[203]

Some cities opt to provide support through consideration during the permitting process, reducing fees and streamlining the process for projects which demonstrate adherence to preservation criteria. Los Angeles and San Jose offer special zoning consideration for landmark properties, allowing reductions in parking and alternate property use. Los Angeles allows the greatest flexibility, allowing alternative use in many restrictive districts. Allowances provide for live/work environments, offices, and even restaurants and retail shops.[204]

Seattle and San Francisco offer preservation specific transfer of development rights (TDR) registries. A city must create and manage an entity that handles TDR transactions, even though most transactions are handled by brokers on the private real estate market. It is likely programs for preservation exist throughout most states, though tangentially associated with a municipality. TDR programs can be highly specific and relatively short lived, targeted toward a specific type of development or preservation type.

TDRs in Seattle currently are allowed for density bonuses in South Lake Union, the Denny Triangle, and the Commercial Core. Most TDR transactions reported by King County are for preservation of agricultural lands. As many transactions are private, details of compensations can be difficult to ascertain. Reported amounts vary from $14 to $22 per square foot for rural lands, but values may not reflect additional considerations.[205] Some transactions may include ownership of units within a development or returns on investment from a project.

Seattle administers TDRs through a TDR Bank. The resulting purchase places a covenant or restrictive easement on the sending structure and allows for a density increase in the receiving structure. Few transactions have been made using TDRs. Prices reported for two transactions between 2015 and 2016 garnered between $23 and $35 per square foot. Through creation of a TDR bank and institution of limited receiving areas, the City of Seattle and King County may have artificially inflated the market for TDRs, making them unpalatable for developers.[206]

The preservation movement seems to be moving toward a more flexible alternative. A model for preservation activities can be found in Los Angeles. Los Angeles provides a wide range of programs for preservation, buoyed by a robust state program that allows for code abatement and special tax evaluations. The city's greatest strength lies in an adaptable preservation ordinance.

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[203] San Francisco Planning Department, "Preservation Bulletin No. 8"; Seattle Department of Neighborhoods, "Historic Preservation."

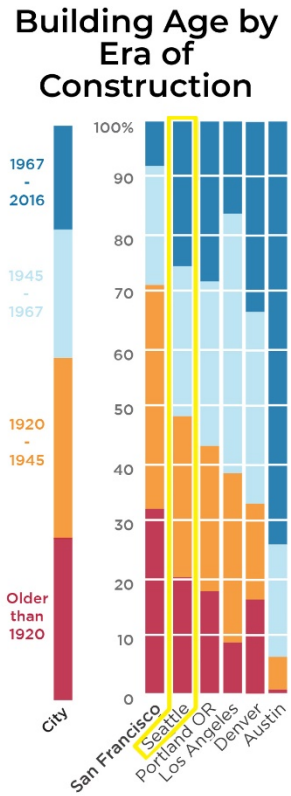
[204] For what might be obvious reasons, the Los Angeles preservation office highly recommends the use of historic properties for use in film, offering some guidance for negotiation of fees, times of operations, etc.

[205] WLRD Rural and Regional Services Section, "Transfer of Development Rights in King County, Washington."

[206] Costich, "OP-ED: Transferable Development Rights: Where's the Incentive? Restrictions on Incentives Make Transferable Development Rights from the City of Seattle and King County under Used."

Los Angeles Adaptive ReUse Ordinance (ARO) has been touted as a new method for preservation which allows for greater flexibility in response to market forces. The ARO has proven its efficacy in stimulating construction.[207] Through adaptive reuse, a municipality can broaden the opportunities for smart, sustainable growth by adapting existing structures to new uses. Adaptive reuse requires municipalities and communities to focus preservation requirements on specific aspects of a structure, clarifying design intent and important features. Less pressure is placed upon sensitive green lands, a structures' embodied energy is preserved and repurposed, and needed growth can be seen in city centers which have experienced decline. In central LA, an area with a higher concentration of historic structures, ARO applications have continued to increase despite fluctuations in the local market. ARO projects are within close proximity to existing transportation infrastructure, areas with little vacant land and higher relative levels of demand.[208]

However, while the LA market has seen growth, it has not seen the high-pressure atmosphere common to San Francisco and Seattle. Anything that offers flexibility for a developer or owner lessens the riskiness of redevelopment. Losing buildings to new development because existing regulations are too restrictive is like throwing the baby out with the bathwater.



FUNDING PRESERVATION PROJECTS IN SEATTLE

Seattle instituted a landmark preservation ordinance in 1973. By some standards the ordinance provides liberal options for designation; owner cooperation is not required, and a building or site must meet a relatively short 25-year age requirement. Despite leniency in requirements, very few structures in Seattle are landmarked. A recent study by the National Trust Policy and Research Lab revealed the ratio of locally landmarked buildings to building stock in comparable cities averaged 4.3 percent. By comparison, Seattle has only landmarked 0.5 percent of its structures.[209] This is a surprisingly low number considering almost 50 percent of Seattle's building stock was built before 1945 and 75 percent before 1967, ages well beyond the 25-year threshold set by local ordinances.[210]

Figure 19 - **Building Age by Era of Construction**
Building age comparison between Seattle and similar cities.[211]

[207] Yoders, "Adaptive Reuse Rules Are Reshaping Downtown LA"; Riggs and Chamberlain, "The TOD and Smart Growth Implications of the LA Adaptive Reuse Ordinance"; Bullen and P.E.D., "Residential Regeneration and Adaptive Reuse: Learning from the Experiences of Los Angeles."
[208] Riggs and Chamberlain, "The TOD and Smart Growth Implications of the LA Adaptive Reuse Ordinance."
[209] Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities," 5; Preservation Green Lab, "The Atlas of Reurbanism: Seattle Fact Sheet."
[210] Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities," 6.
[211] Preservation Green Lab, 8.

Seattle's landmark registry covers "400 individual sites, buildings, vehicles, vessels, and street clocks", inclusive of eight landmark districts.[212] Two designated districts deviate from traditional landmark district regulations. Pike/Pine is a conservation district. Rules in the conservation district favor adaptive reuse and preservation of facades. Interiors are rarely included in designation and are often drastically changed during redesign. The International Special Review District is a cultural preservation district. Design review within this district allows for consideration of cultural norms in preservation of building and sites.

Design review and environmental impact issues can cause extensive delays. If a project contains over 4000 square feet of floor space and is more than 25 years old, the property must undergo Washington State Environmental Policy Act (SEPA) review regarding its significance as a cultural or historic asset.[213] If the property is designated as a landmark or is a contributing structure within a landmark or conservation district all renovation or rehabilitation plans and designs must go through the relevant landmark committee review process.

Rehabilitation activity can uncover complicating issues which may not have been foreseen until actual construction began. During Louisa Hotel renovations in the Chinatown International District, workers discovered jazz era murals when an unused portion of the building was opened during construction preparation. The location and historic value of the murals forced a change in design and construction, triggering additional review and mitigation. Additional design work added to costs, though the discovery was made early enough in the process that changes could be incorporated into the existing timeline.[214]

Though Seattle is behind national averages in landmark designation, there is an active network of third sector nonprofits and private agencies shepherding preservation efforts. Efforts of Historic Seattle, the National Trust for Historic Preservation, 4Culture, and other groups have saved historic structures from demolition. However, there is always need for more manpower, more expertise, and, especially, more funds to answer need in an active and fluctuating market.

The shifting nature of the market requires financial viability from the onset of planning. In order to make rehabilitation projects feasible beyond construction, developers must consider future commercial and residential rental rates. Costs associated with renovation, rehabilitation, and reuse inevitably require a rise in rents to justify the change. The lack of affordability in new development has placed pressure on residential and commercial markets. Uncertainty exacerbates feelings of animosity and uncertainty in a gentrifying district.

PRESSURES PLACED ON PROPERTY AND BUSINESS OWNERS

Property and business owners in neighborhoods attractive for development feel the pressure to capitalize on and/or protect their investment. The wave of pressure to improve their

[212] Seattle Department of Neighborhoods, "Historic Preservation."
[213] Washington State Department of Ecology, "Washington State Department of Ecology - SEPA Guidance."
[214] Brodeur, "Prohibition-Era Murals Discovered during Renovations of Former Louisa Hotel"; Gee, "Interview - 4/2019."

property or change business practices can be overwhelming.[215] Some owners may choose to sell their property or relocate their business to more familiar environments with lower bars to entry.[216] While a property owner may receive a one-time windfall related to their investment, it may not equal the return they would see were they to retain and improve their property.

Developers may take advantage of a high-pressure market and rapidly rising property values to offer property and business owners a windfall profit in the eventuality of a sale. Despite their stated desire for authenticity, incoming high earning residents will demand a level of service and variety of options that an existing business owner cannot adequately meet.[217] Business owners must struggle for recognition in an increasingly competitive markets, accommodate changing tastes of clientele of various ethnicities, and react to increased scrutiny from city officials in terms or regulation and restriction.[218]

Owners with ties to the community face development challenges

Owners of historically and culturally sensitive property face new barriers to improvement and redevelopment of their property. Long term neglect may necessitate extensive renovation to meet current codes and reach full commercial potential. Others require costly upgrades to life safety equipment and structural integrity. When the City of Seattle enacted fire safety regulation in the 1970s, owners of mixed-use residential hotels, commonly known as single-room occupancy hotels (SROs), vacated portions of their buildings rather than expend the large funds necessary to make improvements. Across Seattle, SROs closed their doors or partially vacated their properties, and many properties remain vacant today. When asked about the cost of repairs, Mrs. S. Uno, then owner and operator of CID American, Bush, Publix, and Governor Hotels, "estimated $73,000 had been spent in the hotels she represented in the past two years."[219] In the end, the American, Bush, and Publix hotel were vacated, at least partially, for extended periods of time. These closures, and others like them, drastically affected the number of affordable residential units available on the market while limiting profitability of properties.[220]

Any construction requires extensive review and approval process, a procedure which may be further complicated by landmark eligibility or designation. Redevelopment requires time and money, assets in short supply for those who may own only one property and have little experience within the development sphere. Historic preservation projects can be fraught with complication and unpredictable timelines, and contentious projects lacking public support

[215] Zukin, *Naked City: The Death and Life of Authentic Urban Places*, 159–92.
[216] Ferm, "Preventing the Displacement of Small Businesses through Commercial Gentrification: Are Affordable Workspace Policies the Solution?"; Meltzer, "Gentrification and Small Business: Threat or Opportunity?"
[217] Ferm, "Preventing the Displacement of Small Businesses through Commercial Gentrification: Are Affordable Workspace Policies the Solution?"; Meltzer, "Gentrification and Small Business: Threat or Opportunity?," 59–60; Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report"; Zukin, *Naked City: The Death and Life of Authentic Urban Places*, 19–31.
[218] Zukin, *Naked City: The Death and Life of Authentic Urban Places*, 159–92.
[219] Ruppert, "Third-Class Hotels: First-Class Struggle."
[220] Ruppert.

could place a project on hold until concerns are addressed. Permitting of a large-scale project in Seattle can take more than a year and require extensive negotiation with city officials.[221]

The financial complexities of preservation and reuse projects can rarely be met without the use of federal, state and local incentive programs, programs which favor familiarity and flexibility. Additional time and administration equate to higher risk for most owners, developers, and investors. During planning and construction, a project may earn minimal or no income, allowing little relief to financial drains stemming from construction and bridge loan payments, design fees, and other project costs. For a property owner in a precarious financial position, the need to preserve historic character might be the barrier which cannot be overcome.

Extensive social and cultural issues must be addressed in redevelopment of low-income neighborhoods. Years of segregation practices in regulation and business have led to a general distrust of authority figures, especially banks and developers. City officials have patently disregarded need for public services, police protection, and healthcare services. Many residents of redlined districts have not had the ability to own property, and speculative non-resident owners have taken advantage of these districts by charging high rents with harsh penalties for any indiscretion. Regardless of a developer's intent, residents may fear being taken advantage of through shady dealings or disregard for continued community health.

Residents in districts which have experienced disinvestment driven by regulatory practices often have less accumulated wealth than their white counterparts living in desirable districts and may lack the ability to access loans through the banking industry. Even today, white owners are more likely to be able to borrow against the equity in their property than black owners.[222]

Though property values may have increased drastically, the one-time windfall payment at time of sale may not equal the return on investment should that owner decide to upgrade and renovate their property. Some property owners may choose to wait out the market, leaving their property vacant while waiting for the most advantageous time to sell. Vacancies can stress an already fragile economic ecosystem.[223] Empty or partially vacant buildings, like some SROs in the CID, are both a safety hazard and a drain on community economic value.

Property owners with strong community ties may feel obligation to their neighbors and friends when calculating the cost of selling their property. For decades, these communities have been struggling together, and allowing outside influence to enter their community – influence which may displace residents and local business – may be risking community health.

[221] Shelley Bolser, "Interview 3-2019" (Seattle, WA: Seattle Department of Construction and Inspections, 2019).
[222] Rothstein, *The Color of Law*, 184–86.
[223] Mallach, *A Divided City: Poverty and Prosperity in Urban America*, 97–121.

Business owners struggle in changing markets and face financial uncertainties

Small business is one of the biggest employers in the country. Close to 90 percent of employment nationwide is produced by companies with fewer than 20 employees.[224] Communities that provide a high level of character and granularity, providing a mix of new construction and historic building stock, offer a range of opportunities, and have been shown to support women and people of color. [225]

Neighborhoods with older, historic properties are integral to community economic health. Fine grained neighborhoods, those with a varied building stock age and size, have proven to be incubators of healthy, varied businesses. The ecosystem of these neighborhoods promotes entrepreneurship, encourages minority and female business ownership, and reduces the

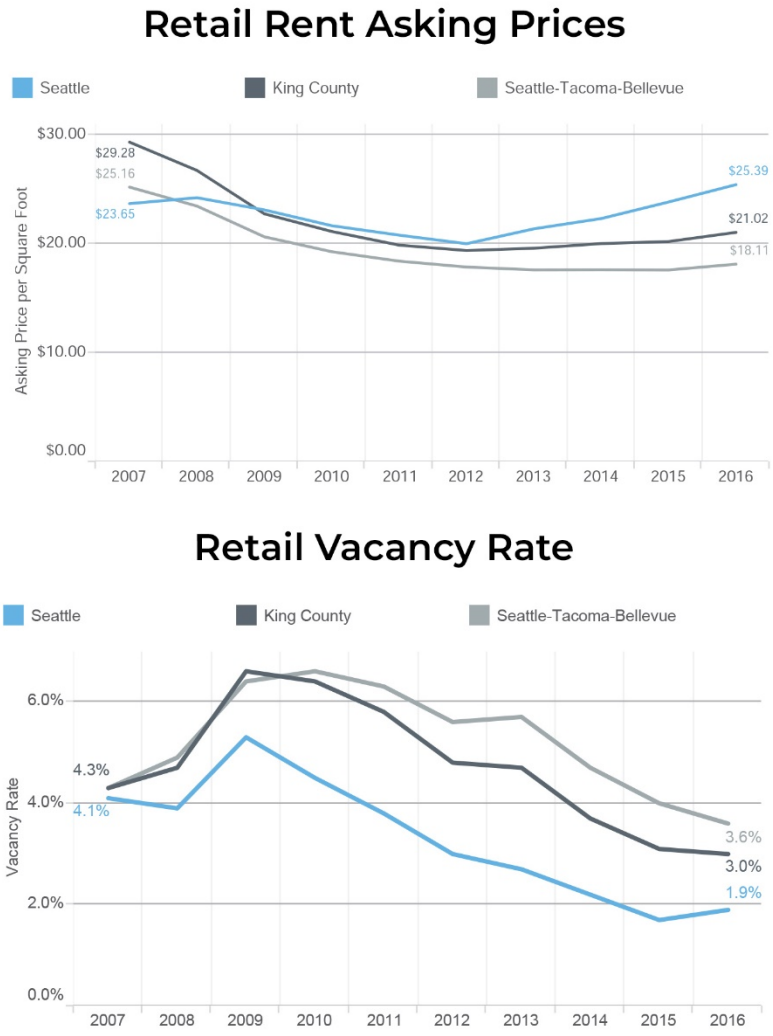


***Figure 20* - Retail Rent Asking Prices and Rental Vacancy Rates**
Graphs showing retail rent asking prices and vacancy rates in Seattle, King County, and the Seattle-Tacoma Region. Asking rents in Seattle steadily rise, but vacancy rates have remained remarkably low.[226]

[224] Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report."
[225] Seattle Commercial Affordability Advisory Committee; Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities."
[226] Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report," 11.

barrier for entry for vulnerable populations.[227] Legacy businesses contribute to community character and authenticity. These businesses have a proven record of longevity, contribution to street level character, and ownership and involvement in the community. Residents place a high level of value on these businesses, using them as community landmarks and gathering places.[228] While the overall number of small, legacy businesses has not seen a great deal of change in Seattle as a whole, there is evidence of change in neighborhoods that have faced high levels of gentrifying pressure in the last decade. Neighborhoods near the urban core – Belltown, Pioneer Square, the Chinatown International District (CID), Capitol Hill, the University District, South Lake Union, Ballard – all show a greater than average number of legacy business closures between 2006 and 2016. Loss of legacy business can be especially difficult for vulnerable communities, where loss of a business is also a loss of aggregate cultural expression.[229]

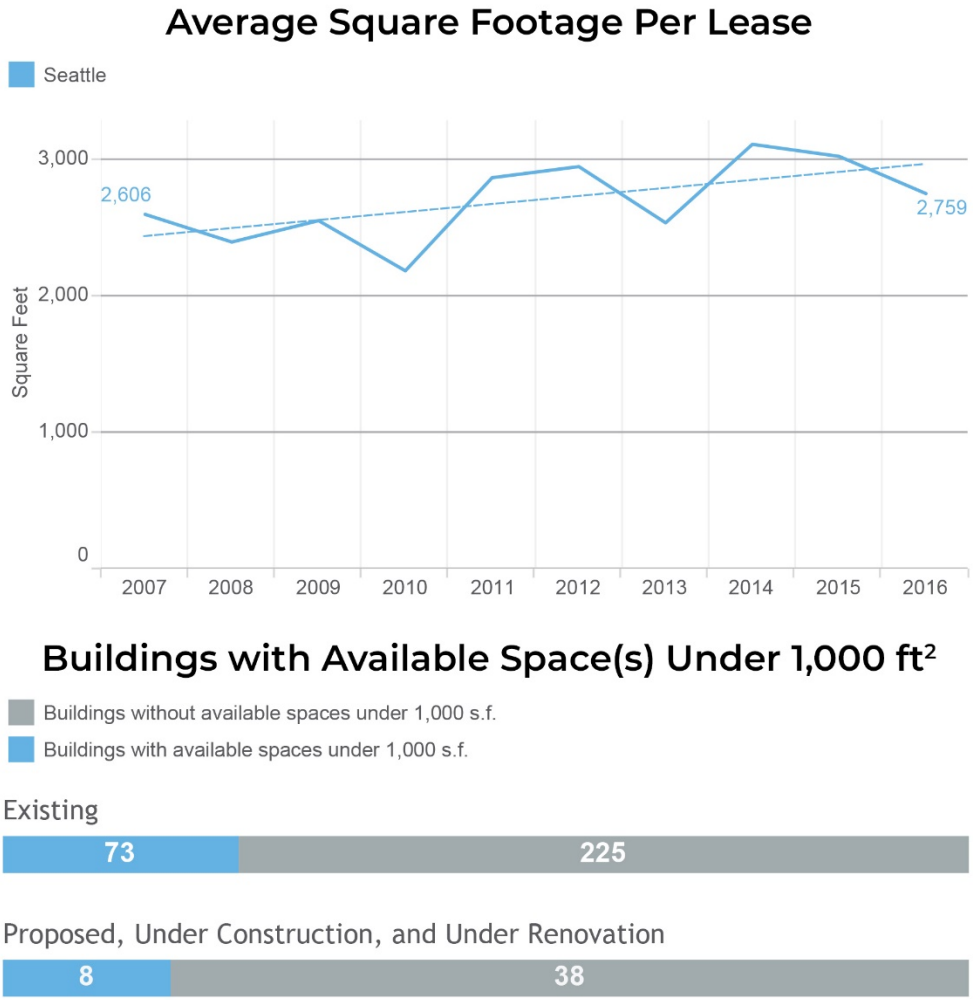


Figure 21 – **Average Available Commercial Square Footage**

Graphs showing average square footage per lease and availability of spaces under 1000 sf per unit. Smaller spaces are crucial to small, startup businesses.[230] Space size in Seattle is steadily increasing as part of a nationwide trend.

[227] Frey, Dunn, and Cochran, "The Greenest Building: Quantifying the Environmental Value of Building Reuse."
[228] "LEGACY BUSINESS STUDY"; Jacobs, *The Death and Life of Great American Cities*; Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities."
[229] "LEGACY BUSINESS STUDY."
[230] Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report," 7.

Market forces associated with advanced gentrification place pressures on small, legacy businesses, leading to their replacement with higher level, higher return business and boutiques.[231] If a development includes a tear down of existing building stock, that new development may displace legacy businesses both directly and indirectly. When a development includes renovation, rehabilitation, or reuse of a historic structure, the extent of necessary renovations may produce the same effect as new construction.[232] The inability of a business to survive construction and relocation may signal the end of familiar, integral piece of a neighborhoods character. While that legacy business may be replaced with higher quality, higher quantity, move in ready retail space, that new space may remain vacant due to the inability of local business owners to afford higher "market rate" rents.[233]

Developers see ground floor retail as high risk due to a potential loss of revenue. Many assume residential unit rents will need to subsidize retail rents for a considerable period, limiting housing affordability while ensuring retail rents remain at market level.[234] Seattle requires ground floor retail of most new multi-family development within urban districts. While developers may feel pressure to fill retail spaces, the cookie cutter nature of space development and recruitment effort often favors high-end, larger business.

Furthermore, that new space may be far too large to attract entrepreneurial tenants or small-scale business.[235] The size of retail rental units has risen in recent years, and start-up or small business can struggle to afford the additional square footage found in the standard retail space. If an owner does not design flexibility into a ground floor retail layout, there may be few options to carve out space for a smaller business.[236] A business owner is forced to pay more per square foot for more square feet than they need.

Issues faced by legacy businesses often go beyond spatial considerations and rises in rents. Business owners might be successful at running their business, withstanding changes in market and weathering any number of emergencies. Those same owners may lack the training necessary to grow their business as clientele changes. They also face hardships at the bank when attempting to gain financing to sustain or grow their business. Studies show that small business are less likely to receive traditional funding from a bank, and though the non-

[231] Ferm, "Preventing the Displacement of Small Businesses through Commercial Gentrification: Are Affordable Workspace Policies the Solution?"
[232] Chalana, "Balancing History and Development in Seattle's Pike/Pine Neighborhood Conservation District."
[233] Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report."
[234] Anderson, "Do First Floor Retail Spaces Pencil Out for Multifamily Developers?"
[235] Ferm, "Preventing the Displacement of Small Businesses through Commercial Gentrification: Are Affordable Workspace Policies the Solution?"; Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report"; Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities."
[236] Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report"; Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities."

profit and charitable actors that make up the third sector provide many programs to aid legacy business, that funding is competitive and limited.[237]

Vacant ground floor units are not only a financial loss to developers, but a spiritual loss for the community. Activation of ground level space has been shown to generate greater activity at street level. Activated street facades increases foot traffic and encourages slow travel and engagement with the environment. According to a study in Copenhagen in 2003, "the average number of people who walked or stopped in front of active façade sections was seven times greater than the activity level in front of the passive facades."[238]

Legacy business programs

Some cities are taking proactive measures to address the plight of legacy business in rapidly changing metropolitan areas. The City of San Francisco passed the Legacy Business Registry and Preservation Fund in 2016. Based on programs in Buenos Aries, Barcelona, and London, the Fund targets businesses that are over 30 years old, requiring applicants to prove "that they have made a significant impact on the history or culture of their neighborhood."[239] Once approved by the Board of Supervisors or Mayor following a public hearing, the program provides subsidies to registered legacy business and property owners. This funding eases the burden of providing affordability for tenants while increasing the security of business operations for the legacy business.[240] The City allows only 300 applications per year, and the inaugural year experienced a flood of interest from local business.[241]

Seattle is considering a similar initiative. Spearheaded by Councilperson Lisa Herbold, the proposed Legacy Business Program is based on the San Francisco precedent.[242] While the program has not reached the approval of the full council, the movement has led to the completion of the Legacy Business Study in September of 2017. This study has proven the hardships faced by local legacy business, and the need for a comprehensive plan to address the issues of succession planning, long term stability in commercial leases, and need for funding and training in marketing and promotion.[243]

At this point, Herbold's proposal does not include financial assistance for property owners. Herbold envisions City officials providing a bridge between business owners and developers, opting to "create a space for a small handful of eligible businesses to have the city as a partner

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[237] Seattle Commercial Affordability Advisory Committee, "Commercial Affordability: Advisory Committee Recommendations Report"; "LEGACY BUSINESS STUDY."
[238] Gehl, *Cities for People*.
[239] City and County of San Francisco, "Legacy Business Program."
[240] City and County of San Francisco; Barnett, "Some Seattle Companies May Benefit From City's Legacy Business Program: A Proposed City Program Could Save Seattle's Legacy Businesses—but Should It?"
[241] City and County of San Francisco, "Legacy Business Program"; Sisson, "How Can Cities Save Their Small Businesses?"
[242] Barnett, "Some Seattle Companies May Benefit From City's Legacy Business Program: A Proposed City Program Could Save Seattle's Legacy Businesses—but Should It?"; Herbold, "Legacy Business Program Update; Community Service Officer Jobs; Utility Contact Center Tour; Delridge Multimodal Corridor/H Line Project."
[243] Herbold, "Legacy Business Program Update; Community Service Officer Jobs; Utility Contact Center Tour; Delridge Multimodal Corridor/H Line Project."

in facilitating conversations between them."[244] Proponents are currently struggling to define legacy business and clarify how program structures will provide leverage for a business owner in dealing with developers.[245] While availability of marketing and promotional expertise, logistical support, and diplomatic backing will actively answer some needs of the business owner, it is difficult to see how anything short of fiscal considerations to subsidize affordable rents will encourage action on the part of the developer or property owner.

Seattle's program is still working its way through the City process.

THE PROMISE AND PERIL OF PUBLIC PRIVATE PARTNERSHIPS

Public Private Partnerships (PPPs) offer an opportunity to construct needed infrastructure through partnership with private owners and developers, bridging a gap between political will and financial feasibility. These formal and informal collaborations between public and private entities bring a wide range of skillsets to a project, allowing for shared resources, responsibility, and assumption of risk. City governments and non-profits can provide knowledge of permitting, zoning and code restrictions, and public outreach options, while owners and developers offer an understanding of real estate markets, access to financing, and property management capabilities. A city can determine infrastructure needs, while a developer can find the most efficient way to construct that infrastructure. [246] While most PPP projects are found in transportation and utility infrastructure projects, these partnerships are increasingly common in housing and rehabilitation efforts.

PPPs require an atmosphere of mutual benefit. All parties gain benefit from the project. The city receives needed improvements to infrastructure while allowing private sector professionals to add financial and design expertise to the project. The developer may gain additional Floor Area Ratio (FAR), unit density, or special consideration during the permitting and review process such as expedited service or reduction in fees. Increasingly, developers and investors may also reap rewards for socially responsible development goals. In instances where a non-profit entity is involved, the non-profit may organize a project so that ownership transfers to them after financial obligations to developers are met, ensuring a project remains under the auspices of community conscious directors. PPPs are, above all, a balancing act between the desires of interested parties, subject to mutual agreement that optimal outcomes have been met.[247]

Final ownership and management of PPP property varies depending on type of project and specific facets of the agreement between public and private entities. While ownership and maintenance of an infrastructure project like a road or sewer line might rightfully transfer

[244] Barnett, "Seattle Considers Boom-Proofing Some Legacy Businesses."
[245] Barnett; Herbold, "Legacy Business Program Update; Community Service Officer Jobs; Utility Contact Center Tour; Delridge Multimodal Corridor/H Line Project."
[246] Nelson, *Foundations of Real Estate Development Financing: A Guide to Public-Private Partnerships*, 39–61; Macdonald and Cheong, "The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas."
[247] Nelson, *Foundations of Real Estate Development Financing: A Guide to Public-Private Partnerships*, 16–37; Lebeck, "Toward a Playbook for Public-Private Partnerships."

back to the utility provider or municipality, ownership of a structure or property, especially a revenue producing housing or mixed use building, may be shared between third sector entities, private development and investment partners, the original owners, and the city.

The Louisa Hotel, an historic SRO hotel at 7th Avenue and King, was redeveloped under a PPP framework. Final ownership is held in partnership between the owners, a large group of descendants of the original holder, and financial partners at Gaard Development.[248] The family holds final control over decisions regarding the building. Their approval is required if any changes in ownership are sought at a future date. Structures such as Washington Hall, the Cadillac Hotel in Pioneer Square, and the Good Shephard Center in Wallingford were redeveloped under the auspices of the third sector, including involvement of non-profits such as Historic Seattle and the National Trust for Historic Preservation. Ownership at completion of the project transferred to Historic Seattle, and management of those properties provides operating income for the non-profit.[249]

Developers may become involved in rehabilitation and conservation projects through participation in Transfer of Development Rights (TDR) mechanism, a program long associated with the national historic preservation movement. Through this PPP, a developer can gain access to a density bonus through purchase of an easement granting use of unused development rights associated with a sensitive property. TDRs have been used for farmland and natural resource areas, cultural and historic building sites, and government initiatives. Though the process can be complex, requiring municipalities to develop administrative agencies and dedicate staff, the program can provide an option for renovation funding which does not require the regulatory guidelines of a federal program like HTC.

In any PPP scheme, stakeholder involvement and transparency in agreements should be prioritized. Stakeholder approval of the development can be a key consideration, and loss of public support can sour a partnership.[250] If a community feels the preservation goals of a project are starting to give way to the financial goals, public sentiment can shift and roadblocks appear.[251] Certainly, in a neighborhood with a long history of exploitation by outside actors, the maintenance of positive public perception can be a challenge.

Any scheme must take into consideration the hurdles faced in preservation, protection of legacy business, and response to community needs. Development in a market like Seattle is complex, funding is ephemeral and intricate, and any program intended to address equity must address the needs of individuals at varying levels of experience and expertise. Given what we know about the intricacies of the process, can we provide the tools necessary to answer the concerns and meet the desires of all involved?

[248] Gee, "Interview - 4/2019."
[249] Kelly, "Interview - 3-12-2019"; Kelly, "Phone Interview - 11-22-2018."
[250] El-Gohary, Osman, and El-Diraby, "Stakeholder Management for Public Private Partnerships," 595–96, 604.
[251] Macdonald and Cheong, "The Role of Public-Private Partnerships and the Third Sector in Conserving Heritage Buildings, Sites, and Historic Urban Areas."

CHAPTER 7: THE LEGACY DEVELOPMENT FUND

Preservation of historic structures presents a wide range of complications. Regulations for the redevelopment of a landmark structure reside on every level of accountability – federal, state, county, and local. Design review, especially for a project receiving funding from government sources, is required by both local jurisdictions and state preservation offices. Seemingly small changes to a design require multiple approvals. The system is ripe for delay, and delay in a project can push budgets past a breaking point.

Property owners without a background in construction can be left wondering where they enter the process, if entering the process is even possible. Of the developers, owners, and government officials interviewed for this work, all expressed that historic rehabilitation is an increasingly complicated process that requires a myriad of financial, design, and construction specialists. Several stated that new construction is far easier from a logistical point of view. If even experienced professionals see the process as prohibitively complicated, what option is left for a property owner or business owner with an asset they would like to save?

Liquidation of assets – selling a property or business to a developer – may seem to be the easiest, most viable option. Wading into the construction process and running the risk of becoming involved with groups disinterested in the well-being of the community and the owners themselves is a great risk. If a project fails to protect the community, it can affect the health of residents attached to the community, the economic health of local business owners, and the political and social capital that the property or business owner wishes to maintain. The goal of this thesis is to create a framework which sets all groups up for success. These lessons can be applied to a more equitable form of development, one which fosters community access and success while allowing for profitable project outcomes.

CREATING A FRAMEWORK FOR EQUITABLE DEVELOPMENT

The first step in creation of this framework requires definition of interested parties, distillation of the desires of those involved, and definition of their role in the process. Each group brings a distinct set of skills and understanding to the process. This fund lies at the nexus of the needs of the community, business and property owners, developers, city and third sector entities.

The role of the business or property owner

A history of disinvestment and barriers to ownership in vulnerable communities has led to several investment realities. Many who own legacy businesses, keystone businesses which provide a sense of place and character to their community, have not had the opportunity to purchase the property that houses their business. Tenure has been elusive and leads to insecurity as rising property values and taxes lead to increases in rent. Property owners, some of whom may be from areas outside the community with little stake in neighborhood health, may see rising values as a cash opportunity, selling their property despite uncertain future outcomes for the tenant. Even the healthiest business may find it difficult to relocate within their community and may be forced to displace to a more affordable climate.

Some community members have managed to achieve some level of ownership, either through individual or group purchase of property. Because of decades of depressed economy, these owners may have difficulty finding the funds to repair or improve their structure. As time passes, costs may become insurmountable. If the property is owned by multiple individuals, both original or long-time owners or their inheritors, decision making during the process may be difficult and time consuming. Opportunity can be lost due to delay. In either case, the most expedient option may be selling their property. While a onetime windfall may be attractive, it divorces the owner from receipt of funds from investment, dividends which would grow as the property and district become more successful.

Community business and property owners understand the political and social complexities of their communities. They understand the needs and desires of project users; they carry concern for their neighbors and are positioned to advocate for those who might be displaced by development. They can intuit which actions will cause dissention and which will bring overwhelming support.

In Seattle's Chinatown International District, for example, several property owners possess buildings in need of seismic and fire safety upgrade. Costs for these upgrades can quickly become overwhelming. Ownership can be tied to family associations or held by inheritors of property, and decision within these large stakeholder groups can become very complicated. Few have the knowledge to navigate federal, state, and local funding mechanisms, regulation and permitting, and mortgaging requirements for a large-scale alteration in the time sensitive manner required during construction.

Large outlays of cash for renovations could inevitably lead to displacement of existing commercial and residential tenants unable to afford market rate rents. Any developer involved in a project would need to be cognizant of cultural and social ties between all members of the community, understanding that, for some owners, provisions for existing businesses, community groups, and low-income residents are nonnegotiable.

Preservation has also seen a pattern of underrepresentation in low income, ethnically diverse neighborhoods. Preservation tends to reward high design properties. Preservation efforts have been changing to include underrepresented peoples, culturally distinct districts marked by vernacular architecture and character, and non-traditional, non-linear space. In established communities with strong ties to their cultural and developmental history, indigenous voices in planning and development are critical to maintain the character of their neighborhood environment. Business and property owners may resent involvement of outside entities within their communities. A history of underrepresentation, denial of service, and meddlesome and deleterious behaviors from public and private actors have built an understandable distrust of authority, business, and developmental entities.[252] Maintaining a sense of place and discouraging physical and psychological displacement is important to the health of individuals and is integral to community resilience.

[252] Kaltoff, "An Analysis of Historic Preservation and Affordable Housing Incentives in Seattle's Chinatown-Internation District"; Moskowitz, *How to Kill a City: Gentrification, Inequality, and the Fight for the Neighborhood*.

Legacy business and property owners understand the economics of their communities on a granular level. While an outside group may perform a market analysis of a community before redevelopment, they may miss the importance of local keystone business and patterns of community involvement and organization. The experiential knowledge of legacy owners can be used in development to address community concerns, easing the way for change.

While an outside developer would enter a lengthy legal negotiation for purchase of one or more properties, the local owner brings the equity and clear ownership to the deal. In garnering incentive dollars, their ownership may even prove to be an advantage, aiding the financial outlook for projects seeking special tax valuations or tax credits. Tax valuations are contingent on sale price in Washington State – that means that an owner who purchased decades earlier would see a greater benefit than one who only recently acquired the property.

They can leverage their knowledge of the local community, the myriad of vocal opponents and proponents of change, and the hidden obstacles to a project's success to advocate for their community in the development process. Through long experience and perspective, they understand what the community lacks, and what amenities will serve their neighbors. Finally, by retaining equity in the development process, they can realize the growth in wealth that has been denied to their communities.

The role of the developer and investor

Developers provide a deep understanding of the design, permitting, and construction process. They know who to contact, how to pull a team together, what permits are needed, and, most importantly, how to get funding for construction and determine a return on investment. In the complicated market of Seattle, it can be difficult for a private property owner to do this on their own. That owner can spend tens of thousands of dollars on consultants during preliminary phases, contracting with specialists they may not need or who may not be suited to the work. Developers work in these realms often and usually have a network of specialists and practical experience in rehabilitation projects.

Many rehabilitation projects require the use of incentive programs to reach a threshold of risk acceptable to lending institutions. A typical loan to value relationship for a preservation or rehabilitation project would be 60 percent. In order to acquire adequate traditional mortgage financing on a project with an estimate cost of $20 million, an owner would need to compile $8 million in equity.

Federal and state programs can be complicated, especially when development costs are high. Even those with a background dealing with these programs find it beneficial to hire consultants to aid in completion of applications, transactions involving tax credit and equity trade, and mandated reporting at the end of the project.[253] The complexity of the system can intimidate anyone.

To incentivize developer involvement, a program must provide a benefit that affects cash flow for a project. Generally, these considerations fall into incentives that provide additional

[253] Kelly, "Interview - 3-12-2019"; Gee, "Interview - 4/2019."

development capacity or save a developer time or money during planning and construction. An Investor may find tax incentives especially appealing in a preservation project in an opportunity zone. Reduction in capital gains and credits toward tax debt would be paired with increased Community Reinvestment Act (CRA) rating.[254]

Both developers and investors must be flexible in their expectations as to the financial outcomes of a project. Ensuring buy-in by local community owners and businesspeople may require finding a creative solution to financing dilemmas. Rental incomes may require subsidy for some period. Returns may need to be capped to form a trust relationship with legacy owners and businesses. Investment may reap rewards in philanthropic reputation.

The role of the city and the third sector

The City of Seattle and surrounding region have shown an interest in equitable development and mitigation of displacement. While there are numerous local, state, and federal programs which target development, programs which incentivize community involvement through activation of local property and business owners may help mitigate displacement of business and residents. Incentives should prioritize community involvement in development while improving the financial feasibility of a project for the developer and owner.

State and city officials can broaden the reach of tax credit programs by offering state and local tax credits for developments that meet specific standards. These tax credits can be used as investment tools to mitigate project costs or sold to provide equity necessary for construction. The State offers tax credits for low income development beyond what Federal programs provide; it may be possible to change legislation language to include programs aimed at historic preservation projects which include affordable housing.

City managers can create a streamlined process which address the primary considerations of development: time and money. Many programs offer reduction in permitting fees when developers enter targeted programs. The City of Seattle offers expedited review for projects which meet their Green Standards program. This program also provides a liaison who can shepherd a design through the permitting process and simplify communications between a developer and permitting officials.

Many municipalities are considering density bonuses to attract development in an array of situations. Density bonus programs can be hindered by availability and practicality. Construction costs jump exponentially between low, mid, and high-rise buildings due to structural design realities. A break in price often happens between a two- and three-story property as structure moves from wood to steel, and between a five- or six-story property and a high-rise building, as the structure becomes exponentially more complicated. In order to meet the financial requirements of a property, a developer must be able to realize appropriate returns.

[254] Federal law enacted in 1977 which incentivizes banking and financial institutions to invest in their community. Higher CRA ratings indicate greater frequency of investment in local neighborhoods.

Density bonuses are not always applicable in all neighborhood markets. Such programs are often targeted toward transit rich environments or hubs with proximity to employment centers. Construction of taller buildings is limited at certain levels by construction technologies. Structures are often divided by height breakpoints: low, two to three story buildings, five to six story buildings, and larger buildings. Cost differences at each break point are considerable. A developer may not see returns if they are adding a few stories to a five or six story building due to cost increases.

A city should carefully consider the amount of density necessary to make a bonus attractive in a receiving area. Furthermore, density bonuses, due to their increasing popularity, may reach capacity and become less attractive to a developer or investor. A municipality must carefully weigh zoning capacity and market demand when pursuing this incentive.

Both the city and community-based non-profits can funnel public enthusiasm and passion for a project toward a goal. Both entities have extensive experience organizing public involvement with a project. If they work in tandem with a local property or business owner to develop a rehabilitation project, concerns of the entire community can bolster the success of a development project, hopefully alleviating community concerns.

CRAFTING A LEGACY DEVELOPMENT FUND

Several factors must be considered when crafting a funding mechanism which would create a Public Private Partnership between long term business and property owners, developers and investors, and a municipality in the interest of redeveloping historically or culturally sensitive properties. Certainly, a myriad of funding mechanisms for development currently exist, targeted at all three groups individually or in combination. However, given the pressures facing vulnerable districts within the Seattle metropolitan area, it is important to provide a tool for legacy residents in order to mitigate displacement and eliminate historical barriers to investment. Can we create a carrot big enough to tempt the local entity to stay and work through improvements to their community? Will a developer or investor realize the merit of community involvement?

This thesis proposes a funding strategy referred to as the Legacy Development Fund (LDF). The LDF offers an alternative funding source to applicants who might have trouble qualifying for traditional loans, have equity in land and structure of historical or cultural significance, or who might like to be involved in redevelopment of a property which houses their legacy business. This fund incentivizes investment by large developers and banks who might like to see the rewards of developing in a prime location but understand the complexities and need for preservation of community fabric. The fund supports the goals of the city and non-profits to mitigate displacement while realizing economic and public safety and livability goals.

Through this partnership, larger developers can leverage their financing power to aid those who might otherwise be pushed out of their home real estate market. Legacy owners can take advantage of the physical assets they possess, and begin to capitalize on those assets, building wealth within their community rather than transferring that wealth after displacement. The municipality can facilitate growth in sensitive areas.

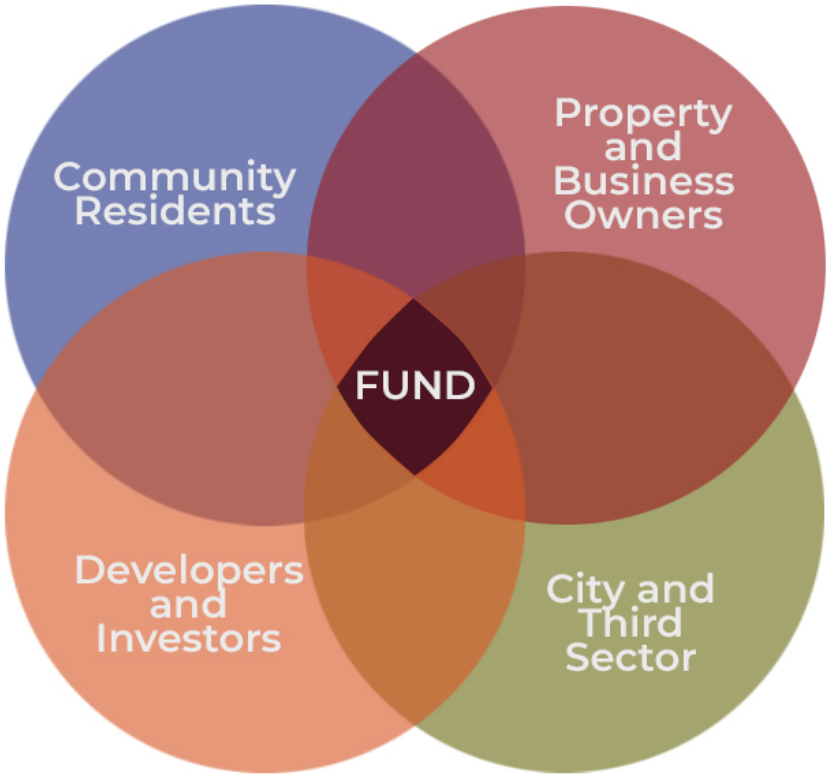

Figure 22 - **Legacy Development Fund Intersectionality**

Owners

The city defines a legacy business as and established business of 10 or more years, accessible to pedestrians on a utilized streetscape, retail or food service sector, with a small number of employees and an independent owner. For the purposes of this thesis, a legacy Owner would be defined as a property owner with recognized ties to the community, whose property has been held in ownership within the community by themselves, their ancestors or business associates. This should not preclude those who may have ties to the community but who have only recently purchased the property. Definition of community involvement could be developed through a vetting process determined by community organizations and residents. The legacy owner should not be an “outsider”, speculator, or stranger to their neighbors.

Both groups would qualify for participation in a proposed new fund. In a development scenario, a property owner brings the equity of the land and structure they possess. This fund would add capital to the financial package, increasing their stake in future profits from renovation.

A legacy business owner may wish to buy in to the redevelopment of the structure that houses their livelihood. A business owner brings the ability to take out a loan from the funds available. Through access to LDF funds, this owner could own a share of the entire structure or his storefront specifically. Through ownership, the business owner can assuage many of the uncertainties of business operation.

In order to meet preservation needs within the community, the subject structure should demonstrate historic or cultural importance within the district. This may be accomplished through application at the federal, state, or local level for inclusion on a landmark registry. By requiring preservation as part of the project, the fund ensures the conservation of critical facets of community identity.

Repayment of funding should be flexible to allow legacy owners the ability to address their financial needs. Many owners in low-income districts may wish to utilize vouchers to make up the difference between market rate rents and affordable rents until they see returns on their investment which strengthen their financial footing. Once they have benefited from the investment in their property, they can choose to meet the difference themselves until the encumbrance is paid.

Developers and investors

Developers and investors can become involved in the fund through direct investment through exchange of tax credits, by paying a fee based on sponsored square footage allowed in their district, or by partnering with legacy property and business owners to bring a possible project to fruition. Developers and investors will be able to determine their involvement, limiting their contribution to financial backing or increasing their participation by providing development and construction expertise.

Developers may manage their level of involvement and risk through negotiation with a property owner with oversight by city or third sector planning officials. It is imperative that firm, comprehensive agreements be formed between property owners and potential developers which clearly define the developer's role and ensure the involvement of the owner and community in the design and execution of development plans. In order to receive community buy-in for this program, the fears of shady development, unfavorable business agreements, and lack of support for the existing community must be assuaged. In order for this to happen, it is imperative that the process of selection be transparent and include representatives of the community.

The city and third sector

The city and interested non-profits must provide incentives and expertise to bolster the fund. The city can provide a set of incentives attractive to developers, spurring investors interest in contributing to the development fund.

City can provide considerations during development and permitting. As we have seen with other municipality programs, preservation funds can lower or eliminate fees for development and speed the process of permitting through a streamlining process. In Seattle, there is already a similar process in place for buildings involved with the Green Building Program.

Since preservation issues are complex and require extensive knowledge, the city could provide a liaison in the permitting office who would act as a point of communication between developers, designers, and city officials. This liaison would be versed in the unique construction

issues faced during rehabilitation and renovation projects, providing a depth of knowledge for use by review personnel within the department.

The city can ensure that density bonuses provided by the program are calibrated to market demands. Density bonuses will only be attractive in specific markets, and overuse of density programs could render them obsolete. Density bonuses should not be the only tactic included in this program.

The city and State can create a set of tax incentives that can provide financial and relational consideration for investors. Several states have passed or are attempting to pass state tax credits for use in preservation projects. City level tax credit programs would add flexibility for a developer. Though they require a large initial outlay of funds, most federal and state programs realize a return on at least a portion of their investment through taxes on materials and labor.

Third sector entities working inside the CID can provide logistical and practical support during legacy owner selection, partnerships with interested developers, and when determining phasing for construction. As partners with legacy owners, non-profits provide the bridge between project partners, members of the public, and residents of the community. By aiding in outreach, they can lessen the fears created by an opaque process, allowing residents an understanding of the change to their community and expected outcomes.

Non-profits offer the connections and understanding necessary to properly educate legacy owners concerning the opportunities provided by the fund. Organizations may also provide logistical support in developing affordable and commercial rental options within new development, utilizing their expertise to leverage various voucher and grant programs for local businesses which may already be operating in the subject property or who may wish to relocate once construction is finished. As an example, SCIDpda has partnered with the development group working on the Louisa Hotel to develop workforce housing within the new structure. The organization vets interested occupants as part of a qualification for the subsidized housing.[255]

Finally, non-profits can lend credibility to a project, signaling to the local community that project organizers are working in the best interest of the neighborhood. Their support can bolster a project and ease tensions.

The strategy

The LDF strategy operates by identifying qualifying legacy property or business owners, providing them funding to use during the development process, and providing them access to the expertise needed to make the project a success.

As with a TDR exchange, the city would identify sending and receiving areas; sending areas include communities with legacy property and business owners facing development pressure after periods of disinvestment, and receiving areas include zones targeted for growth in

[255] Gee, "Interview - 4/2019"; Lee, "Interview - 2-14-2019"; Winkler-Chin and Lee, "SCIDpda Tour of International District."

density due to stated planning goals and proximity to amenities and transportation. Since the program is intended to give a leg up to existing property owners in densifying districts, there might be considerable overlap within these zones.

A legacy property or business owner in a Sending area can borrow from the LDF based on the square footage they will be developing or renovating as part of a project. Unlike TDR, this square footage would not be limited to the 'air rights' which would otherwise remain undeveloped, but instead would include the total potential square footage available on the property, both those currently developed and those which could be potentially developed. Provision of funds would not be tied to creditworthiness, but instead to the viability and need for the renovation. Use of funds would not require complete renovation of a structure, allowing for necessary seismic and safety retrofit in the event a property owner does not wish to pursue complete redevelopment. While funding would be limited to potential square footage on a lot, additional funding might be possible where historic preservation or environmental considerations may increase costs and complexity.

Business owners would qualify for funding in a building that was being sold and/or redeveloped. This would give them funds which they could invest in the redevelopment and use to help cover costs associated with construction and possible temporary closure. Through this program, the business owner could establish ownership over, at minimum, his own storefront space. This would operate as a commercial condo, with the business owner contributing to building maintenance but paying his own property taxes based on his own property.

A developer in a receiving area can sponsor square footage through the fund through a direct payment. The developer would pay a fee per square foot up to an established limit set by their local authority. Developers can elect to receive certain benefits through this sponsorship: a density bonuses which would apply to a project in a receiving area, review consideration during permitting, or use of a designated review official within the permitting office who provides advice and facilitates interactions with review officials.

Secondly, a developer can become a participating party in a redevelopment project at a capped return rate and fee structure. This partnership would look like a standard PPP relationship. There would be some level of government oversight through access to funding, and the legacy owner and developer would come to an agreement regarding shared ownership or division of profits. The developer would assume the level of risk they deem acceptable, the legacy owner would retain a decision-making role in the design and construction process, reaping a portion of future profits.

An investor or bank wishing to become involved in the fund can purchase tax credits based on the construction costs of the project. These tax credits would be applicable to state and local taxes, and, similar to federal tax credits, would be transferrable on an exchange market for equity or other considerations. Involvement in the fund would bolster CRA ratings and satisfy company related community development goals.

Unlike traditional TDR transactions, the LDF sponsorship would not be intrinsically tied to the real estate market. Receiving developers would sponsor theoretical square footage based on a limit predetermined by the city based on development potential in the sending zone. A Sending property would not need to place their asset on a market, wait for an investor, and negotiate a deal. Funding for the sending property would be limited by the funds already invested by developers. By shielding the trade from market forces, the city can exert some control over transactions and ensure equity in trade.

LDF funding acts as a lien on the property, one which can transfer with ownership. Like any lien, it can be satisfied by paying back funding through traditional means, or, more importantly, by providing affordable and workforce housing and commercial space within the development. Owners can satisfy the loan by receiving credit for the difference between market rents and subsidized rents, eventually erasing the lien simply by providing a needed amenity.

IMPLICATIONS FOR THE WEST KONG YICK BUILDING

The West Kong Yick building lies within the boundaries of the Seattle Chinatown Landmark District (federal), Chinatown International District Special Review District (local), and the Asian Design Character District and Retail Core (local). The property is designated as International District Mixed Commercial (IDM 75-85). Base floor area ration in this district is 3.0. If this 14,400 square foot property were vacant, you could expect to build an 86,400 square foot building.

Costs of redevelopment

Construction costs within the Puget Sound Region have been steadily increasing with market demand. A review of project costs for historic preservation properties reveals that the price per square foot has increased in the past two decades. Though the numbers in *Table 4* represent early estimates from Part Two of the HTC process, they indicate a jump in an estimate price per square foot.

			Square Feet				Housing Units	
Building	**Built**	**Certified**	**Before**	**After**	**Reno Cost**	**Price/SF**	**Before**	**After**
Alps	1910	2008	44,566	47,564	**$2,000,000**	**$42**	117	117
Busch	1915	2010	81,588	81,588	**5,300,000**	**$65**	96	96
Milwaukee	1911	2011	79,330	79,330	**7,600,000**	**$96**	150**	117
Publix	1927	2013	40,780	42,241	**14,400,000**	**$341**	150**	125
Louisa	1909	2019	67,100	75,706	**18,000,000**	**$238**	103**	86

Table 4 – **Construction Figures from Five SRO Renovations**
Figures represent reported data from the second round of the Historic Rehabilitation Tax Credit Application process. Figures in Part 2 are preliminary, and may only represent the traditional mortgage part of the funding package.[256]

[256] Sullivan, "Louisa Hotel: Historic Rehabilitation Tax Credit Application Part 2"; Moriguchi, "Publix Hotel: Historic Rehabilitation Tax Credit Application Part 2"; Koh, "Goon Dip Building (Aka Milwaukee Hotel): Historic Rehabilitation Tax Credit Application Part 2"; Tonkin, "Alps Hotel: Historic Rehabilitation Tax Credit Application Part 2"; Taoka, "Bush Hotel Building: Historic Rehabilitation Tax Credit Application Part 2"; Vann, "Interview - 3-12-2019."

Of the listed properties, only the Alps was continuously occupied until renovation. Necessary repairs and upgrades had been partially completed, and restoration work was aided by the overall condition of the building. All others were at least partially abandoned prior to renovation. The Louisa suffered following a fire which destroyed a portion of the building. Areas which would have otherwise been occupied, like the ground floor retail spaces, suffered extensive damage and required reconstruction.

Table 5 compares assessor appraisal value before and after construction. Construction costs are shown for all buildings, ranging from $123 per square foot to $396 per square foot. This is a large swing in value. The Milwaukee Hotel renovation was a straightforward renovation. Both the Publix Hotel and Louisa Hotel include additional square footage in new penthouse units, adding to the historical square footage total. For the Publix, construction of this addition accounted for some of the approximately 3 million dollars' worth of costs which did not qualify for the HTC match. The Louisa restoration included complete reconstruction following a fire, and the level of complexity is responsible for at least a portion of the increased cost.

			Appraised Value*				
Building	**Year**	**SF**	**Before**	**After**	**Appr. $ SF**	**Const. Total****	**Const. $ SF**
Milwaukee	2011	86,400	$2,665,400	$16,881,800	**$195**	$10,670,000	**$123**
Publix Hotel	2013	78,742	865,000	16,679,000	**$212**	14,714,031	**$187**
Louisa Hotel	2019	75,706	1,441,000	--	---	30,000,000	**$396**
Avg Price / SF					**$204**		**$236**
Kong Yick West							
High		72,840	$2,626,000	$15,369,240	**$211**	$28,844,640	**$396**
Low		72,840	2,626,000	14,203,800	**$195**	13,548,240	**$186**
Average		72,840	2,626,000	14,786,520	**$203**	17,117,400	**$235**
Publix/Louisa		72,840	2,626,000	----	----	21,196,440	**$291**

Table 5– **Appraisal Value Comparison**

Table compares and averages appraisal values provided by the King County Assessor. Values are averaged to determine high and low values for construction during a proposed renovation of the Kong Yick West Building.

When considering possible renovation costs for the West Kong Yick, it might be tempting to take the average cost of renovation for a feasibility scenario. However, the Milwaukee renovation was not as extensive as those of the Louisa and Publix. The Milwaukee was intended as an affordable housing project and did not add square footage. Designers did not use high end finishes that you would find in the new, market-rate Publix. Though the Louisa experienced fire damage and may see inflated costs, those costs also reflect the most contemporary construction experience. Both buildings have added a penthouse suite, which might be easily accomplished given the floorplan of the West Kong Yick. Therefore, this study

will assume the West Kong Yick building will require a cost of $291 per square foot in project costs during renovation. Final construction will be approximately $21.2 million.[257]

Borrowing Scenario

Most preservation projects require a loan to value ratio of 50-60 percent.[258] In this scenario, that would equate to approximately $12.5 million in traditional mortgage funding. An additional $8.7 million in funding.

The West Kong Yick Building would qualify for Historic Rehabilitation Tax Credits, a Low-Income Housing Tax Credit of 4 percent, and New Market Tax Credits. The building lies within an Opportunity Zone and would qualify for a Special Tax Valuation. If the property stays with the original owners, the STV would be the best-case scenario for the property. If the building changes hands, the benefit would be decreased.

When determining investment value, the owners of the property would already bring $2.6 million to the table in the form of building and improvements.

Given current sentiment that the Seattle market might be stymied by an inflated TDR price of $35, yet the rural market seems unaffected at a $22 per square foot price. If the final price of the LDF square footage were calculated between $22 and $35, it would bring between $1.9 and $3 million to the project on behalf of the owner. [259]

Even assuming the lower value of $1.9 million, that would bring the total investment by the property owner to $4.5 million. That would equate to 21 percent of construction costs. $1.9 million would equate to 22 percent of the $8.7 million necessary to fund construction.

If the Kong Yick team sought out a 20 percent HTC payout which returned $0.75 per dollar of available credit, they would receive $3.2 million in equity for the project. The gap in funding has shrunk to $3.6 million, less than half of the original gap. This represents a sum which may be found through Opportunity Zone returns, grants, or private equity investment.

Feasibility

The ability to bring money to the development scenario cements the role that the owner, vetted as a community minded party, plays in the redevelopment of their community. By providing close to one fifth of the necessary funds for construction, the owner has increased their relevance to the project.

Owners are incentivized to provide affordable commercial and residential rents within their structures. Assuming this loss will allow them to pay down the encumbrance of the LDF loan, clearing the title for future generations. By allowing flexibility in the rate of payment, the fund will allow an owner options for repayment depending on the financial feasibility of providing those affordable units. If the owner needs to use vouchers to make up the difference for some time, they can. If they decide to make up the difference with a payment to the LDF

[257] Construction costs may be much higher or lower, and will change with market realities.
[258] Kelly, "Interview - 3-12-2019"; Gee, "Interview - 4/2019."
[259] This assumes the 86,400 sf building possible if the lot were vacant.

encumbrance, that is an option. If they choose to repay the fund through sale of their property at some future date, that is also an option, but payment of the debt increases the attractiveness of discharge of the debt before sale.

Developers are incentivized by the availability of funding to fill the equity gap between mortgage amounts and construction costs. By partnering with legacy owners and local non-profits, they gain the expertise necessary to understand local market demands and navigate community concerns. Both developers and investors gain an opportunity to be involved in a community development project which improves their standing in the district and their CRA rating with the federal government.

The city and non-profits gain inroads into a group interested in local revitalization, and a structure which allows for their involvement through a partnership with private industry. Interested entities can steer development toward citywide goals and equitable outcomes.

CONSIDERATIONS, LIMITATIONS, AND NEXT STEPS

Mechanisms like the Legacy Development Fund allow for a flexible response to development pressures, providing benefits for all parties involved in project development. While the demands of the market may lead to some loss of historic structures and displacement of long-time residents in vulnerable communities, incentives can provide a lifeline that allows some remediation of past inequities.

Individuals within districts which have experienced disinvestment have been unable to capitalize on their real estate and business investments. They have equity without liquidity. The LDF provides investable funds with demonstrable value. The LDF provides an opportunity for legacy business and property owners to gain leverage at the bargaining table. Legacy owners can initiate the change, approaching developers with a demonstrated interest in the wellbeing of the neighborhood without fear of financial chicanery.

As property and business owners gain leverage in change, they will naturally bring consideration for their friends and neighbors within their home community. While change is inevitable, mechanisms which allow for representation – especially those which provide financial clout – will aid in preservation of the authenticity which both long-term residents and newcomers seek in established neighborhoods in the urban core.

As conceived, the fund requires preservation. Proceeds of this program would extend to many types of structures, some of which would likely be preserved without inclusion of Fund dollars through the action of preservation non-profits and powerful community groups. Given the need for preservation in underrepresented communities, special consideration should be provided for structures that are more vernacular in nature.

SROs litter the landscape of older, established neighborhoods in the central city. They are increasingly in danger of demolition due to neglect and changing regulation. By their nature,

they readily provide facilities appropriate in size and scale for local, small business.[260] The nature of residential units and presence of family association rooms in CID SROs allows for affordable residential and neighborhood gathering space within a multi-use unit. As URM regulations loom and uncertainty reigns, this fund could provide a glimmer of hope for owners of SROs who may soon face tough choices regarding renovation and demolition.

The LDF mechanism could extend to many types of projects in low income neighborhoods throughout the city. However, this thesis is limited to implications for development of historic structures. Implications for redevelopment of other types of properties could be continued within the same case study framework.

Furthermore, the LDF mechanism is theoretical. It is not possible to realize all intricacies and complexities that may be presented by implementation of this program through study of a single theoretical project. As the real estate market within Seattle shifts, so do prices of materials, labor availability, and market desires. Until this project can be studied within multiple districts, analyzing several types of projects, the true ability of this fund to answer a need will be unknown.

This thesis would benefit from a thorough, comprehensive survey of property owners throughout the CID. As written, the sampling of owners is small. Such a survey would require close contact with neighborhood organizations and outreach in multiple languages. As written this work utilized research in this realm from 2012. Contemporary research would benefit the analysis.

With issues of equity ever-present in current planning discourse, planners and community advocates will be looking for alternatives which allow vulnerable populations a greater sense of belonging and security. The programs that governments develop in answer to generational inequities must consider demands of the market, needs of residents, community health and resilience. Preservation of historic fabric grounded in local culture is a critical part of the sense of place and belonging felt in our authentic, tightly knit neighborhoods. As we move forward, we must be proactive in preservation of our identity.

[260] Preservation Green Lab, "The Atlas of ReUrbanism: Buildings and Blocks in American Cities"; Powe, Mabry, et al., "Jane Jacobs and the Value of Older, Smaller Buildings."

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APPENDIX A – HISTORIC REHABILITATION TAX CREDIT USE FOR REHABILITATION OF SROS IN THE CID

Unless otherwise noted, the information regarding the Publix, Alps, Milwaukee, Busch, and Louisa hotels was compiled through analysis of documents relating to Part 2 of the Historic Rehabilitation Tax Credit application process administered through the Washington State Department of Archaeology and Historic Preservation on behalf of the National Park Service and Secretary of the Interior. Documents reviewed pertained only to Part 2 of the process and included the following: Final application, construction drawings, photos, amendments, correspondence, approval letters.

Brief description of repairs/renovation:

Alps Hotel – 615 S King St – Certified 2/21/2008: This building was in continuous operation up to the point of renovation in the mid 2000's. The building was renovated to include small, subsidized housing units, many of which are approximately 150 square feet. Unlike their later renovation, the Milwaukee Hotel, the owner was not required to meet all interior building codes because it was not considered a substantial alteration.

Busch/Bush Hotel – 621 S Jackson St – Certified 7/22/2010: This building was extensively renovated in 1981, again in 1997, and finally in 2001 following the Nisqually quake.[261] There were extensive changes to the second and third floor office spaces as part of this renovation, but renovations did not touch any historic fabric within the building. Overall, there was little work done that truly involved historic fabric; there simply was not much interior fabric left except in the residential, small apartment area.

Louisa Hotel – 615 S King St – Under Construction, opening 2019: This building was partially destroyed by fire, significantly compromising the structure on the west and south sides.[262] The owners wished to demolish the building and replace with a new structure but faced resistance from the Seattle Landmark Preservation Board.[263] Renovation will retain what historic fabric is left and speak to original patterns on both interior and exterior, though there are some changes to both. The renovation includes studio, one, and two-bedroom apartments.

Milwaukee Hotel/Goon Dip Building – 664 S King St – Certified 2/1/2011: This building was renovated by the same group that refurbished the Alps Hotel. They used their experience with the Alps to inform their choices with this restoration. Unlike the Alps, this hotel had been abandoned for 30 years at the time of renovation and the previous owner had gutted some of the upper floors to remove damage due to squatter activity, animal activity, and water infiltration into the building. Owner wished to increase the variability in apartment size to encourage residents to remain in housing and was required to bring the interiors systems up to code due to the extensive nature of the repairs and renovation.

Publix Hotel – 504 5th Ave S – Certified 5/11/2017: The Publix Hotel had been completely abandoned by the 1990's. The building was purchased by a local business owner for renovation.[264] The building was renovated for market rate retail and commercial use, with 20 percent of residential units reserved for workforce rate housing. Renovation has received recognition for attention and renovation of historic details.

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[261] J.R. Sherrard, "Seattle Now & Then: The Bus(c)h Hotel | DorpatSherrardLomont."

[262] "Louisa Hotel Update: After the Fire"; Barrientos and Louisa Hotel, "Louisa Hotel Update."

[263] Winkler-Chin and Lee, "SCIDpda Tour of International District."

[264] Som, "The Publix Hotel Has a New Lobby and New Life"; Keeley, "Publix Hotel Officially Transformed into 125 New Apartments"; Galvin, "Inside the Publix Hotel, a Former Single-Room-Occupancy Building in the International District That's Reopening Soon."

Overview of changes:

Each entry will explain types of changes catalogued through the application process and criteria for rating these changes for use in the property construction matrix. Specific information regarding each hotel follows.

1.) *Overall structure: Interior and exterior repair*

Includes life safety upgrades to shore up structure, brace parapets, brace clay tile and terracotta ornamentation, improve and shore up existing utilities, wiring, and pipework. Exterior repairs may include cleaning and restoration of façade elements such as brick and cast stone. On interior, repairs may include restoration of plaster, damaged structural supports, concrete slab repairs, replacement of heating systems.

Light gray indicates minor repairs, medium gray indicates more intrusive actions, dark gray indicates major changes necessary, including replacement of original materials with modern equivalents.

Alps: Cleaned and re-tipped exterior masonry, cleaned and repaired façade cast concrete/stone decoration.

Busch: Majority of repairs completed during previous renovation and as necessary following the Nisqually Quake. For this renovation, exterior required repainting, with preservation of original sign and wall murals. Mechanical systems were improved and changed in the 1981 renovation, with some additions in the 1990's. These systems are to be upgraded and improved with no further impact.

Louisa: Exterior facades required shoring following fire. Restoration included repair and repoint of surviving brick exterior – including pressure washing to specifications for age of building.

Milwaukee: Cleaned and re-tipped exterior masonry, cleaned and repaired façade terra cotta. Alley murals retained. Ventilation openings punched through exteriors on residential levels on facades not facing street. Original interiors on upper floors were missing or damaged beyond repair; interiors will be replaced, matching any existing trim which remains.

Publix: Moderate shoring of parapets, anchoring of clay tile and decorative accents, support of existing utilities, pipework, etc. Interior rehab included replacement of radiators with electric heating/cooling condensers. Restoration of original features where possible

2.) *Overall structure: façade replacement due to collapse or extensive damage, new openings cut into façade*

As some restorations of URMs in this area are spurred by or complicated by seismic activity, this category represents the need to completely replace damaged facades with new, similar materials. This category also includes major changes to façades to accommodate new uses.

Light gray indicates minor repair, medium gray moderate intrusion or repair, and dark gray massive intrusion and reconstruction.

Alps: N/A

Busch: N/A

Louisa: replacement of south and west facades due to fire damage, replacement of existing brick with similar materials due to inability to scavenge from existing materials

Milwaukee: New opening will be cut on alley façade to allow for vehicular access to basement parking.

Publix: N/A

3.) Life Safety: URM

Includes installation of URM support systems, including braced frames, steel straps and ties.

Light gray indicates small additions to existing systems, medium gray indicates larger additions to existing systems, dark gray indicates installation of new systems.

Alps: N/A – seismic is not mentioned as part of this project. As it was fully occupied at the time and not considered a major renovation by the City, it is possible this building was already retrofitted or has not been retrofitted at all.

Busch: Braced frame. Building was already structurally retrofitted in 1997, and this new frame will be additional support at renovated storefront.

Louisa: Braced frame and structural ties. System centralized in reconstructed portion to limit infringement on remaining historical features

Milwaukee: Braced frame.

Publix: Braced frame and structural ties

4.) Life Safety: Fire

Includes installation of fire sprinkler system and refurbishment of existing systems where applicable, changes to meet fire ratings of walls, doors, windows.

Light gray indicates small additions to existing systems, medium gray indicates larger additions to existing systems, dark gray indicates installation of new systems.

Alps: Sprinkler system added, no system in place.

Busch: N/A – covered by previous renovations. New additions to be fire rated where necessary.

Louisa: improved walls and doors to meet required fire ratings. New sprinkler system throughout, with replacement in areas already covered by system.

Milwaukee: Sprinklers installed throughout. Existing retail/commercial spaces do not meet fire code and were occupied at the time of renovation. Installation of new systems in retail/commercial needed to be done with as little impact as possible. Fire doors, windows, and rated walls constructed on upper floors.

Publix: installation of fire sprinkler, upgraded existing interior doors and transoms to meet new fire rating.

5.) Life Safety: Ingress/Egress and stairway replacement

Includes removal of old stairs and/or installation of new stairs where required to meet current code. Current code requires at least two means of egress from upper floors. Stairwells must be enclosed, and walls and doors fire rated.

Light gray indicates small additions or changes, medium gray indicates more extensive renovation, dark gray indicates large scale removal and replacement, including creation of new stairs and abandonment of old.

Alps: N/A

Busch: N/A – accomplished during previous renovation.

Louisa: Main entrance staircase to remain and be refurbished. Existing southeast stair will remain and be refurbished. Southwest stair destroyed in fire, will not be replaced. Space will instead be used for residential and retail use. Mural at southwest corner to be preserved, stairwell necessary for egress rerouted.

Milwaukee: Original entry stair retained and restored; other stairs minimally restored.

Publix: Replacement of basement stair, installation of new egress stair on south, replacement of stair to roof, lobby stairway to remain and receive code compliant handrail. Several stairways and entrances were completely removed during this process, and interior circulation seems significantly altered.

6.) Removal or remediation of additions/poor repair work

Removal of old patches, addition of siding materials more permanent than plywood over openings, remediation of fire escape ladders (often to make them inoperable). This includes removal of contemporary carpeting, tile, paint, wallpaper, etc.

Light gray indicates small scale repairs, medium gray indicates more extensive repairs, dark gray indicates removal or changes to an added structure.

Alps: Fire escaped removed, egress doors restored and sealed shut.

Busch: Sunroom addition is not historic but is being retained and upgraded to 'more historically compatible' materials.

Louisa: Any additions/alterations not destroyed by fire to be removed.

Milwaukee: Removing alley fire escape. Retaining "decorative" fire escape on 7th Avenue, presumably making it inoperable.

Publix: Interior and exterior additions were removed or repaired to original design intent, including reconstruction of newer building directly adjacent. On interior, new fixtures, wallpaper, flooring, and vinyl tile were removed. Metal fire escape, present in 1937 photos, left in place and made inoperable.

7.) Repair/replace windows on all floors, exclusive of storefronts

Repair, restoration, or replacement of window units on outward facing walls or in lightwells. If survey of window units is referred to or included, survey is noted with project.

Light gray indicates repairs and some restoration. Orang indicates moderate levels of restoration with some replacements. Dark gray indicates large scale replacement.

Alps: Window survey completed. Windows are repaired if possible, otherwise replaced in kind on street and alley facades. Windows in lightwell are replaced with vinyl.

Busch: N/A – all windows were replaced in 1981.

Louisa: Window survey completed. Original wood windows in poor shape or destroyed by fire ("poor or failing condition"). Some wood frame windows were installed in 2009 to replace vinyl units of unknown install date. Those windows are still in good condition. Windows openings on new walls (south and west) will be moved to match with new layout of residential units, not with original design. Installed Gypcrete at each floor under flooring for sound reduction and fire suppression.

Milwaukee: Window survey completed. Remaining original windows to be restored. Where windows are missing or damaged beyond repair on forward facing façades, wood frame reproductions are to be fitted. Windows in lightwell are replaced with vinyl.

Publix: Window survey completed. Windows beyond repair are to be replaced with in-kind wood frame windows. Windows were photographed, analyzed, graded. According to survey "98% of windows are in poor or very poor condition, 2% of windows are in fair condition, 0% of windows are in good condition".

8.) Uncover bricked windows

Over time, some original windows may be covered with brick, stucco, or wood for a variety of reasons. This category indicates the need to re-open or expose openings.

Alps: N/A

Busch: N/A

Louisa: N/A

Milwaukee: N/A

Publix: Windows on second floor were covered when neighboring building was built. Designer chose to leave windows covered even though neighboring building was replaced. In areas where original windows are uncovered by the new design, new, appropriate windows will be refitted to replace original.

9.) Elevators

Includes repair to existing elevators, addition of new elevators, and additions necessary to accommodate elevator equipment.

Light gray indicates repair of existing facilities. Medium gray indicates installation of new elevator in existing shaft. Dark gray indicates installation of new elevator.

Alps: Existing elevator restored and returned to working condition.

Busch: N/A

Louisa: Addition of elevator

Milwaukee: Elevator fitted in existing elevator shaft.

Publix: Elevator shaft was original to building but in disrepair due to abandonment. Original car inaccessible due to years of abandonment. New elevator fitted into existing shaft

10.) Storefront replacement, including transoms and doors

Includes repair, restoration, or replacement of historic storefront, replacement of non-historic storefronts with recreations, and replacement of historic storefronts with modern storefronts.

Light gray indicates restoration and repair of existing, original storefronts. Medium gray indicates restoration of existing storefronts, repair of existing, modern storefronts, and replacement of modern storefronts with historic recreations. Dark gray indicates replacement of historic storefronts with modern equivalents. Dark gray may also indicate large scale replacement, even if that replacement includes reproduction.

Alps: Most original storefronts were present and in good condition – they were repaired and restored. Non original storefronts were replaced with replicas of original work. Clearstory windows were in place and restored as part of the project. Original canopy is missing, will not be replicated and replaced.

Busch: Storefronts were replaced in 1981 with modern units. Rehab of building will include replacement of modern storefronts with wooden, period appropriate units at entrance to restaurant space.

Louisa: In most cases, storefronts are to be repaired and restored, not replaced. Where they must be replaced due to condition, they are replaced in-kind.

Milwaukee: Many original storefronts were removed, but evidence of original clearstory/transoms under applied decoration was evident. Storefronts were maintained or replaced where no historic fabric remained, and any historic elements which remained were restored. Tile at entryways was replicated, not restored, due to extensive damage. Alleyway storefronts are either repaired or left in original state.

Publix: Numerous storefronts replaced with modern units due to dilapidated condition and loss of original materials. Original storefronts at main entrance were retained and/or replaced with in-kind material to restore the original entrance to the original intent

11.) Removal of walls: Basement

Removal of walls and floor plan changes are linked but separate in this study. Removal of walls indicates removal of original partitions inside the building. Removal of walls may accompany changes to floor plan or change of use but does not immediately indicate such alterations. Walls may be replaced with a new, solid or fire-rated structure. “Floor plan changes” as a category will address change of use, changes in layout of rooms and amenities, and alterations to original building use and room relationship.

Light gray indicates small change. Medium gray indicates moderate change. Dark gray indicates major change.

Alps: Basement converted to parking. All partitions removed and not replaced.

Busch: Retain changes from 1981 renovation.

Louisa: Extensive fire and water damage to basement. Space will be reused for tenant parking and storage facilities. All walls left standing are removed. Mural at southwest corner to be preserved, stairwell necessary for egress rerouted.

Milwaukee: Basement converted to parking and storage. All partitions removed and not replaced.

Publix: Removal of partitions, stairs, and boiler. Will be reused for storage.

12.) Removal of walls: Retail Space

Removal of walls and floor plan changes are linked but separate in this study. Removal of walls indicates removal of original partitions inside the building. Removal of walls may accompany changes to floor plan or change of use but does not immediately indicate such alterations. Walls may be replaced with a new, solid or fire-rated structure. “Floor plan changes” as a category will address change of use, changes in layout of rooms and amenities, and alterations to original building use and room relationship.

Light gray indicates small change. Medium gray indicates moderate change. Dark gray indicates major change.

Alps: Original configuration is maintained, except for small changes needed for fire safety.

Busch: Retail level retains changes from 1981 reno. Some removal of partition walls in lobby space will accompany project.

Louisa: Original retail layout will be recreated where existing walls are missing.

Milwaukee: Minimal to retain original floor plans. Only where needed for code upgrades.

Publix: Removal of partitions in retail areas.

13.) Removal of walls: Upper floors

Removal of walls and floor plan changes are linked but separate in this study. Removal of walls indicates removal of original partitions inside the building. Removal of walls may accompany changes to floor plan or change of use but does not immediately indicate such alterations. Walls may be replaced with a new, solid or fire-rated structure. “Floor plan changes” as a category will address change of use, changes in layout of rooms and amenities, and alterations to original building use and room relationship.

Light gray indicates small change. Medium gray indicates moderate change. Dark gray indicates major change.

Alps: Original room relationships are maintained. Some rooms are combined to make bigger units. Some wall divisions are reworked to allow for sink, small bathroom, etc.

Busch: retain changes from 1981 reno

Louisa: Extensive fire damage. Original layout and rhythm of openings along corridors retained. Walls rebuilt to replace damaged configuration, create new configuration.

Milwaukee: Walls were missing at time of renovation. Original layout was abandoned in favor of new.

Publix: Room relationships were maintained, resulting in smaller apartments.

14.) Floor plan changes: Basement

Removal of walls and floor plan changes are linked but separate in this study. Removal of walls indicates removal of original partitions inside the building. Removal of walls may accompany changes to floor plan or change of use but does not immediately indicate such alterations. Walls may be replaced with a new, solid or fire-rated structure. “Floor plan changes” as a category will address change of use, changes in layout of rooms and amenities, and alterations to original building use and room relationship.

Light gray indicates small change. Medium gray indicates moderate change. Dark gray indicates major change.

Alps: Basement converted to parking. Original uses abandoned.

Busch: Retain changes from 1981 reno.

Louisa: Original basement unfinished. Will be used for vehicular and bicycle parking, resident storage, and mechanical room.

Milwaukee: Originally used for storage linked to retail spaces. Completely gutted for use as parking and storage.

Publix: Removal of old stairs, extraneous partitions. Renovated for residential amenities: laundry, fitness room, storage.

15.) Floor plan changes: Retail Space

Removal of walls and floor plan changes are linked but separate in this study. Removal of walls indicates removal of original partitions inside the building. Removal of walls may accompany

changes to floor plan or change of use but does not immediately indicate such alterations. Walls may be replaced with a new, solid or fire-rated structure. “Floor plan changes” as a category will address change of use, changes in layout of rooms and amenities, and alterations to original building use and room relationship.

Light gray indicates small change. Medium gray indicates moderate change. Dark gray indicates major change.

Alps: Original configuration of retail is maintained; lobby will see small changes needed for fire safety.

Busch: No changes to layout for retail on street level. Lobby will see small changes related to restoration.

Louisa: Floor plan to be restored to previous relationships for retail spaces.

Milwaukee: Minimal to retain original floor plans. Only where needed for code upgrades.

Publix: Removal of non-original mezzanines and extraneous entrances/exits from interiors. Interiors have been modernized with historic fabric retained where possible in retails spaces. Lobby remodel is a restoration, with extraneous, non-historic materials removed.

16.) Floor plan changes: Upper Floors

Removal of walls and floor plan changes are linked but separate in this study. Removal of walls indicates removal of original partitions inside the building. Removal of walls may accompany changes to floor plan or change of use but does not immediately indicate such alterations. Walls may be replaced with a new, solid or fire-rated structure. “Floor plan changes” as a category will address change of use, changes in layout of rooms and amenities, and alterations to original building use and room relationship.

Light gray indicates small change. Medium gray indicates moderate change. Dark gray indicates major change.

Alps: Original room relationships are maintained, though the walls separating apartments change to accommodate new fixtures and bathrooms. Some rooms are combined to make bigger units. Bathrooms have been converted to apartments.

Busch: Significant changes to layout on office floors, not as big a change on residential levels. Layout changes are largely made to later renovations, so they do not affect the historic character.

Louisa: E-shaped corridor. Code did not allow long corridors – corridors had to be shortened. Some room configuration was necessary to meet modern standards and new layout. Since lightwell was moved, larger rooms could be planned. Maintained room entrance rhythm along hallways. Also maintained ‘E’ configuration overall. Interior finishes are modern.

Milwaukee: New owner estimated that only 15 percent of the original trim, doors, and lathe/plaster was salvageable, and many interior walls were already gone at time of renovation. New layouts were designed for most of the upper floors except for the recently renovated “cultural center” on the second floor. Despite these changes, the new layout still retains some of the character of the old layout due to the preservation of the existing light wells. Rooms still surround light wells, and corridor layout is similar. Interior finishes are modern.

Publix: E-shaped corridor. Code did not allow long corridors – corridors had to be shortened. Some room configuration was necessary to meet modern standards and new layout. Overall, original corridor is retained, but openings do not appear as frequently. Rooms have been consolidated into larger units. Interior finishes are modern

17.) Floor plan changes: Additions

Indicates additions to original building conceived as part of restoration.

Light gray indicates small addition. Medium gray indicates larger addition that is still unobtrusive; may contain plans for rooftop access and/or plantings. Dark gray indicates intrusive, multi-story addition.

Alps: N/A

Busch: N/A

Louisa: rooftop addition on top of building – on corner destroyed by fire. Adding 14 penthouse units with private deck and rooftop plantings.

Milwaukee: N/A

Publix: rooftop addition on top of adjacent building – will have rooftop access.

18.) Extensive repair/replacement of roof

Includes changes to parapets and cornices, repair or replacement of room materials.

Light gray indicates repair to existing. Medium gray indicates more extensive repair and replacement, replacement of cornice. Dark gray indicates full scale repair.

Alps: Original cornice is in bad condition; will replace cornice with a replication.

Busch: N/A. Roof replacement occurred with previous renovations.

Louisa: Existing roof in poor condition, part of roof destroyed in fire. Entire roof replacement. Penthouse addition. Rooftop plantings.

Milwaukee: Replaced original cornice, removed in 2003 by previous owner, with a fiberglass replication. Original roof was replaced before this renovation in stop gap attempt at saving interiors from further degradation.

Publix: Removal of old roof systems and replacement with energy efficient materials. Penthouse addition. Rooftop plantings.

19.) Lightwell repair/replacement

References repairs to, capping of, or replacement of lightwell.

Light gray indicates repairs and restoration to siding and walls. Medium gray and dark gray indicate severity of change to lightwell configuration.

Alps: Due to necessary upgrades to adjacent hotel (Mar Hotel), some of the lightwell is sacrificed for equipment and construction. The lightwell will be smaller to the height of the adjacent building.

Busch: Skylights will enclose the lightwells that are not already enclosed.

Louisa: West lightwell was destroyed in fire. East lightwell refurbished, west lightwell rebuilt in slightly new position

Milwaukee: Original lightwells retained, new siding and replacement windows.

Publix: Lightwells maintained, some skylights removed/repaired.

20.) Association Balcony

Association balconies are present on a few SRO structures within the Chinatown international district. This category indicates changes to association rooms and their balconies.

Light gray indicates small change. Medium gray indicates moderate change. Dark gray indicates major change.

Alps: N/A

Busch: N/A

Louisa: N/A

Milwaukee: Plans indicate a cultural center on the second floor. This may indicative of Association owned property that has since been converted for general use, but it is difficult to see a connection to such a facility based on images of the façade. There is no evidence of an association balcony, though the building is associated with Goon Dip, founder of the Kong Yick Association. Further research will be necessary to assess the relevance of this space.