

Implementation of Mandatory Housing Affordability (MHA) in Downtown/SLU

a program of the
Housing Affordability and Livability Agenda



**PLUZ
Committee
Briefing
February 24, 2017**

What is MHA?



Creating more affordable housing through *growth*

- This new income- and rent-restricted housing would help our low income community members—such as seniors, artists, and working families.



Public Engagement



- We hosted two open houses and attended 15 meetings where the community already meets.
- What we heard:
 - Broad support for basic concept
 - Desire for more affordable housing in Downtown & SLU
 - Preference for taller rather than wider buildings
 - Concern about historic areas
- How it changed the proposal:
 - Extra capacity changed from extra width to extra height
 - Historic Districts & Protected View Corridors exempted



Current incentive zoning program:

- Created in 2001 and expanded in 2006
- Property owners may gain **extra floor area** beyond the **base development limit** up to a **maximum development limit** by providing public benefits
- As a voluntary incentive, payment amount were set to encourage use of extra floor area
- Amount of floor area that can be gained through IZ is, in most cases, significantly larger than proposed change under MHA
- Proposal would shift that requirement from voluntary on extra floor area to mandatory on all floor area plus increasing fees due to additional floor area



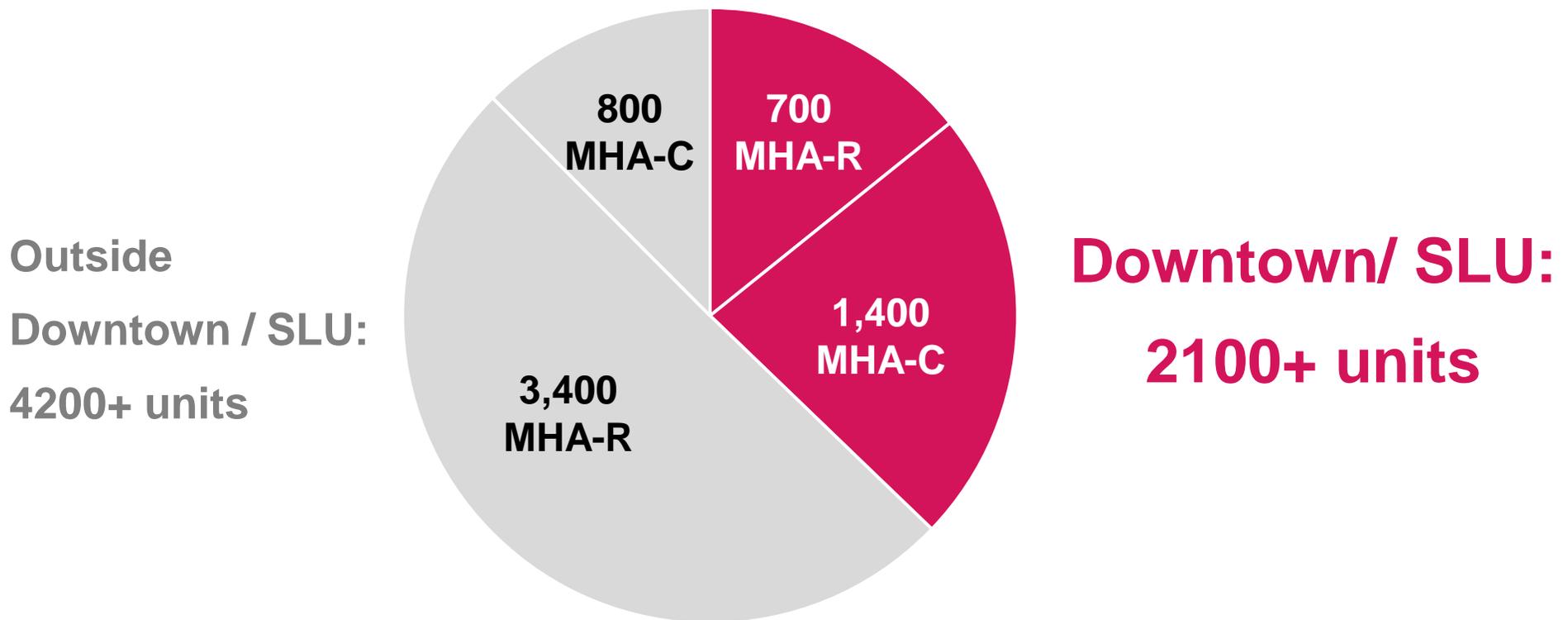
Approach is based on negotiated agreement between affordable housing organizations, market-rate developers and others aimed at balancing many factors, including:

- Needs for both affordable and market-rate units
- Existing incentive zoning fee structure has proven successful and productive
- Most Downtown/SLU zones have incentive zoning requirements that will continue to provide non-housing benefits for extra floor area
- Additional capacity is generally high-cost construction (steel and concrete, elevators, enhanced seismic requirements)
- Percent change in capacity is small compared to many areas of city
- Value of additional capacity is generally greater for commercial than residential development in Downtown/SLU
- Proposal shifts voluntary requirement on upper floors to mandatory requirement on all floors

Downtown/SLU Production

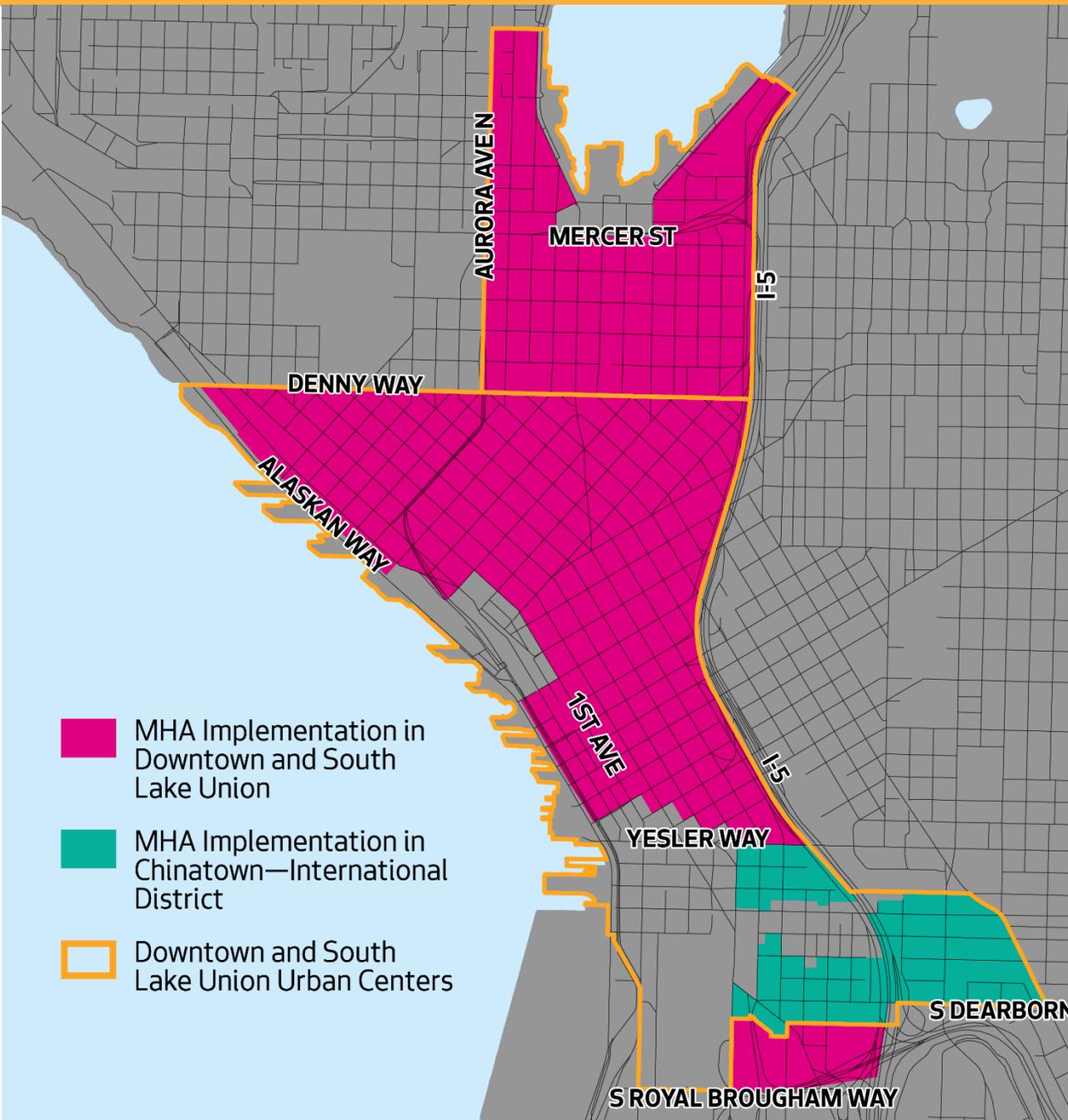


Downtown/SLU is expected to produce over one-third of the 10-year goal of 6,000 net rent- and income-restricted affordable units.



Estimated 10-Year MHA Unit Production

Areas where MHA would apply



Excludes

- Pioneer Sq and Pike Place National Historic Districts
- Pike Place view corridor
- Historic piers
- SLU lakefront
- Chinatown/ID (addressed in separate legislation)

Additional Capacity



Varies by Zone

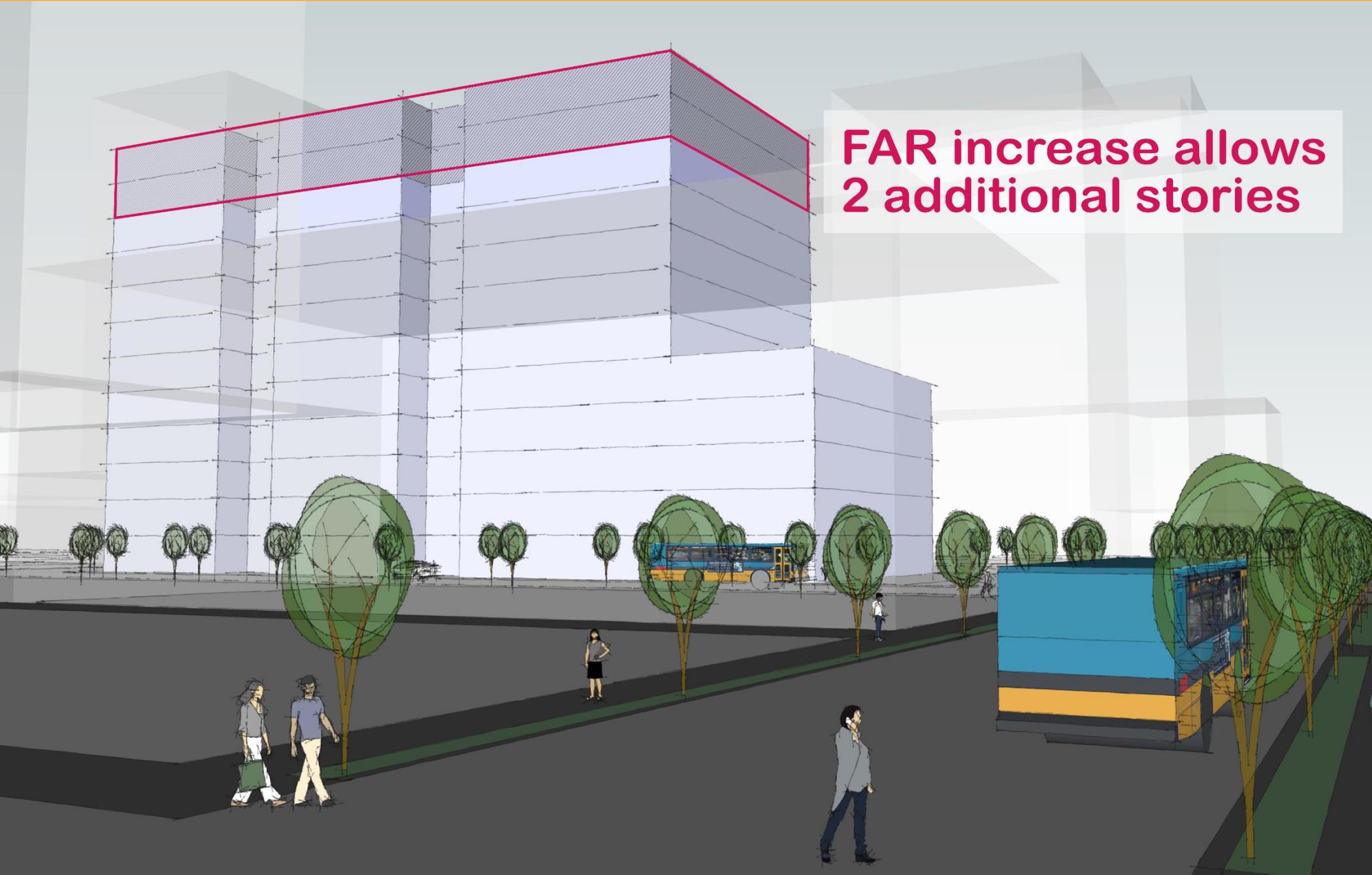
- Commercial: Additional 0.5 to 1.0 FAR
- Residential Towers: Additional Height

Zones	Capacity Increase
Zones with heights of 85 feet or less	10 feet
DMC-160	10 feet
Zones with heights of 125 or 150 feet	20 feet
Zones with heights of 240 or 400 feet	40 feet
DOC2 (Height of 500 feet)	50 feet
DOC1	1,000 sf tower floor plate

SLU 160/85-240 Commercial



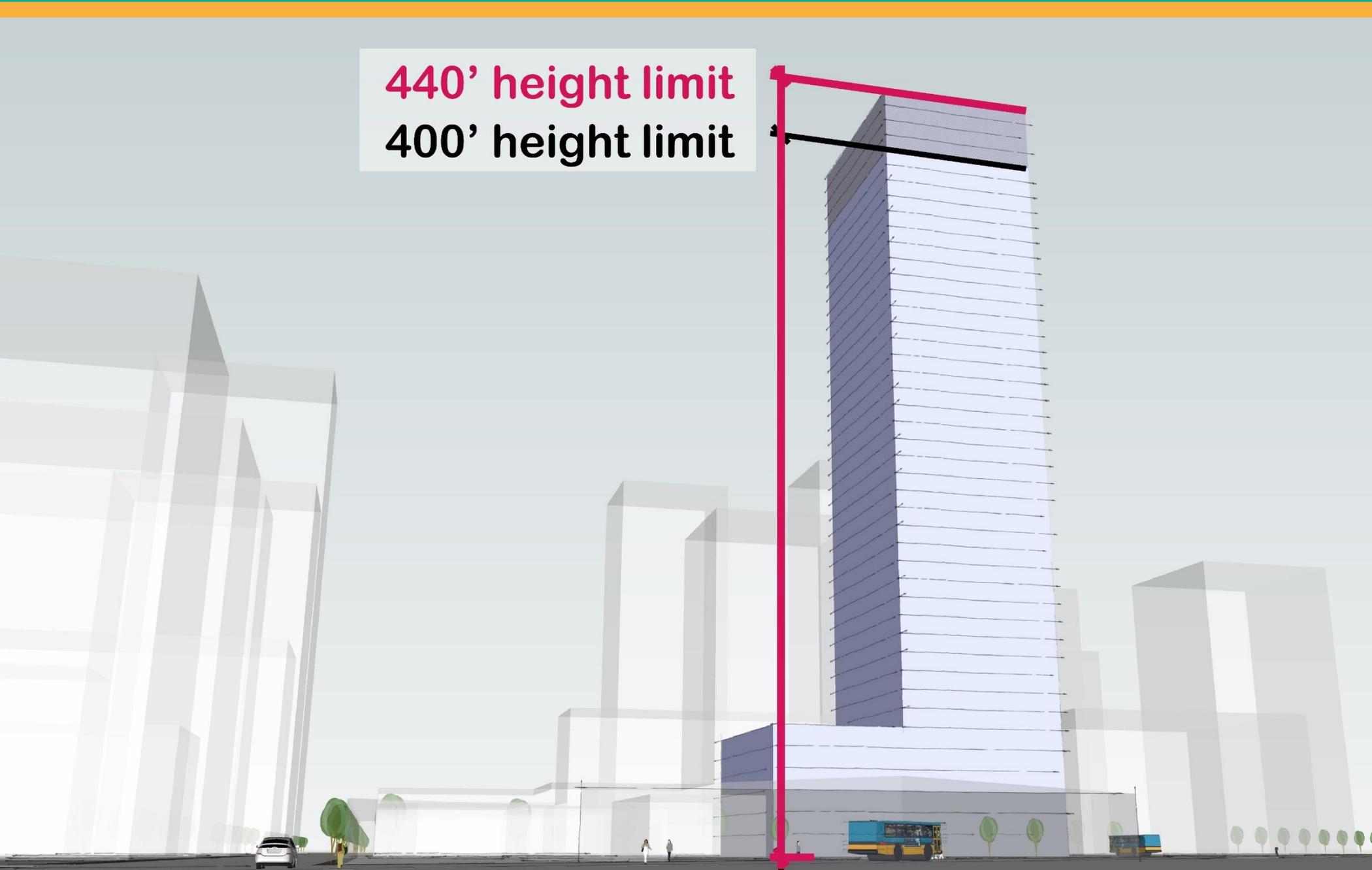
**FAR increase allows
2 additional stories**



DMC 240/290-400 Residential



440' height limit
400' height limit



DMR/C 125/65 Residential



145'
125'

Height limit increase allows 2 additional stories



MHA requirements



Requirements vary by zone:

	Payment Option	Performance Option	Units
Residential	\$7.50 – \$13.00*	2.9% – 5.0%*	700
Commercial	\$8.00 – \$17.50	5.0% – 10.6%	1,400

* except in DMC 160: \$5.50 and 2.1%

Incentive Zoning



Projects using additional height or floor area must:

- Acquire TDR from open space, landmarks, or regional farms and forests;
- Provide Privately Owned Public Space (POPS); or
- Provide green street improvements

Commercial properties also contribute to childcare



MHA Payment and Performance Examples



Project example	Requirement	Performance outcome	Payment outcome
35-story commercial tower <ul style="list-style-type: none"> • DOC2 zone • Half block • 550,000 gross residential square feet 	8.6% or \$14.25 per sq. ft.	74.0 affordable homes	93 affordable homes (\$7.8M)
		\$2.0M in TDR, POPS, or combination	
44-story residential tower <ul style="list-style-type: none"> • SM-SLU 240/125-440 zone • Quarter block • 630 total homes • 500,000 gross residential square feet 	3.9% or \$10.00 per sq. ft. + Incentive Zoning	24.6 affordable homes	59.4 affordable homes (\$5.0M)
		\$2.4M in TDR, POPS, or combination	

Displacement



- **The proposal will not result in significant direct displacement:**
 - Analysis identified only 7 residential buildings with a total of 78 residential units as candidates for redevelopment.
 - Scale of proposed additional capacity is not expected to significantly change the likelihood that parcels will redevelop.
- **The proposal will have a significant positive impact in relieving displacement pressures citywide:**
 - Proposal will result in estimated 2,100 new income- and rent-restricted homes over the next 10 years. These affordable homes will relieve displacement pressures for low-income residents across the city.

Outcomes



Expected outcomes from development over 20 years

- 21,000 new market-rate homes
- 53,000 new jobs
- \$90 million in TDR, open space, and Green Street investments
- **2,100 new affordable homes over 10 years**

Modifications



- **Reviewed additional capacity to make sure it was achievable**
- **Modifications address limited cases where it might not be achievable**
 - **Modifications to development standards:** allow alternative additional capacity in certain zones (ex. allow wider towers if SLU flight path prevents taller towers)
 - **Modifications to payment & performance amounts:** allows reductions of 10%-25% if development standards directly preclude use of additional capacity
 - Analysis did not identify any cases where existing standards result in reduction of payment & performance amounts
 - In no case would requirement be less than incentive zoning

Tower Race Amendment



New towers in most areas must be separated.

Under existing rules,

- Where two towers are proposed to be located in close proximity, tower separation requirement is imposed on project that is issued Master Use Permit second
- No certainty until end of process; projects in “race” to get MUP

Under proposed change,

- Requirements applied based on time of complete application of early design guidance
- Provides certainty upfront; prevents “race”

6,000 new affordable homes



thank you.



HOUSING AFFORDABILITY
AND LIVABILITY AGENDA