

Seattle Housing Affordability and Livability Agenda



Final Advisory Committee Recommendations
To Mayor Edward B. Murray and the Seattle City Council

July 13, 2015

Acknowledgments

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Seattle seeks to be a diverse, prosperous, and equitable community where individuals and families can build good lives in vibrant neighborhoods. Housing costs rising faster than incomes threaten to make that aspiration unattainable.

— mission statement developed by the HALA Advisory Committee, 1/29/15

Executive Summary

Over multiple generations and through cycles of boom and bust, Seattle has continuously reinvented where and how it houses its residents and the ways it fosters the livability of distinctive, vibrant neighborhoods to promote quality of life, walkability, access to efficient public transit, parks and the cultural amenities that enrich urban life. Today's Seattle faces a new set of challenges, which demand that – once again – we rethink urban living and how we shape the environments that we call home.

As Seattle expands rapidly and experiences massive economic and population growth, we are confronted by the reality of more people chasing a limited supply of housing than ever before in our history. This, combined with a booming regional housing market, fewer and fewer federal and state funds dedicated to subsidized housing, and widening income inequalities locally, nationally and globally, have created – and will likely sustain – a housing affordability crisis unlike any Seattle has experienced since the Second World War. At the same time we are constrained by outdated policies and historical precedents that are no longer viable for the long-term health of our city. Some of the challenges are intrinsic to Seattle, for example tight limits on housing supply epitomized by the fact that at present almost two-thirds of our urban land is restricted to Single Family zoning.

An adequate, affordable supply of housing is the lifeblood of culturally rich, diverse, and livable urban centers. Without this, people who work here will be forced to move out of the city, with dire impacts not only on individual lives, but also on the region: more traffic congestion, increased environmental degradation, and fragmentation of communities. Housing affordability must remain a cornerstone of our city's commitment to an equity agenda that ensures a fundamental fairness for each individual and community that calls Seattle home. Without vigilance, we risk becoming a city accessible only to the affluent and privileged.

In our deliberations, the 28 members of the task force empaneled by the Mayor and City Council to address Seattle's Housing Affordability and Livability Agenda (the "HALA"), attempted to balance the needs of a fast-growing city with almost unimaginable new wealth and the acute needs of people who experience systemic inequities driven by issues of income, ethnicity, and race on a daily basis. We also acknowledged the reality of the cyclical nature of economic growth, and that the recommendations we crafted needed to anticipate periods of economic uncertainty and contraction – as hard as that is to imagine today.

The Mayor charged the HALA to create a plan that can generate a net increase of 50,000 units of housing – 20,000 units of affordable housing and 30,000 new units of market rate housing – over the

next decade. This is, by any measure, a significant stretch goal for a city that, in the best of times, has created about 800 new affordable units in a year.

As we dove into our work, the HALA Committee encountered one of the fundamental reasons the problem of housing affordability and livability is so daunting, and why previous similar efforts have failed: the politics of the issues appear to be almost intractable. The multiple interests gathered around the HALA table seem at times fundamentally opposed to each other – or at least in significant tension with each other – and each interest group is politically powerful enough to block any single-sided proposal. In short, the crisis of housing affordability in Seattle is a true Gordian Knot.

In this challenging context, the HALA spent the last 10 months seeking common ground. We have sought to cut the Gordian knot by presenting a comprehensive package of strategies. Our recommendations are not intended to be a fragmented array of 65 ideas; it was in a suite of concepts that the HALA found consensus. Considered separately, our recommendations may appear to have minimal relationship to each other. The HALA strongly discourages this approach; rather, this report presents an integrated fabric of ideas, each of which addresses a specific component of the city's current housing and livability predicament. Taken together, we believe that the package of concepts offered in this report will increase housing affordability and livability across the spectrum of needs, from homeless housing with operating and service dollars to lower-wage workforce housing to market rate housing. The HALA recommendations are included in the body of the report that follows. The ideas we believe have the potential to effect the greatest changes are highlighted at the end of this Executive Summary.

The suggested investments in building and preserving affordable housing are an essential part of a larger shared goal – building vibrant, attractive and welcoming communities across all of Seattle. As neighborhoods accommodate more market rate and affordable housing, the City should continue to make strategic investments – taking advantage of the recent Transportation Benefits District to increase bus service, expanding transportation choices with investments in walking and biking, preserving and maintaining our open spaces with the new Metropolitan Parks District funding, and ensuring that every neighborhood is home to strong educational choices, thriving economic opportunities and rich arts and culture. Together, we believe these investments will ensure that each new home helps build a community of opportunity for all.

The HALA agreed to organize our work around four key areas of inquiry, all of which must be considered as part of the City's unflagging commitment to a racial and social justice agenda that promotes equity for all of its residents. These four areas can be summarized as:

- MORE RESOURCES FOR AFFORDABLE HOUSING (more subsidy, through a range of revenue generating mechanisms)
- MORE HOUSING (maximizing opportunities in the market)
- MORE SUPPORTS FOR COMMUNITIES (strategic preservation of housing and protections for vulnerable tenants and homeowners)
- MORE INNOVATION (the streamlining of systems and related reforms to cut the costs of housing)

MORE RESOURCES FOR AFFORDABLE HOUSING: We need significant, new resources to create more affordable housing for individuals and for families – both large and small. Everyone who is lucky enough to benefit from the enormous real-estate boom of recent years – the surging equity of individual homeowners, the run-up in land values for the land owners and developers, and everyone serendipitously enriched by upzoning – must do their part to share some of that wealth with the members of our community who have found themselves excluded from these opportunities. No one in Seattle should have to face homelessness, and our housing resources must be part of the solutions that make homelessness rare, brief and one-time. This means a much higher Housing Levy. A mandate that developers provide a share of the apartments in their new buildings to people who cannot compete in the market, i.e., people with annual incomes at 60% of the area median income or less. An Urban Growth fund. A healthy Real Estate Excise Tax specifically for affordable housing. New sources of housing-related operating and service subsidies for individuals and families recovering from homelessness. Finally, we must also redouble our efforts to engage our state and federal partners, particularly in areas in which affordable housing options have been losing significant ground over several decades (such as federal Housing Choice Vouchers).

Getting to these results will ensure that schoolteachers and firefighters, baristas and dishwashers, art students, the members of the cleaning crews in glass-and-steel office towers – as well as those who continue to struggle with homelessness – can live in the dense, walkable, transit-oriented urban centers on which Seattle has pinned its post-carbon future.

MORE HOUSING: While funds for affordable housing are key, we also need to relieve market pressures by increasing housing of all types. The inescapable reality is that everyone in the city of Seattle needs to make room both for newcomers, as well as those that historically have been excluded from the housing market altogether, including individuals and families who are homeless. We all have to make room at the tables of our many communities. In a land constrained city, increased housing density is the necessary companion to urban growth. That means more cottages, in-law apartments, flats, duplexes and triplexes in the two-thirds of Seattle currently zoned exclusively (and, historically, through racial restrictive covenants, for purposes of exclusion¹) for single family homes. It means dedicating more land for multifamily housing in and around Urban Villages and more multifamily housing of all types and sizes inside Urban Villages or very close to desirable urban amenities. An increasingly dense city also must have access to an efficient transportation system, one that gets people out of their cars and using public options to move to and from work, school, and community activities.

In short, this means that our city will not look like what we're used to. But that's been the story of Seattle from its birth. Our city's physical form will change so that our character and values can stay the same: we can only hold onto our commitment to inclusion, opportunity for all, and affordability if we let our city fill in with more housing.

MORE SUPPORTS FOR COMMUNITIES: The current Seattle housing market is particularly cruel to renters with low incomes. It's nearly impossible for lower-income families to own their own homes; and those who do, struggle to maintain their ownership as family expenses increase faster than incomes. As rents and prices rise, individuals and families are too frequently displaced from their homes and

¹See discussion of racial restrictive covenants in Seattle. http://depts.washington.edu/civilr/covenants_report.htm

communities or pushed out of Seattle altogether. As we grow, we must ensure more supports are provided to vulnerable tenants and marginalized communities, through strategic, targeted preservation efforts, as well as longer timelines for eviction and more adequate funds for relocation expenses. We must ensure that people with barriers, such as diverse income sources and past criminal records, are able to access housing. We must make sure that struggling homeowners remain stably housed.

MORE INNOVATION: Seattle has, from its inception, relied on the ingenuity, acumen, compassion, strong business sense and civic pride of its citizens. It's essential that we now turn these skills towards the challenges of innovation that can support the affordability and livability of our city. This means creating more streamlined approaches to the rules and processes that could allow housing development to occur more efficiently; fostering new partnerships for subsidized housing development; innovation in housing types allowed in lower density zones; the creation of Medicaid-based housing supports; and ensuring access to Sharia-compliant loan products that promote increased homeownership.

Most importantly, perhaps, innovation is required to ensure that the rich cultural fabric and heritage of the city – and the families and communities that embody this diversity – will continue to be able to make Seattle their home.

The ideas we generate will only be limited by our potential to imagine them.

We now invite you to dive into the body of this report and consider the many recommendations we have offered. The pages that follow represent the extraordinarily hard work of the HALA members, and many, many hours of conversation that pushed into the night and stretched our capacities to listen, understand, and plan together. It is far from a perfect product, but it represents the aspirations of a diverse group of caring Seattle stakeholders, and our belief that we can, working collectively, ensure a future for Seattle that is vibrant, flourishing, equitable and accessible to everyone who seeks to call this beautiful place their home.

Highest Impact Recommendations

Of the many recommendations presented in the report, the boldest and most promising ideas with the greatest potential to impact housing affordability in Seattle are the following:

- 1. More Resources and More Housing: Build Affordability as We Grow**
 - **Strategy R.1** - Mandate that affordable units be included in new housing developments and that commercial developments contribute fees towards affordable housing, and provide an associated upzone or floor area ratio (FAR) increase

- 2. More Housing: Increase Opportunities for Multifamily Housing**
 - **Strategy MF.1** - Devote more land to multifamily housing particularly in areas near transit, services and amenities
 - **Strategies MF.2 and MF.3** - Further the Urban Village growth strategy by expanding the boundaries of Urban Villages to reflect walking proximity to transit, services and amenities and by converting Single Family zoned land within Urban Villages to a more intensive use.
 - **Strategy MF.5** - Increase height limits and modify building and fire codes to maximize economical wood frame construction

- 3. More Supports for Communities: Launch a Proactive Preservation Strategy**
 - **Strategy P.1** - Task the City's Office of Housing with leading an expansive preservation effort to strategically acquire existing affordable multifamily housing and provide funding for that strategy
 - **Strategy P.2** - Make strategic investments to lessen impacts of growth on and minimize displacement of marginalized populations
 - **Strategy P.3** - Seek state authority to enact a property tax exemption for private landlords who commit to income and rent restrictions in existing buildings
 - **Strategy T.1** - Combat displacement by funding rental and operating subsidies for extremely low-income households

- 4. More Resources: Call on the State and City to Create Additional Resources for Affordable Housing**
 - **Strategy R.2** - Create a stable source of funding by enacting a Real Estate Excise Tax (REET) dedicated to affordable housing
 - **Strategy R.6** - Expand the size of the critically important State Housing Trust Fund
 - **Strategy L.1** - Prioritize use of surplus and underutilized public property for affordable housing and promote co-development in conjunction with public buildings
 - **Strategy R.7** - Dedicate property taxes derived from new construction to affordable housing by reinstating the City Growth Fund

5. More Resources: Recommit to and Expand Effective Existing Tools

- **Strategy R.3** - Renew and increase the critically important Seattle Housing Levy which is a cornerstone of the City's funding for affordable housing, and has historically supported vulnerable individuals and families struggling with housing instability and homelessness
- **Strategy R.4** - Renew and expand the City's successful multifamily property tax exemption program which enlists private developers in providing income and rent restricted units in newly constructed buildings (see also item 3b above)

6. More Supports for Communities: Support Vulnerable Tenants and Increase Access to Housing

- **Strategy T.1** - Increase fair access to rental housing for people with past criminal records through local legislation, education and technical assistance
- **Strategy T.3** - Provide funding for tenant counseling and landlord education to combat displacement and increase access to housing

7. More Housing: Increase Access, Diversity and Inclusion within Single Family Areas

- **Strategy SF.1a** - Boost production of accessory dwelling units and detached accessory dwelling units by removing specific code barriers that make it difficult to build ADUs and DADUs
- **Strategy SF.2** - Allow for more variety of housing types, such as small lot dwellings, cottages, courtyard housing, duplexes and triplexes, in Single Family zones

8. More Innovation: Create Efficiencies in Housing Production

- **Strategy RP.1** - Improve predictability and timeliness and thus reduce construction costs by reforming City design review and historic review processes
- **Strategy RP.2** - Reduce the number of projects required to undergo SEPA review by raising SEPA thresholds

Housing Affordability and Livability Agenda (HALA) An Illustration of Top Priority Strategies at Work

More land is devoted to multi-family housing near transit and services (MF.1), allowing new public/private partnership for multi-family housing on an underused publicly-owned site not previously used for housing (L.1). Part of an extra story (red) in the new building is dedicated to affordable housing through the new Mandatory Inclusionary Housing Program (R.1).

Using funds from an expanded housing levy (R.3), and a new Real Estate Excise Tax (R.2) Seattle's Office of Housing Funds a non-profit developer to build a new 120 unit affordable housing building for low income individuals and families. Local rental operating subsidies (T.1) are used to make several units available to formerly homeless persons. The building's cost is kept low by changes to the code to maximize economical wood frame construction (MF.5) in the 7 story building, and improved efficiency and predictability in the permitting process (RP.1).

Moderate income homeownership opportunities are created. A community land trust owns the land, and buyers pay affordable prices.

An existing 40 year old apartment building is acquired through the Strategic Acquisition Program (P.1). Renovations are made, rents are restricted to affordable levels, and displacement is avoided.

In a Single Family area, more variety and flexibility of types of housing are allowed within the scale of a traditional single family neighborhood, including DADUs (red), small duplexes and cottage housing. (SF.1a, SF.2). A moderate income family is able to buy a cottage home at a price they can afford.

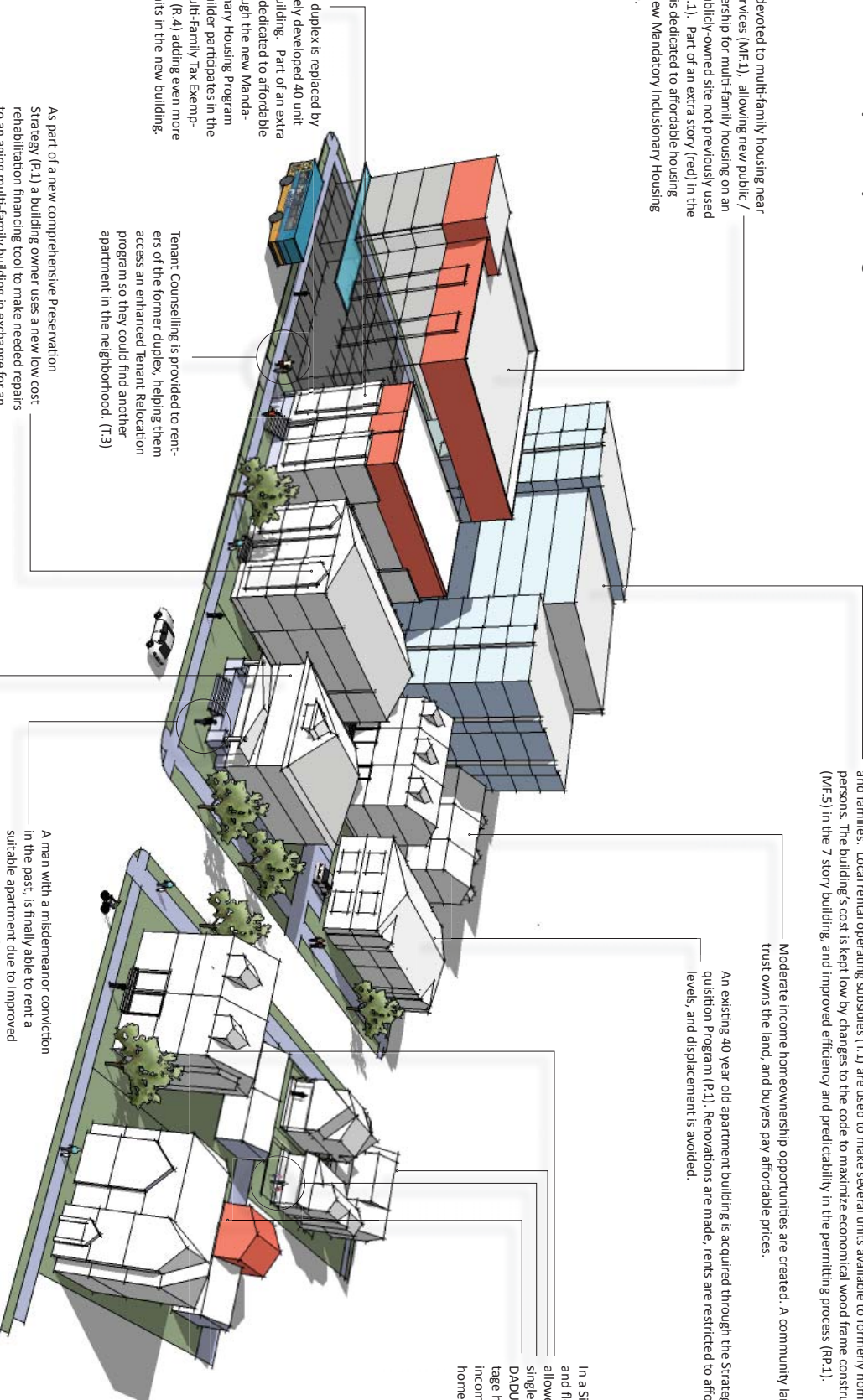
A 70 year old duplex is replaced by a new privately developed 40 unit apartment building. Part of an extra story (red) is dedicated to affordable housing through the new Mandatory Inclusionary Housing Program (R.1). The builder participates in the expanded Multi-Family Tax Exemption program (R.4) adding even more affordable units in the new building.

Tenant Counseling is provided to renters of the former duplex, helping them access an enhanced Tenant Relocation program so they could find another apartment in the neighborhood. (T.3)

As part of a new comprehensive Preservation Strategy (P.1) a building owner uses a new low cost rehabilitation financing tool to make needed repairs to an aging multi-family building in exchange for an affordability covenant. Affordability of existing units is preserved.

Affordable rental units in an older 4-plex building are preserved, because the owner participates in a new Property Tax Exemption program for preservation (P.3).

A man with a misdemeanor conviction in the past, is finally able to rent a suitable apartment due to Improved Access to Housing for People With Criminal Records (T.1).



HALA RECOMMENDATIONS

Background

Seattle enjoys a reputation as being one of the most rapidly growing, desirable cities in the United States. This fast paced growth is straining our urban life, including the affordability of our housing and the livability of our richly diverse neighborhoods. At one end of the socioeconomic spectrum, Seattle is generating unprecedented wealth and affluence that is fueling a robust, highly competitive housing market. At the same time, the need for an increased supply of affordable housing in Seattle has never been greater:

- More than 2,800 people are homeless on a typical night in Seattle. These individuals and families sleep on the streets, under bridges, in parks, or in cars.
- More than 45,000 households in our city – one household in six – are spending more than half their incomes on housing.
- Middle income families are struggling to keep pace with the increasing costs of housing.
- Uncounted others have already left the city in search of affordability.

HALA Resolution

In response to this urgent need, in September 2014, Mayor Ed Murray and the City Council adopted Resolution 31546 calling for the development of a Seattle Housing Affordability and Livability Agenda (HALA) to support development and preservation of a diversity of housing types at a broad range of prices for Seattle residents over the next ten years. Resolution 31546 directs the agenda to include:

- Current and estimated needs for affordable rental and homeownership housing according to household size and income, as follows: up to 30% of AMI², greater than 30% AMI to 60% AMI, greater than 60% AMI to 80% AMI, and, if data is available, greater than 80% AMI based on reliable data sources including the United States Census Bureau and U.S. Department of Housing and Urban Development (HUD);³
- Current and estimated housing development, both income/rent-restricted and market-rate;

² AMI means Area Median Income, which is the median family income for the Seattle area, as published from time to time by the U.S. Department of Housing and Urban Development (HUD), with adjustments based on the average size of a household. Household size is considered to correspond to the size of the housing unit (1 person for 0 bedroom units and 1.5 persons per bedroom for other units), which is the method used by HUD to adjust income limits for subsidized housing for purposes of determining affordability of rents or sales prices. Current rent/income limits for Office of Housing programs are available at <http://www.seattle.gov/housing/development/limits.htm>.

³ The draft Housing Appendix prepared for the staff draft of the Seattle 2035 Comprehensive Plan update provides relevant housing needs information in its most current form: <http://murray.seattle.gov/wp-content/uploads/2015/06/Housing-Appendix-Seattle-2035-Comp-Plan.pdf>

- Current and estimated funding for affordable housing in Seattle and estimated net-new affordable housing and populations served by household income level as a result of such funding;
- Recommendations concerning new programs or policies targeted to market-rate housing development and projected impact on housing affordability and expected availability of housing from such recommendations;
- Recommendations concerning new funding, programs, or policies for affordable housing production and preservation;
- Recommendations for preserving existing income/rent-restricted and unrestricted affordable housing; and
- Recommendations regarding increasing access to permanent housing for people who are currently homeless.

The Mayor and City Council called together leaders in our community to help develop this bold agenda for increasing the affordability and availability of housing in our city by convening a 28-member Housing Affordability and Livability Agenda Advisory Committee. The HALA Committee worked in partnership with a Steering Committee, comprised of key elected and appointed officials from the City, the State, and the Seattle Housing Authority that will, in large part, be responsible for implementation of the HALA recommendations.

Goals and Values

The HALA Steering Committee set out the following goals and values to guide the process:

- ***Strengthen our City through Housing Affordability:*** When people of all incomes, from individuals to multigenerational families, have the opportunity to live throughout Seattle, our city achieves greater economic growth, environmental sustainability and equity.
- ***Ensure Equal Access to Housing to Advance Social and Racial Justice:*** People of all races, ethnicities and abilities should be able to access housing in Seattle.
- ***Promote the Livability of Seattle’s Neighborhoods:*** Deliberate planning for how new housing is built should be guided by the values of equity and sustainability to create cohesive, resilient communities with good transportation choices, open space and amenities that ensure a good quality of life for all.
- ***Promote Housing Opportunity across Seattle:*** Communities and people thrive when safe, healthy and affordable housing options are available throughout the city.
- ***Promote Equitable Growth:*** People who live in Seattle should be able to afford to stay in their communities as the city grows and prospers. People should benefit from growth, not be displaced by growth.
- ***Continue our Commitment to Prioritizing those Most in Need:*** When we invest public resources to build homes for people with the lowest incomes, our whole city benefits.
- ***Embrace Innovation and Build upon Current, Proven Programs and Policies:*** As a national leader in the funding and development of affordable housing, Seattle must continue to take bold and innovative actions to address the housing affordability crisis.

The HALA Process

To accomplish this body of work, the HALA process was broken into three phases of work:

- Understanding housing affordability needs through data and public input;
- In depth discussions of potential solutions and strategies; and
- Crafting and refining a suite of recommendations.

Shared Foundational Knowledge

In order to build foundational knowledge and develop a shared understanding of the issues at hand, City staff presented the HALA committee with data on demographics, the housing market, Seattle housing needs based in part on affordability and availability of housing, and an overview of existing City housing programs. A link to these materials are provided in Appendix B.

In addition, the HALA Committee received Racial and Social Justice training from the Seattle Office of Civil Rights (SOCR). SOCR also developed a HALA-specific “Racial Equity Lens” tool⁴ for the Committee to use throughout the policy evaluation process. The tool served as a check point for accountability to racial equity and created an awareness within the group of the potential opportunities to increase racial equity and the potential unintended consequences of policy proposals.

Community Input

The HALA Committee hosted three Community Open Houses during the months of November and December 2014 to receive community feedback early in its process. An online survey was also made available from December 2014 through January 2015. A summary of the public input received is available in Appendix C.

Strategy Work Groups

HALA Committee and other key stakeholders listed in Appendix D collaborated in work groups for four months, from January 2015 through April 2015. Each work group studied a specific area of housing policy and made detailed recommendations. Breaking into strategy work groups allowed the HALA effort to take advantage of more Seattle citizens’ immense expertise in order to delve into the policy details within each topic area. Staff from the Mayor’s Office, the Office of Housing, the Department of Planning and Development and the Office of Civil Rights provided support to the work groups.

The policy discussions and strategy recommendations generated by each of the work groups were documented and submitted to the full HALA Committee for consideration.

Recommendations

The HALA Committee carefully considered the recommendations put forward by the work groups. After discussing each proposed strategy, the committee members indicated whether they supported, could live with, or did not support the strategy. The strategies on which they had consensus (supported or could live with them) form the basis of the suite of recommendations and priorities in this report.

⁴ Racial Equity Lens: <http://murray.seattle.gov/wp-content/uploads/2015/07/HALA-Racial-Equity-Lens.pdf>

Mayor Murray's Housing Goal: 50,000 Homes in 10 years

In response to the crisis of affordability, Mayor Murray challenged the committee to develop specific, bold and practical proposals that, when implemented, will create or preserve at least 50,000 apartments, houses, and other dwellings within the next 10 years. Mayor Murray divided this goal into two parts:

- Building or preserving 20,000 rent and income-restricted homes
- Building at least 30,000 new market-rate homes

The 20,000 affordable homes will be reserved for people whose incomes are at or below 80% of AMI, including individuals and families at 0-30% of AMI that are currently struggling with homelessness. Achieving this ambitious goal requires that we triple Seattle's current rate of affordable housing production.

Mayor Murray's goal of 30,000 market-rate units is necessary to produce enough housing to keep up with Seattle's rapidly growing population. Currently, we are not keeping pace with demand.

The need for affordable housing exists across a range of income levels that fall below the area median income (AMI) for Seattle residents. Accordingly, the Mayor asked that the HALA recommendations provide a balance of strategies to address the needs at four distinct income levels: 0-30% AMI, 30-60% AMI, 60-80% AMI and above. He asked that the recommendations recognize the diversity of family sizes, types and living situations. Finally, he asked that the HALA keep sight of the affordability and livability strategies that do not tie directly to a production goal.

HALA Recommendations

In response to the call to action in Resolution 31546 and to the Mayor's charge to build or preserve 50,000 homes, the HALA Committee has identified a total of 65 strategies to increase affordable housing in the city. These strategies fall into four main categories:

1. **MORE RESOURCES FOR AFFORDABLE HOUSING:** more subsidy, through a range of revenue generating mechanisms
2. **MORE HOUSING:** maximizing opportunities in the market
3. **MORE SUPPORTS FOR COMMUNITIES:** strategic preservation of housing and protections for vulnerable tenants and homeowners
4. **MORE INNOVATION:** the streamlining of systems and related reforms to cut the costs of housing

In each strategic category, the HALA was asked to consider ways to ensure alignment with the City's racial and social justice initiative goals. This important issue increased the complexity of the issues being addressed in the context of a large urban environment with highly diverse populations and communities.

In response to the Mayor's request that the HALA develop recommendations that produce 20,000 affordable homes across the income spectrum ($\leq 30\%$ AMI, $\leq 60\%$ AMI, $\leq 80\%$ AMI and $> 80\%$ AMI), the

HALA established targets for each income band. The HALA's recommendations work towards a goal of creating 6,000 units for residents earning less than 30% AMI; 9,000 units for residents earning 30 to 60% AMI; and 5,000 units for those earning between 60-80% AMI. The financing mechanisms to achieve this goal are complex and of necessity ambitious, and by our estimation will require an investment of nearly \$3 billion in affordable housing over a ten year period. The totality of the HALA recommendations leave a financing gap of about \$270 million over the next ten years, which we believe can be closed with local, regional, state and, in particular, federal resources in partnership with the private market. It should be noted that the production of units serving homeless populations will also need significant, ongoing additional federal, state and local funding for ongoing operations and services.

Of the many recommendations presented in the report, the boldest and most promising ideas with the greatest potential to impact housing affordability in Seattle are highlighted in the text that follows with a blue outline.

When implemented, we believe these recommendations stand the best chance of increasing Seattle's housing by at least 50,000 apartments, houses, and other dwellings within 10 years from now.

Implementation

The recommendations contained in this report are extensive and reach broadly across all sectors of the city. Many of them overlap and work in concert to create the sought after levels of affordability. The difficult work of implementation begins after the HALA finishes its work and will rest with the Mayor, City Council and City staff. In that implementation process, we understand that further analysis of our ideas must occur, not only to assess scale and fit in specific areas of the city, but to test and refine our assumptions. Further, the cumulative effect of the changes should be reviewed to ensure that the recommendations are appropriately packaged. We furthermore recognize that community input and public comment will be a natural precursor to any change and we encourage comment and input on these ideas.

I. MORE RESOURCES FOR AFFORDABLE HOUSING

Recommended Strategies to Increase Funding and Sources of Subsidy

Seattle is a vibrant city of many cultures, traditions, languages and people. The current cycle of growth – and the escalating housing costs that come with it – threatens the city’s rich heritage. If we do not proactively work to increase the supply of affordable homes across our many neighborhoods, we risk becoming a playground accessible only to the wealthy, and will displace those with less means to communities outside the city, significantly diminishing the diverse richness that defines Seattle.

In order to produce 20,000 affordable homes in ten years, more than tripling current production, we will need new sources of funds. Seattle voters have a history of taxing themselves to support the common good. The vital Housing Levy, which has been renewed five times, is an important source of funding for affordable housing in the city. But it isn’t enough. Taxpayers, nonprofits, the business community and the public sector will all need to work together to produce a comprehensive suite of resources which are dependable and predictable through economic, development, and political cycles. Resources help to build a more economically and racially equitable city, and provides housing opportunities near transit to connect workers to jobs and reduce household costs.

New and Expanded Resources

R.1 Partnership for Mandatory Inclusionary Housing – Development Driven Affordability Strategy

Market forces alone will not build sufficient affordable housing for lower income households, nor can sufficient quantities of subsidized housing be produced in high amenity and opportunity neighborhoods without the participation of and partnership by market-rate developers. Therefore, to ensure more affordable housing is built and that our neighborhoods individually and collectively reflect the demographics of our city, the City should: (1) boost market capacity by extensive citywide upzoning of residential and commercial zones; and (2) match this increased capacity with a mandate to build affordable housing in emerging market-rate buildings. To achieve these goals, this program will encourage market-rate housing developers to produce units versus paying a fee in lieu of performance. To ensure the broadest possible participation in this strategy, commercial, non-residential development would similarly be afforded additional capacity through upzones or floor area ratio (FAR) increases in exchange for payment of a commercial linkage fee. The details of this concept are in Appendix E.

As constructed, this strategy is expected to yield approximately 6,000 affordable units at or below 60% of AMI, in numbers exceeding other proposed strategies, including a citywide linkage fee. The HALA recognizes the complexity of this proposal, but firmly believes that the benefits associated with tying affordability to necessary upzones, locating new affordable units in high opportunity areas, and creating significant quantities of affordable units at or below 60% of AMI through partnership with market-rate developers outweigh the challenges of implementation.

R.2 Enact a Real Estate Excise Tax (REET) for Affordable Housing

Washington's REET is an excise tax imposed any time a property is conveyed to a new owner. It is assessed on the property seller, and levied as a percentage of the sale price. King County currently collects REET at the maximum rate allowed under state law: 1.78%. The state legislature should enact legislation that would allow cities, via Council action, to impose an additional REET, so long as it is specifically dedicated for affordable housing. This additional REET capacity, which the HALA recommends be 0.25% above and beyond the existing State cap, would allow local jurisdictions to capture a portion of the appreciation of real estate prices upon the transfer of property and reinvest it in affordable housing. This increased REET would provide a relatively stable source of funding for investments in affordable housing for low-income people.

R.3 Renew and Increase the Seattle Housing Levy

In 2009, Seattle voters approved, for the fifth time, a property tax levy dedicated to affordable housing for low-income residents. The Seattle Housing Levy is a cornerstone of the City's housing resources and is critical to addressing the housing needs of the most vulnerable people in our city. The Seattle Housing Levy funds affordable housing development and preservation, rental assistance to prevent homelessness and support for first-time homebuyers. The levy directs a significant portion of funding to homeless and extremely low-income households. Housing Levy capital funds are currently leveraged three to one, bringing other public, philanthropic and private resources for affordable housing to our community. The current \$145 million Seattle Housing Levy runs through 2016. The City should renew and double the size of the Seattle Housing Levy to provide more local resources to build and preserve housing for low-income people and to provide operating subsidies at the lowest income levels. Production of units serving homeless populations will need significant, ongoing additional federal, state and local funding for ongoing operations and services.

R.4 Renew and Expand the Multifamily Tax Exemption Program

Since 2004, the City of Seattle has administered a Multifamily Tax Exemption (MFTE) program that provides a property tax exemption to market-rate and nonprofit housing developers who build housing units affordable to renter households between 65-85% AMI. This program supports nearly 2,000 affordable units in mixed income buildings across the city. The current program is set to expire at the end of 2015. The City should renew the program while continuing to calibrate program requirements to achieve participation from a range of projects, including projects in areas with rapidly rising rents and areas with lower rents that provide the added value of economic development. The MFTE program should continue to target affordability to low-income households (roughly 60-80% AMI). In addition, the City should strengthen the program with the measures below.

- **R.4a Expand Residential Target Areas.** State law requires the MFTE program to be limited to designated Residential Target Areas (RTAs), which currently generally coincide with the boundaries of Urban Centers and Villages. To allow this program to create affordable units outside Urban Villages and Urban Centers, the City should expand eligible RTAs to all areas zoned for multifamily housing.
- **R.4b Expand Unit Types to Include Congregate Residences.** City code currently excludes congregate residences from MFTE participation. The City should include a congregate unit type to provide the tax exemption for smaller units restricted at lower affordable rents.
- **R.4c Promote Family-Sized Units.** Currently, the program addresses units with more than 2 bedrooms by applying the 2 bedroom rent and income limits but assuming higher occupancy

rates. In some cases, this could act as a disincentive to the creation of larger bedroom units because it requires deeper affordability than may be feasible. To address this, the City should adopt an appropriate income/rent requirement for 3 bedroom unit types that provides an incentive equal to that for building other types of units.

- **R.4d State Law Changes to Expand Affordability Options.** State law currently limits the tax exemption on a development that sets aside 20% of its units to a maximum of 12 years. This tool works well for creating units affordable at 65-85% AMI for a limited period of time, but creates a barrier for achieving longer-term affordability, or affordability to households with lower incomes. The City should pursue state legislation to create a more flexible program that allows a range of options, including options for up to 24 years of participation, to serve lower-income households in a smaller percentage of units, and to create the opportunity for projects to renew eligibility beyond the initial 12 year period.

R.5 Establish a Local Voluntary Employers Fund

Explore Partnerships with Employers and Major Institutions

Attracting and retaining workers at all skill levels is vital our economy, particularly in a time of robust job growth. Employers can and should be part of the solution to provide workforce housing for their employees in Seattle. The City should identify local employers willing to voluntarily contribute to a city fund that builds and preserves affordable workforce housing. This model has proven successful in other high cost areas, including in Silicon Valley, where scores of employers, employer foundations, state and federal housing agencies and private citizens have voluntarily donated to a trust fund for over a decade to address the community's full range of affordable housing needs, including but not limited to the needs of their employees. Building on successful models in other cities, the City should also explore partnering with major local employers and institutions to collaborate on innovative co-developments or social investment platforms.

R.6 Expand the State Housing Trust Fund

The Washington State Housing Trust Fund is a critical component of the funding system needed to build and preserve affordable homes in Seattle and an important source of leverage of the Seattle Housing Levy. The Housing Trust Fund provides funding for housing for low- and moderate- income households, people with special needs, seniors and persons with disabilities. The majority of housing funded with the Housing Trust Fund serves households with special needs or incomes at or below 30% AMI. In addition, the Housing Trust Fund supports weatherization and home repair programs like Energy Matchmakers, which can help decrease the cost of energy for low-income families. The state legislature should increase the size of the State Housing Trust Fund to help cities across the state create safe, healthy and affordable homes for Washington residents.

R.7 Reinstate the City Growth Fund

In 1985, City Council established a growth-related program to address the large amount of low-income housing being lost in Seattle's downtown area due to redevelopment. The Growth Fund used a set formula to calculate the amount of funding generated from property tax revenues tied to new construction downtown and used that revenue to acquire and rehabilitate existing low-income housing that was at risk of being redeveloped and to develop new low-income housing. The program was eliminated in 2002. The City should reestablish a citywide Growth Fund that dedicates a portion of the property tax revenue tied to new construction to the production of affordable housing. The City should

consider the impacts the scale of a growth fund could have on other critical general fund investments that relate to housing stability, including human services allocations.

R.8 Establish a Supportive Housing Medicaid Benefit

Some people in Seattle not only suffer severe mental or physical illness but also lack safe housing. For these people, among the most vulnerable members of our community, homelessness and health challenges reinforce and worsen one another. Research shows that for many of these people, permanent supportive housing – combining affordable housing with tenancy supports and housing case management for people with complex health challenges and long histories of homelessness — is the solution. The City’s ability to sustain and expand this resource of permanent supportive housing is constrained by the lack of adequate operating and services funding. In light of the opportunities created by the Affordable Care Act, Medicaid expansion and the State Innovations in Medicaid grant, the state should create, and the federal government should approve, a Medicaid benefit for services in permanent supportive housing for chronically homeless people with disabilities. This item should be included in the 1115 Medicaid Waiver currently being prepared for submission to the federal government by the Washington State Health Care Authority. The benefit would reimburse housing providers for tenancy support services that help Medicaid-eligible residents maintain stable housing, increase access to health care and reduce health care costs over both the short and long terms.

R.9 Hotel Tax on Short-Term Rentals

Following the lead of other jurisdictions, the City should, in conjunction with the county and state governments, explore regulating and collecting hotel taxes from short-term rentals such as Airbnb or VRBO. Under such an approach, short-term rentals would collect and remit taxes to the county that originate directly from guests as an extra charge on their bill, the same way that hotels collect them. In addition, the City should commit to dedicating these taxes to affordable housing.

R.10 Explore a Social Impact Investing Model for Housing in Seattle

The City should use the opportunities of significant regional growth in private venture capital activities to convene stakeholders to explore local opportunities for Social Investments in housing. This can include the use of social impact investments and social impact bonds. Social Impact Bonds use private investments to implement or expand prevention and early intervention social programs. Private investors can earn a financial return if programs achieve desired goals, as demonstrated by third party evaluators, and potentially reduce future government expenses for the target populations. Other jurisdictions have explored or piloted Social Impact Bond models that address various issues, including chronic homelessness, homeless children and jail recidivism. Social Impact Investments are usually loans provided by social investors to nonprofit organizations. Unlike grants and donations, these are loans which organizations repay and use to create real social impact. They can be used for a host of purposes, including capital investments.

Land Utilization Opportunities

L.1 Prioritize Use of Public Property for Affordable Housing

Quality infill sites for multifamily development are both limited and costly in Seattle, especially in areas that are desirable for their location efficiency and access to amenities. The City and other public entities own significant surplus and underutilized land that should be evaluated as resources that could be used for the development of affordable housing although Seattle Comprehensive Plan goals, such as open space, should also be considered.

The City should work with other jurisdictions including the State of Washington, King County, Port of Seattle, Seattle School District and Sound Transit, to create an inventory of public properties and evaluate these to determine potential opportunities for affordable housing.

For City owned property, the City should mandate that surplus and underutilized properties that are suitable for housing development be prioritized for affordable housing. It should explicitly allow the sale or lease of City-owned land at less than fair market value for affordable housing purposes, recognizing that this comes at a cost to other city needs and general funds.

When land is not suitable for housing development, the unrestricted proceeds from sale should be dedicated to affordable housing development. The City should also create a mandate for the co-development of affordable housing in conjunction with new public buildings and investments such as community centers, libraries, public schools, and other institutions of learning.

L.2 Support Strategic Site Acquisition for Affordable Housing

While proximity to transit hubs can be especially beneficial for lower income households, land in these prime locations can be prohibitively expensive for those who develop income- and rent-restricted housing. The City should expand resources available for site acquisition either directly or indirectly in the following ways:

- Explore establishing a Public Development Authority to purchase, receive, hold, and transfer properties for affordable housing development.
- Provide seed capital to the Regional Equitable Development Initiative (REDI) revolving fund to support land acquisition
- Explicitly allow the sale or lease of City-owned land at less than Fair Market Value for affordable housing purposes
- Use Sound Transit 3 funding to buy land around stations to increase ridership through provision of affordable housing.

Financing Options to Lower Costs of Building Affordable Housing

Current financing options for the development of affordable housing in Seattle limit the range of projects built and are restricted by the availability of public resources. The City of Seattle should develop new financing tools to increase public and private investment in income restricted housing. These tools should be based on strong underwriting thresholds and possible third party evaluation of borrower capacity.

F.1 Provide Flexible Low Cost Loans

Seattle has an established program and history of providing low-interest loans of City funds to help finance affordable housing development. To build upon this success, the City should expand its loan offerings to accommodate a range of project types, such as large projects that can support debt service on a subordinate permanent loan, or projects that only need short- to medium-term financing to reduce upfront equity investment. The City should explore a bond issue to seed capital to the loan fund, which could revolve and provide new loans as old loans mature or refinance.

F.2 Develop a Credit Enhancement Program

The cost of financing is a significant constraint on affordable housing development. The City's high credit rating provides an opportunity to lower the cost of financing to facilitate development, helping to achieve long-term affordability. The City should develop a credit enhancement program in partnership with multiple lending institutions, focused on increasing developers' long-term borrowing power for affordable and mixed-income projects. The program should be executed in a way that does not increase the development timeline and should have strong underwriting thresholds and third party evaluation of borrower capacity.

F.3 Explore Short-Term Lending

Fund balances maintained across the City of Seattle could provide a modest resource for short-term lending at a low cost. The City of Seattle's Office of Housing currently has a program that authorizes use of certain fund balances for this type of activity, but the use of these funds is generally limited by the availability of take-out financing. In the event there is a rise in demand for short-term loans, the City should research and thoroughly understand the potential and limitations of this resource; for instance, the length of time such funds could be outstanding, the expected interest rates charged by different funds over time and the rough order of magnitude of fund balances that would be suitable for lending.

II. MORE HOUSING

Recommended Strategies to Increase and Diversify Seattle's Housing Supply

Increase Opportunities for Multifamily Housing

Many Seattle residents and people who want to live in Seattle are frustrated in their search for an apartment, townhome, duplex or similar housing. Their opportunities are limited by the relatively small portion of Seattle's land zoned for multifamily housing (such as apartment buildings, condominiums, townhouses, duplexes, etc). In addition, only about 10% of the parcel land area is zoned for Lowrise (LR), Midrise (MR) or Highrise (HR)⁵ multifamily housing. In areas of the city where new multifamily development is feasible and where demand is highest (i.e., where people want to live, based on access to amenities, transit and other livability factors), development sites are in short supply.

MF.1 Increase the amount of land zoned for multifamily housing

The HALA Committee recommends devoting more land to multifamily housing especially in areas near amenities and services such as transit and schools. Any increase in development capacity should be tied to requirements for providing affordable housing.

There is a wide range of circumstances that present good opportunities to add or expand multifamily zoning in ways that complement neighborhoods, leverage existing resources and help the environment. New multifamily zoned land should be prioritized near green belts, open space and parks; near schools and community centers; and within walking distance of the frequent transit network. While an increase in multifamily zoned land to spur production of new multifamily housing is not expected to immediately decrease rents in the short-term, ensuring a growing supply of larger multifamily housing across the city can help to stem rent increases over the long-term. This strategy, which is expected to impact 6% of Seattle's Single Family zones (3% in urban villages and 3% in the walksheds described above) should be viewed as an investment in Seattle's overall housing market affordability for both current and future generations.

Strategies to preserve quality affordable multifamily housing and mitigate displacement must be a critical component of *any* plan for short- and long-term growth. There is risk of some increased displacement pressure in areas that are upzoned (that is, where zoning is changed to increase development capacity on a site). However, linking upzones directly to a requirement for affordable housing responds to some of the need that is fueled in part by growth. Additional strategies focused specifically on mitigating displacement will also be needed.

⁵ Zoning map of the City of Seattle: <http://www.seattle.gov/dpd/Research/gis/webplots/smallzonemap.pdf> and more information on zoning designations: <http://www.seattle.gov/dpd/codesrules/codes/zoning/default.htm>

MF.2 Expand the boundaries of Urban Villages to reflect walksheds for transit, amenities and services

The City’s designated Urban Villages are the places where the most new multifamily housing and other amenities like transit service, parks and libraries are directed according to plans and policies. Some Urban Village boundaries do not reflect logical and rational land use patterns or proximity to transit and services. The City should expand Urban Village boundaries to areas within a 10 minute walking distance to frequent transit. A 10 minute walk – or about ½ mile – is the rule of thumb distance for how far most people are willing to walk to transit. To address concerns that proposing zoning changes based on transit locations could result in misalignment of zoning if transit services move, change or are eliminated, the City should ensure that transit strategies are aligned with zoning changes.

The City should also expand Urban Village boundaries to areas adjacent to major community resources and amenities such as schools, parks, community centers and green belts. Locating a variety of multifamily housing types adjacent to these resources would allow more residents, with a greater variety of household sizes and incomes, to make full use of public investments in urban infrastructures, and it supports the livability of Seattle’s growing population of multifamily housing residents. The City should accomplish this action through policy and map changes in the major update of Seattle’s Comprehensive Plan, referred to as “Seattle 2035,” expected in early 2016.

MF.3 Increase housing options on single family zoned land within Urban Villages

Currently there are more than 800 acres and more than 6,500 lots zoned for single family homes within existing Urban Village boundaries. However, Urban Villages are the lynchpin of Seattle’s growth strategy, due to the concentration of community services, amenities and frequent transit in those areas. In order to increase the range of housing options and encourage the addition of new housing in appropriate locations, the City should convert land within Urban Villages zoned primarily for detached single family development to the City’s existing Residential Small Lot (RSL) zone⁶ or Lowrise⁷ multifamily zones. These actions would provide a greater array of housing options in order to accommodate a greater proportion of growth within Seattle’s Urban Villages.

MF.4 Add multifamily zoning to create transitions next to more intensive zones

Throughout Seattle there are places where mixed use or commercial zones back up directly to Single Family zones. This is most common within a block or two from arterial roadways. Lack of transitions between sometimes large commercial or mixed use structures and single-family backyards or side yards creates odd scale relationships and underused space. To create better transitions between areas allowing for higher and lower density, the block(s) just outside the higher density area should be converted to Lowrise multifamily zoning. These transitional areas will create new opportunities for multifamily housing. Generally, residents of new multifamily housing in these areas will benefit from proximity to services and transit corridors. The strategy will have positive long-term livability and urban design benefits by creating logical and sensitive transitions between high and low density areas.

⁶ http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/dpds021570.pdf

⁷ http://www.seattle.gov/dpd/cs/groups/pan/@pan/documents/web_informational/dpds021571.pdf

Maximize Housing Opportunities in Existing Multifamily Areas

In addition to designating new lands for multifamily housing, there are a number of ways existing zoning and building codes can be modified to maximize housing opportunities in places already designated for multifamily housing. The strategies below should be used in conjunction with the mandatory inclusionary zoning strategy as a way to ensure that any increase in density produces affordable housing.

MF.5 Modify height limits and codes to maximize economical wood frame construction

Wood frame construction is among the most cost effective new buildings for housing. This economical “Type V” building type can generally be built to 75’ when five stories of wood frame construction is built on top of a two-story concrete base. Height limits in the zoning code and to some extent limitations in the building code curtail construction in this cost-effective “sweet spot” – with a maximum number of stories that can be built safely and practically with low-cost wood framing. Fire and life safety protections require high rise structures that are 75’ tall and above to use more expensive concrete or steel framing, which adds to the per square foot cost of building.

- **MF.5a Change 65’ zoning code height limits to 75’ or 85’:** 65 feet is the common height limit in Seattle multifamily zoned areas and makes up 65% of all lands zoned for Commercial or Neighborhood Commercial. The City should change zoning code height limits from 65’ to 75’ to harmonize zoning regulations with maximum height for Type V wood frame construction in the building code. This change would allow buildings to maximize cost efficiencies in “Five over Two” construction and would allow another story of housing on some sites without dramatically changing the scale of development. An 85’ height limit could also be explored in conjunction with other adjustments to the building code to allow a sixth story of wood frame construction. An increase in height to 75’ (or 85’) would create significant value and should be tied to requirements for affordable housing.
- **MF.5b Consider increasing 30’ and 40’ zones:** Upzones within this increment would significantly lower the per square foot cost of building new housing. The same or similar investments in construction of a base story and infrastructure could support five stories of housing instead of two or three with this change. These increases in development capacity would create significant value and should be linked to affordable housing requirements.
- **MF.5c Consider building and fire code modifications to allow six stories of wood frame construction:** Distinct from the proposals above, the City should review the possibility of stretching economical wood frame construction even further. This could take the form of building code changes to increase the height limit or allowed number of wood frame stories. This action needs careful vetting to ensure fire and life safety protection. For examples, this could be accomplished by expediting review and approval of emerging building technologies

such as Cross Laminated Timber (CLT) as is being done in the province of British Columbia, and has been explored in demonstration projects in London and Melbourne.⁸

MF.6 Remove code barriers to small flats or apartments in some multifamily zones

In some of the Lowrise multifamily zones, townhouse or rowhouse forms of development are favored by the code over stacked flats (apartments or condominiums located on different levels in a building). This can limit production of potentially greater numbers of housing units, or limit the housing product to ownership units instead of rental units. The City should change the code to allow more stacked flats in all Lowrise zones.

MF.7 Focus on existing multifamily zoned areas with significant underused development capacity

Some parts of the city have multifamily zoning that is not being developed. These may be lower rent areas, including areas lagging in livability features and amenities. The City should identify these areas and focus livability components, such as streetscape improvements and parks, or other targeted incentives to spur housing development there.

MF8. Remove recently created barriers to the creation of congregate micro-housing

The Committee encourages the City Council PLUS committee to be prompt and diligent in its anticipated review of whether or where congregate micro-housing should be expanded (it is currently allowed in the NC-3 and above zones) and modify recently created barriers to the creation of congregate micro-housing by creating zoning and locational criteria that allow congregate micro-housing to be built by market developers in dense areas of Urban Villages and Urban Centers with 30' or 40' height limits. Current zoning criteria restricts congregate micro-housing to zones where the height limits and land cost make congregate micro-housing development unlikely.

Increase Access, Diversity and Inclusion within Single Family Areas

Approximately 65% of Seattle's land⁹ – not just its residential land but all its land – is zoned single family, severely constraining how much the City can increase housing supply. Among its peer cities, Seattle has one of the highest percentages of land dedicated *exclusively* to detached single family structures and a small number of accessory dwelling units. The exclusivity of Single Family Zones limits the type of housing available for sale or rent, limits the presence of smaller format housing and limits

⁸ Through local amendments to State and National building codes, Seattle currently allows one more story of wood frame construction over a concrete base (5), and greater maximum height of a wood framed structure from grade than most other cities in the country. Limits on the height and number of stories of wood structures are generally linked to two things: the maximum heights fire ladder trucks can access, and seismic/structural limitations on the forces wood framing can withstand. An independent Construction Codes Advisory Board (CCAB) approves any local amendments to the Seattle Building Code. In 2013 and 2014 an innovation committee of CCAB received presentations and had discussion of CLT advanced technologies. To approve CLT, further specific review by CCAB, as well as drafting of specific building code standards to demonstrate equivalent safety protections would be required.

⁹ excluding street ROWs and including parks and open spaces. See slide 41 at http://murray.seattle.gov/wp-content/uploads/2015/06/All_BackgroundDataSlides_4Nov14-FINAL-Updated-6-26-2015.pdf.

access for those with less income. Seattle’s zoning has roots in racial and class exclusion¹⁰ and remains among the largest obstacles to realizing the City’s goals for equity and affordability. In a city experiencing rapid growth and intense pressures on access to affordable housing, the historic level of Single Family zoning is no longer either realistic or sustainable.

SF.1 Increase Supply of Accessory Dwelling Units and Backyard Cottages

Although both types of accessory units are allowed¹¹, citywide production has been lower than expected. Only about 1% of single family lots have an accessory dwelling unit (“ADU”), and only 159 backyard cottages (also known as detached accessory dwelling units, or “DADUs”) have been built since they were legalized in 2010. ADUs and DADUs can help provide housing in a number of ways. Accessory units are a good option for extended family or for the sharing of housing resources. They allow homeowners to earn additional income which can help some homeowners stay in their homes. ADUs and DADUs can also provide an additional rental housing option in family-friendly parts of the city and can be constructed in keeping with neighborhood scale. The opportunity is large, since there are roughly 120,000 single family lots in Seattle. ADUs and DADUs are expected to serve moderate income households in the 80% to 120% AMI range.

SF.1a Remove Barriers Code Barriers to Accessory Dwelling Units and Backyard Cottages

Although both Accessory Dwelling Units and Backyard Cottages are allowed in Single Family zones, several of the associated land use regulations are deterring their production in significant quantities. Some of the land use code regulations that are in place function as a barrier for a homeowner to take on adding an accessory unit to their home. The same code barriers may not be providing a strong public policy benefit. Therefore, in order to boost production, the City should remove specific code barriers that make it difficult to build ADUs and DADUs:

- Remove the parking requirement. Currently, an off-street parking space must be created for an additional ADU or DADU.
- Remove the ownership requirement. Allow both the accessory and principal unit to be rented. Currently, the owner must live in one of the two. The ownership requirement is a barrier to securing financing to build an ADU/DADU. Explore the opportunities and implications of Unit Lot Subdivision which would allow separate ownership of the primary dwelling and the accessory dwelling.
- Allow a single lot to have both an ADU and a DADU. Currently only one is allowed.
- Make minor modifications to remove barriers within existing development standards for DADUs, such as height limits, setbacks, maximum square footage, and minimum lot size to ensure constructability.

Removing these barriers is expected to boost production of ADUs and DADUs to levels in the range of 5% or more of all single family lots within 10 years, which could produce 4,000 or more new homes.

¹⁰ See discussion of racial restrictive covenants in Seattle.
http://depts.washington.edu/civilr/covenants_report.htm

¹¹ ADUs were legalized citywide in 1994 and DADUs in 2010.

SF.1b Create Pre-approved Standard Plans for Backyard Cottages

Most homeowners are not in the design or construction business, so taking on a DADU construction process can be daunting. The City should make this process easier by creating a set of pre-approved plans for Backyard Cottages. The City should sponsor a design competition or call for submittals from architects or designers that could be broadly publicized to help increase awareness and interest in backyard cottages. The catalogue of pre-approved plans could include a wide range of options including plans to meet a variety of site conditions, pre-fabricated or modular homes, or other options. Once pre-approved, homeowners could easily access the pre-approved plans by selecting from a catalogue or online resource, and they could be potentially provided at no cost. Pre-approved plans would allow a homeowner to receive a permit ‘over-the-counter’ from DPD.

SF.1c Develop a clemency program to legalize undocumented ADUs and DADUs

Due to strong demand for housing options, there are a large number of unpermitted informal ADUs and DADUs in Seattle’s single family neighborhoods today. The City should provide an opportunity for these units to be legalized, so that the ADUs and DADUs become subject to the City’s Rental Registration and Inspection Ordinance (RRIO) and the City can ensure these units are safe. Legalization would also provide occupants with better access to tenant protections regulations and allow the City to establish accurate counts for housing planning and policies. The City should create a clemency program for a set duration and invite owners of unpermitted units to receive free permits to legalize and document these existing units with the City. The clemency program should occur after other remaining code barriers – such as the ownership requirement – are removed.

SF.2 Allow a Broader Mix of Lower Density Housing Types within Single Family Areas

The City should allow more variety of housing scaled to fit within traditional single-family areas to increase the economic and demographic diversity of those who are able to live in these family oriented neighborhoods. The broader mix of housing would include small lot dwellings, cottages or courtyard housing, rowhouses, duplexes, triplexes, and stacked flats. Although a broader variety of housing would be permitted, the total amount of “massing” or building area on a single lot should remain the same (excluding ADUs and DADUs). This does not eliminate the option of single family housing; rather, it increases the opportunities for more efficient use of very limited land resources. The program could take the form of land use code changes, or it could begin as a pilot program with a limited time period and a maximum number of units. At the conclusion of a pilot phase, final code changes should be developed based on the best examples. The City should also explore methods to create affordability restrictions, perhaps through community land trusts, in these new housing types.

This low-density use would be less intense than the Lowrise 1 multifamily (LR1) zone. The City could also modify and expand use of the Residential Small Lot (RSL) zone that is already in the Land Use Code. The City should allow units in a duplex or a triplex to be separately owned, as well as allowing a traditionally scaled single family structure to be occupied by multiple different households in different units within the structure. This strategy is consistent with the HALA recommendation to promote homeownership opportunities within the city (Strategy H.1).

New housing types produced in single family areas are expected to serve moderate income households above 80% AMI and represent increased homeownership opportunities and more family-sized housing. While homes produced are not expected to be affordable at lower income levels, they should be significantly less expensive than new large detached single family structures – the only other type of new housing commonly produced in single family areas. The program could also make development of new housing more feasible in some of the lower cost single family areas of the city.

While strategies to increase flexibility and variety in Single Family zones have strong potential to improve housing affordability and access, some question whether they go far enough to remedy past racial and social injustice. Limiting the locations where new flexibility would apply could continue patterns of exclusion. And in the absence of specific affordability restrictions, it may not be certain that expanding housing types would result in housing opportunities for households with incomes generally between 80-120% AMI and persons of color. Therefore, monitoring of efforts to diversify housing options in single family areas should be included as the strategies are implemented. This monitoring would also be consistent with Seattle’s Race and Social Justice Initiative.

SF.3 Allow Flexible Reuse of Large, Unique Development Sites

When former school sites, church properties, military installations, publicly owned lands, corporate campuses among others are ready for redevelopment, these sites are often not zoned to allow multifamily housing. When they become available, these sites present a good opportunity for infill housing. There is a strong connection between this land use action, and other actions described in this report to encourage the use of surplus public property because many publicly owned properties that become available are not already zoned to support housing.

The City should revise the Planned Residential Development (PRD) zoning tool to enable denser multifamily housing through a master plan (not a rezone), and to allow its use without requiring City Council action. The current requirement of a City Council vote to approve a PRD results in high uncertainty and long approval timelines due to the volatility of land use decisions when they become politicized – especially when there is strong localized advocacy against a development. A revised PRD should still include a strong public outreach component that would take place during the review of a coordinated master plan – including the Design Review process and other community engagement as needed. In order for a developer to access this tool, the City should require the inclusion of rent- and income-restricted housing. The City should ensure that the affordable housing produced is at a very low income level (such as 60% AMI and below), and that it has a long term or permanent affordability (such as 50 years). This tool could be used in conjunction with strategies below to create opportunities for permanent affordable homeownership units.

SF.4 Oppose Neighborhood Conservation Districts

During 2015, a proposal to establish a Neighborhood Conservation District program was brought for Council consideration. The program would allow groups of property owners in single family areas and lowrise multifamily zoned areas to establish conservation design guidelines that would be specific to areas as small as a block or two. As proposed, the guidelines would limit architectural style of new development in those areas and the program would set up an additional review panel that would need

to give approval before building permits could be issued for infill development or alterations. The HALA recommends that the City not establish a Neighborhood Conservation District program as currently proposed. Such a program could reduce the areas of the city available to increase housing supply and affordability, and is thus at cross purposes with other recommendations in this report. The program could make approvals for new housing more time consuming and expensive. The program could also be used to limit the diversification of lower density areas of the city by creating a new avenue for existing homeowners to oppose the addition of new infill housing in their neighborhoods.

Promoting Family Friendly Housing

Seattle has a very low percentage of families with children compared to peer cities and the remainder of King County. Most new multifamily housing consists of only studio and one bedroom units. Many families can't find housing that meets their needs that they can afford. HALA recommends increasing production of new family-friendly rental housing – both affordable and market rate – primarily through funding priorities, and secondarily through zoning tools.

FF.1 Formalize family-sized units and/or family-friendly housing design

The City should establish clear criteria in the zoning code for family-sized housing units or family-friendly housing design features. With these criteria in place, family housing can be supported through incentive zoning or other programs. Criteria could include minimum unit size and/or number of bedrooms for a family-sized unit. Another approach could be to create family friendly design guidelines to encourage a broader range of family friendly design features, like sightlines to useable open space, stroller-friendly entries, or mudrooms.

FF.2 Maintain a family-friendly housing focus when implementing other housing actions

A number of the other recommendations in this report can be tailored to help support families. For example, the Multifamily Tax Exemption (MFTE) program categories should be recalibrated so that the incentive for 2-bedroom units is stronger and 3-bedroom and larger units are encouraged. As new resources to build housing become available through other actions, the City should prioritize programs that house families most in need. Land use actions, particularly those that expand housing options in Low-density zones and Low and Midrise Multifamily zones, can also support more opportunities for family housing.

Three bedroom or larger units in market-rate multifamily buildings make up only 2% of the existing supply and only half of those, or 1%, are affordable to people at 80% of AMI. In order to encourage market-rate developers to build 3 bedroom or larger units, greater incentives should be provided as part of incentive zoning to developers who include family-sized units in their developments. One way this could be achieved would be through exempting some number of 3 bedroom units from the Floor Area Ratio calculations.

In addition, the HALA recommendation for an increase in multifamily zoned lands with an emphasis on additional Lowrise zones, can spur more affordable alternatives for families if specifically done for that purpose. The City should explore new tools to help ensure that the development capacity added through rezoning actually yields a greater supply of family sized housing. For example, the City could look at how it might implement a family-friendly multifamily zoning classification.

FF.3 Family-sized Housing Action Plan

In 2014, the Seattle Planning Commission released a thorough *Family Sized Housing* report. The report recommended that the City develop, fund and monitor a plan specific to housing families in order to more fully understand family housing needs and to arrive at effective solutions to support families staying in Seattle. Actions could include researching best practices in other cities, adopting and monitoring a goal for production of new family-sized units in multifamily housing, researching trends to better understand changing housing needs and preferences of families with children, and/or appointing family constituents to key housing, land use and urban design advisory boards.

Reduce Housing Costs by Reforming Off-street Parking Policies

City requirements that developers provide quotas of off-street car parking for each residential unit they construct are a little-attended but critical factor in Seattle's housing affordability challenge. Parking quotas are a major driver of the construction cost of new housing, especially of small dwellings in more-urban zones. They can dramatically constrain the supply of new dwellings built, because off-street parking requirements consume large shares of building lots. Off-street parking requirements or quotas have a large impact on the financial viability of new housing for both market and affordable housing development. Parking quotas act as density limits, inflate the average size and price of housing units, and prevent some smaller properties from being developed altogether. The City should review parking policies and requirements to make sure they support housing affordability. This work should be tailored to recognize that parking challenges can vary widely by neighborhood.

Prk.1 Reduce parking requirements for multifamily housing outside of Urban Villages or Centers

Development in multifamily zones outside of Urban Villages and Centers must provide one parking space for each housing unit (except when the frequent transit reduction discussed below is applied). Recent research shows that throughout Seattle, multifamily buildings continue to have excess parking capacity. The City should consider reducing parking quotas further in circumstances when a project outside Urban Villages and Urban Centers are served by frequent transit, or if the housing is near other services or community resources.

Prk.2 Do not re-introduce parking mandates in Urban Villages or Centers

There is typically no requirement to build new off-street parking when housing is developed in Urban Villages and Centers. The City should maintain this policy of not requiring off-street parking in Urban Villages and Centers as reintroducing parking mandates would increase both the cost and reduce the supply of housing.

Prk.3 Definition of Frequent Transit Service

New housing development in multifamily zones that are outside of Urban Villages and Centers can access a 50% reduction in their parking quotas if the site is within ¼ mile of a frequent transit stop. In the past, averaging of the transit service schedule at a stop or station could be used to meet the criteria for frequent transit service. A recent Hearing Examiner decision invalidated the averaging technique making fewer potential project sites eligible to access the parking quota reduction. The City should pass legislation to clarify and change the code to allow averaging. This change will allow production of more housing and reduce the cost of the construction by requiring fewer costly parking stalls to be built.

Prk.4 Remove the parking requirements for smaller format housing types in single family areas

The Low Density Residential Zone described above would introduce into single family areas a variety of smaller format housing such as cottages, courtyard housing or small duplexes or triplexes. Fitting additional housing on a lot while maintaining the character of a single family neighborhood might not be possible if a new parking space for each dwelling is also required. To make these innovative housing types work, the 1:1 parking requirement should be reduced or removed. The City should not require parking for these new low-density residential housing types.

Prk.5 Consider removing the parking requirement for single family homes

As urban residents begin to benefit from increased access to transit, the efficacy of requiring one off-street parking space for every single family home should be evaluated. The space occupied by an off-street garage or parking space could be used instead to accommodate space for housing, including an accessory dwelling unit. The most common parking configuration – a driveway and curb cut accessing a garage from the street – occupies curb space that could be used to provide a parking space on the street. A 1:1 parking requirement eliminates exactly as many on-street spaces as it mandates off the street, causing no increase in parking supply, bisecting sidewalks with countless driveways, and uses buildable housing space for redundant (and expensive) parking. Therefore, the City should consider removing the parking requirement for single family homes.

III. MORE SUPPORTS FOR COMMUNITIES

Recommended Strategies for Preserving Housing and Increasing Access for Vulnerable Tenants and Homeowners

Renters become increasingly vulnerable in a competitive rental market with rapidly escalating housing costs. These recommendations support housing affordability through preservation, tenant protections and increasing access to housing. They include engaging private and nonprofit landlords in serving more renters with barriers and providing landlord supports. A number of these strategies seek to address racial inequity.

Launch a Proactive Preservation Effort

Cities are in a constant process of depreciation and renewal. Old buildings come down; new ones go up. In Seattle right now, we are in a phase of demolition and construction, as the city’s population and economy grows. The redevelopment process can cause displacement. When older housing is demolished, the previous tenants rarely can afford the significantly higher rents of newly constructed housing. Efforts to mitigate displacement, without interrupting housing growth critically needed to keep pace with strong demand in our city, must be a foundational element of Seattle’s housing strategy.

Every year the city loses some amount of less-expensive private market housing due to demolition, and redevelopment, fueled by rising demand in neighborhoods across the city. Additional affordable housing is sometimes lost through expiring use restrictions. The reality of ongoing displacement of low-income households and the need to mitigate its impacts – was a consistent theme in many HALA discussions and a major concern raised in the public forums. This attention to displacement was particularly acute, especially given concerns that the impacts of displacement are felt disproportionately by communities of color. While the City is planning for growth and new development, the City must also institute a fully funded preservation strategy to reduce displacement and minimize the loss of affordable housing.

P.1 Pursue Opportunities to Acquire and Finance Existing Affordable Multifamily Housing

The City should commit financial resources to empower the Office of Housing to lead an expansive preservation effort. This effort would involve seeding a large-scale fund to finance activities such as the acquisition/renovation of multifamily properties. This effort should signal an expansion in the mission of the Office of Housing to oversee Seattle’s broader affordable housing inventory and ensuring the necessary staffing for the Office of Housing to lead the effort. The effort should strive to take advantage of acquisition opportunities in areas of the market that remain affordable, but that are at risk due to increasing market pressures across Seattle.

P.2 Make Strategic Investments to Minimize Displacement

The City of Seattle should work with communities to identify areas of the city where residents and cultural communities may be at risk of displacement. In areas of high displacement risk, the City should strategically deploy geographically targeted preservation strategies and increase affordable housing development to reduce displacement, enhance community anchors and support other public investments in economic development, parks and transit. In addition, the City should identify areas of high opportunity and make strategic investments in affordable housing to improve equitable access to neighborhoods. Data analysis and effective community outreach will help identify how growth may

benefit or burden marginalized populations and should inform potential strategies to lessen impacts and maximize opportunity for marginalized populations.

P.3 Pursue a Preservation Property Tax Exemption

A property tax exemption could be an effective tool for motivating private landlords to preserve and create even greater affordability in existing housing, while also ensuring that the housing is available to those who need it most. The City should capitalize on the success of the MFTE program and pursue State legislation to provide a targeted property tax exemption to existing property owners who agree to income and rent restrictions within their properties for a minimum period of time. This tool could be targeted to properties at greatest risk of rent increases (e.g. those in close proximity to job and transit hubs) or applied in conjunction with an acquisition/renovation project.

P.4 Engage Private Owners with New Financing Tools and Technical Assistance

Some owners who operate rental housing that is currently priced for lower income tenants are faced with a tradeoff between raising rents and making much needed improvements, or selling their property due to an inability to obtain needed financing when major repairs are required. As part of expanding its preservation efforts, the City should develop and market a low-cost rehab loan program to complement its existing weatherization grants. This program would provide a compelling incentive for existing owners to improve their properties in exchange for an affordability covenant. Effective outreach, marketing and technical support will be critical components to the success of the program. The City should build on the success of its weatherization program by helping owners through the contracting process and with ongoing program compliance.

P.5 Mitigate the Impact of City Code Requirements: Unreinforced Masonry Buildings and Rental Registration and Inspection Ordinance

The City administers a number of codes that affect existing buildings, and should seek to mitigate the impact of code requirements that could unintentionally cause a loss of affordable housing. For example, the City has been considering a mandate that unreinforced masonry (URM) buildings undergo a seismic retrofit to reduce the risk of injury and loss of life in the case of an earthquake. URM buildings are found in many of the city's oldest neighborhoods and commercial centers. A portion of these may not be able to withstand the financial impact of a code change without greatly increasing rents or being compelled to sell. Similarly, the Rental Registration and Inspection Ordinances (RRIO) aims to register and inspect all rental dwellings in the city of Seattle on a ten-year schedule, so that those few truly unsafe living spaces are removed from the market or upgraded by their owners. As these programs are implemented the City should take action to preserve strategic assets and work with communities to explore ways to mitigate the financial burden of these code requirements.

Increase Tenant Supports

T.1 Increase Access to Housing for People with Criminal Records

An estimated one in every three to four adults in the US has a criminal record which can have a lifelong impact on access to housing. Persons with a criminal record, who are disproportionately lower income and people of color, need fair access to suitable housing options. Studies show that people with stable housing are more likely to successfully reintegrate into society and less likely to reoffend. The City should pursue a combination of local legislation, education, and technical assistance to ensure fair access to Seattle's housing options for people with criminal records. Any legislation should provide fair access to people with criminal records yet protect property owner's rights and interests.

T.2 Explore Local Rental/Operating Subsidies to Serve the Lowest Income

Affordable housing financing tools are insufficient alone to create housing affordable to households with the lowest incomes, and traditional federal subsidies to help serve this population such as public housing and Housing Choice Vouchers (Section 8) have stagnated in recent years. For the foreseeable future, federal housing subsidies alone are insufficient, as they currently address less than 25% of identified, local needs. Together with the expansion of financing tools generally designed to create new units affordable at or below 60% AMI, the City, in partnership with the Seattle Housing Authority, for-profit, nonprofit affordable housing providers, and private market landlords, should explore using City funding to expand rental/operating subsidies to help further subsidize units to serve households with extremely low incomes. This may include short term operating subsidies and/or long-term targeted subsidies.

T.3 Increase Tenant Counseling and Landlord Education Funding

The City should fund agencies and organizations that provide general landlord-tenant education and outreach for tenants or landlords. The City should also fund legal aid assistance for lower-income landlords and tenants.

T.4 Allow for Local Portability of Tenant Screening Reports

People seeking to rent housing pay for a screening report each time they submit an application. For low-income and homeless people, the cost of these reports can mount and become a barrier to securing housing. Portable screening reports, based on standard criteria for a comprehensive screening report, will reduce costs for tenants and preserve landlords' interest in receiving complete, high quality reports. Legislation on this issue has been introduced several times at the state legislature but has failed to become law. Absent adoption of state legislation, the City should bring together tenant advocates, the screening report industry, and local landlords to collaborate on providing a solution for portability.

T.5 Increase Impact of Tenant Relocation Assistance Ordinance (TRAO)

Displacement of households due to demolition, substantial rehabilitation, or change of use is more common during times of rapid redevelopment. Due to high housing costs, displaced lower income tenants have difficulty finding replacement housing in Seattle. The TRAO program currently provides a payment of \$3,255 to tenant households earning \leq 50% AMI to help them secure new housing. The City should increase the effectiveness of the TRAO program by:

- Providing assistance to tenants with language barriers or those suffering from mental illness or cognitive disabilities.
- Revising the definition of “tenant household.” Under the existing definition, all low-income tenants on a lease are treated as members of one household and granted only one quota of relocation assistance, even if they are roommates who do not intend to seek housing together again.
- Developing legislation that seeks to prevent a practice of evading the TRAO ordinance by significantly increasing rents so that tenants choose to move prior to demolition, substantial rehabilitation or change of use that would trigger TRAO eligibility. The legislation should give the City the authority to collect fines from those who engage in this practice.

T.6 Support the Landlord Liaison Project

Many homeless individuals and families have access to housing vouchers, but have credit issues, a history of evictions or criminal records which can act as barriers to accessing housing in the private market. The King County Landlord Liaison Project (LLP) is a partnership among landlords and property managers, service providers, and homeless individuals and families. Participating landlords agree to apply alternative screening criteria to applicants referred for housing through this program. In exchange, social service agencies provide continuing support services to LLP tenants and respond promptly any time a landlord has concerns. These services ensure that tenants and landlords receive support and assistance. The City should explore whether there are ways to increase access to private market housing for homeless people by enhancing the Landlord Liaison Project.

T.7 Explore Solutions to Housing for People Exiting Incarceration

Most people sentenced to prison in Washington state are required to provide a reasonable and safe release plan that identifies where they will live. Some find that after paying their debt to society, they do not have any release options due to a lack of family or community support, a lack of suitable housing options, or simply a lack of funds to pay for housing. The City should convene stakeholders to explore housing solutions for people leaving incarceration and re-integrating into the community, including incentives for private market housing and additional resources for publicly funded housing.

T.8 Restore Community Service Officers

Community Service Officers (CSOs) are civilians employed by the Seattle Police Department who act as helpful intermediaries to resolve conflicts among landlords, tenants, the Department of Planning and Development, and the police. The police department eliminated its CSO positions during budget cuts a number of years ago. The City should restore the CSO program to help resolve landlord-tenant conflicts.

T.9 Explore Effects of Housing Costs on Protected Classes

The City should explore available data on protected classes within Seattle to determine how they have been impacted by displacement from rising rents and the impact of public resources that have been deployed to address such displacement. If additional data are needed, the Seattle Office for Civil Rights could work with a reputable academic institution to collect further data to inform policy and fair housing efforts.

T.10 Expand Source of Income Protection

Renters who receive a verifiable source of ongoing legal income, such as Social Security, child support, Supplemental Security Income (SSI) and Housing Choice vouchers (or any other governmental or nonprofit subsidy) deserve a rental environment that treats these types of income fairly. Currently, it is illegal under the City's Fair Housing law to discriminate against a tenant based on the use of a Housing Choice voucher. The City should expand protection to include other verifiable sources of income. Representatives of the City of Seattle, tenant advocates, and local landlords should collaborate in determining which additional sources of income should be protected.

Promote Sustainable Homeownership

As the cost of buying a home in Seattle continues to increase, it has become more challenging to provide opportunities for low-income homebuyers to purchase homes in Seattle. Housing prices in Seattle have risen to such astronomical levels that city funds dedicated to allowing at least a few low-income households to reap the benefits of homeownership are stretched extremely thin. Still, the HALA committee supports maintaining a modest, targeted program of supporting homeownership.

H.1 Support Permanently Affordable Homeownership and Stewardship

Permanently affordable homes are a lasting community asset enjoyed by many low-income households over time. The City should explore models to develop permanently affordable homeownership units, including expanding the utilization of models such as land trusts, to preserve ongoing homeownership opportunities in an increasingly expensive housing market. The City should integrate affordable homeownership into its surplus property strategies. This strategy should be accompanied by an appropriate stewardship mechanism to ensure long-term affordability, including a revenue source to pay for stewardship over the long-term.

H.2 Explore the Development of a Sharia-compliant Financing Product

Limited options for financing a home purchase are available for Muslim households who abide by Sharia law, which prohibits the payment of interest or fees for loans of money. The City can help fill this gap by convening lenders, housing nonprofits, and community leaders to explore how the market might develop Sharia-compliant loan products. The City should evaluate current available loan products to determine barriers to their use due to religious or other restrictions.

H.3 Seek to Remove Barriers to Condo Development

Condominium developers are subject to an implied warranty for construction under the State's Condominium Act. Courts in Washington have interpreted the statutory language broadly, resulting in a plethora of law suits against condo developers, a chilling of condo development in the state, and - often - adverse consequences for the condo owners, despite significant improvements in condo construction practices. The City should work with the University of Washington's Runstad Center to explore options to stimulate the condo development market, including revising the warranty scheme in the Condo Act. Areas to explore include working with the state Insurance Commissioner to develop a condo defect insurance program such as exists in British Columbia, and establishment of a board of professionals to review warranty matters before litigation is commenced.

H.4 Increase Impact of the Down Payment Assistance Program

Buying a home in a high cost market is out of reach for most low-income households. The City currently operates a program to provide down payment assistance to help low-income people at or below 80%

AMI purchase a home in Seattle. Even with support from City and other programs, low-income buyers struggle to compete in Seattle's real estate market. The City should conduct a review of its program policies and learn more about the needs of low-income buyers to identify whether there are opportunities to create efficiencies and increase opportunities for potential homebuyers to become successful homeowners.

H.5 Enhance Programs to Preserve Homeownership for Low-income Homeowners

The City should explore ways to help low-income homeowners in need remain stably housed. In addition to the existing HomeWise Weatherization Program and the Home Repair Loan Program, the City could explore creating a pool of funds for higher risk home repair loans or helping homeowners with their housing costs when temporary financial hardships (such as a medical crisis) threaten their housing stability. The City should also explore providing additional resource support to supporting low-income seniors at risk of displacement.

H.6 Support Coordinated, Culturally Appropriate Homebuyer Education

Buying a home is a process, not an event. For many people, months, if not years, pass between taking the first step of completing a homebuyer education class and actually buying a home. The City should build on its current funding for Homebuyer Education and Counseling program by supporting a coordinated system of intakes, referrals, financial counseling and other support for homebuyers, which would be designed to help homebuyers successfully navigate and complete the entire home buying process, even if the process is lengthy. Counseling and education must be culturally appropriate and available in multiple languages.

IV. MORE INNOVATION

Recommended Strategies to Create Efficiencies in Housing Production

To meet the challenge of tripling housing production, we must rely on the innovation and creativity that have defined Seattle’s success. This means creating more streamlined approaches to the rules and processes that could allow housing development to occur more efficiently and cost effectively. It also means embracing the ideas described in the prior sections of this report: fostering new partnerships for subsidized housing development; innovation in housing types allowed in lower density zones; the creation of Medicaid-based housing supports; ensuring access to Sharia-compliant loan products that promote increased homeownership.

Reform the Review Processes

Construction of housing requires permits from a range of different agencies within the City of Seattle – Department of Planning and Development (DPD), Seattle Department of Transportation (SDOT), Seattle Public Utilities (SPU), and Seattle City Light (SCL). Long permitting processes and unpredictable timelines make housing projects difficult to develop and add to the cost of new housing. It is estimated that if significant reforms were made to Design Review and Historic Review, and improvements were made to the predictability of permitting within and between departments, total timelines for a complex multifamily development could be reduced by up to 2 months, and cost savings could total up to \$4,000 per housing unit.

RP.1 Reform the Design Review and Historic Review Processes

Seattle has operated a Design Review program since 1994. Most multifamily and mixed-use projects undergo design review by an appointed citizen Design Review Board. Design review addresses elements of project design such as overall appearance of the building and how the proposal relates to adjacent sites and the street. Benefits of design review include better collaboration between developers and community members, improved design outcomes, and opportunities for flexibility in application of land use code standards. Design Review is administered by the DPD.

Separate from Design Review, Seattle has established eight historic districts and has operated historic district reviews since 1970. The appearance and historical integrity of structures and public spaces within each district are regulated by a citizens’ board and/or the Landmarks Preservation Board in accordance with historic design review guidelines. Historic District review is overseen by the Department of Neighborhoods (DON).

Some builders and designers report design review and historic district review substantially increase the timeline and cost of obtaining land use permits, which raises the cost of building housing. Design review and historic review are among the primary drivers of the permitting timeline, because they must be completed before other building and utility permits. As discretionary processes, design review and historic review are sometimes unpredictable, which can lead to cost increases and high development contingencies. A complex multifamily project with design review or historic review takes on average 14 months from permit application to building permit issuance.

The City of Seattle should make reforms to the design review and historic review processes to improve predictability and consistency, including:

- Make procedural changes to improve 2-way dialogue at board meetings
- Change Design Review board structure for more available review times and more professionalism of boards
- Provide training to all Design Review and Historic Review board members, and all program staff members to allow them to consider the impacts of their decisions on housing costs
- Limit commentary on aspects outside the purview of the Design Review or Historic Review program
- Limit extent of packet materials, and number of meetings.
- Increase accountability of individual planners and historic review board staff members
- Reevaluate the structure and procedures of the historic districts preservation boards to ensure code compliant development projects are able to proceed through permitting on an efficient timeline.

RP.2 Reduce the number of housing projects subject to SEPA

Washington's State Environmental Policy Act (SEPA) (RCW 43.21C.229) requires cities to establish thresholds for when a development must complete a project-specific SEPA analysis as part of their permitting processes. SEPA requires projects sponsors to analyze a range of potential impacts including Transportation, Water, Air, Habitat, Noise, Light, Land Use, and Public Utilities. In the past, the city relied on SEPA to help it address topics for which codes did not provide sufficient protections. As the City has developed more specific codes, the importance of SEPA has diminished. Existing regulatory requirements, which address most of the issues in a SEPA review, include environmental critical areas rules, shoreline rules, grading and drainage codes, stormwater regulations, parking codes, design review, land use/zoning code, noise codes, transportation mitigation programs, energy code, building code, and historic preservation provisions.

Today, SEPA analysis rarely changes the outcome of development within urban areas. Research on development in Seattle from 1995-2010 found few examples of mitigation required through SEPA that was not already required by other codes. SEPA is used more often to obstruct rather than promote sustainable development. SEPA challenges can increase the cost of housing by raising development costs and knocking some proposed new buildings out of the permitting queue. To facilitate housing construction, Seattle can raise SEPA thresholds to reduce the number of housing projects that must undergo this review. The City should perform a comprehensive review of projects that have gone through SEPA to determine the scale below which it is uncommon for projects to have conditions placed on the development. Projects sizes that typically do not generate conditions should be exempt from SEPA review. The City should also adjust the SEPA thresholds based on new Comprehensive Plan (Seattle 2035) growth estimates.

RP.3 Improve Interdepartmental Coordination

To build in Seattle, developers must first obtain permits from at least 3 departments of city government. Running the permitting gauntlet commonly takes 10 – 14 months from permit application to building permit issuance for a complex multifamily development, and adds thousands or tens of thousands of dollars to the cost of each new dwelling. Each of the permits required has a legitimate purpose, but the

city could dramatically speed housing construction in Seattle, lower its cost, and temper housing prices by better coordinating the way these public agencies process permit applications. The city created the Preliminary Assessment Tool and the Development Services Office of SPU to improve coordination of permit processing. However, projects still get stuck in one in-box or another. To further improve interdepartmental coordination, the City can ensure full staffing by all reviewing departments (DPD, SCL, SDOT, SPU) at the pre-submittal conference and in Preliminary Assessment Reports (PARs). The City can also improve the timing and coordination of utility service application review with other permits to avoid mandates for changes in the field at time of inspection.

RP.4 Increase the predictability of utility charges

Some builders and designers of housing report that they have little way to predict how much city utilities will charge them in fees due to a lack of clarity and transparency in fee structures. Sometimes, housing developers do not know what the utility fees are until the building is complete, the project's books are closed, and a bill arrives in the mail from a utility – sometimes for many thousands of dollars. Uncertainty is a cost—a damper on investment—and it raises the price of housing. If utility charges were more predictable, project costs could be reduced up front. In particular, charges from Seattle City Light (SCL) for electrical service connections, including mandates for late changes to utility vault sizing or location, have been cited as a source of unpredictability. Late billing is particularly problematic for nonprofit affordable housing developers. The City can improve the transparency of fee structures, provide an early cost estimates on request, and instruct SCL and SPU to set timely deadlines for billing.

RP.5 Provide Staffing Contingencies

Housing construction tends to surge and lag. It's a cyclical industry, subject to interest rates and the vagaries of regional trends in population and income growth. The City's permitting agencies, meanwhile, have a hard time staffing their permit application review teams in sync with market trends. If the City could staff up—and down—quickly in step with the ebbs and flows of construction, the permitting timeline could be reduced during peak activity. The bulk of the funding for permit review staff – particularly in the DPD comes directly from permit application fees. During busy development cycles DPD needs additional staff to keep up with the pace of development; however, there is significant lead time between when an uptick in permit fees (applications) are collected and when DPD can hire and train new staff. This can lead to permit timelines increasing due to backlog at the very time when there is the most demand to build more housing.

To ensure consistent staffing through development cycles, the City should establish a non-permit revenue dependent funding source, such as General Fund, or as contingent budget authority, to create a reserve so reviewing departments can ramp up staff during the busiest times. This approach would allow the city to begin ramping up review staffing in advance, or at the beginning of a development cycle, to keep up with demand.

Create Efficiencies in Construction

E.1 Pre-fabricated and Modular Construction

The cost of physical construction is the largest portion of what it costs to build new housing. To reduce the cost of new housing, the City should make changes to building codes to allow the use of new building technologies like Cross Laminated Timber (as described above) and other innovations to maximize the efficiency of constructing new housing. The City should continue to support modular and

pre-fabricated construction because of its potential to substantially compress the timeline of the construction.

Explore Comprehensive Reform to On-street Parking Regulations

On-street parking is often one of the most contentious topics when a new housing development is proposed in a neighborhood: residents do not want to compete for on-street spaces. Improving how on-street parking is managed could go a long way towards improving how new housing is welcomed.

OP.1 Create a parking benefit district and "cap and trade" demonstration/pilot program

Parking Benefit Districts establish pay-for-parking districts, using either meters or parking badges, and return on-street parking revenues to the neighborhood. Parking "cap and trade" districts award on-street parking permits to residents and allow those residents to rent or trade their permits, thereby recouping financial benefits from visitors who park in their neighborhoods. These approaches can temper opposition to infill development by providing tangible community benefits (such as sidewalk improvements or open space upgrades that could be purchased with Parking Benefit District funds) or personal financial gain (to the holders of tradable parking permits). Secondly, charging even minimal amounts for on-street parking would discourage the storage of vehicles in the public right of way and might encourage new residents to choose alternatives to personal car ownership. Many other cities, such as San Diego and Pasadena, have launched Parking Benefit Districts. A demonstration/pilot project could show us how this approach might work within the context of the Seattle environment.

OP.2 Explore revising the Restricted Parking Zone (RPZ) program.

The RPZ program is the existing program for how resident on-street parking is managed in areas of the city with constrained on-street parking. The Program helps ease parking congestion in residential neighborhoods, while balancing the needs of all people to be able to use the public streets. RPZs help neighborhoods deal with the impacts through signed time limits from which vehicles displaying a valid RPZ permit are exempt. There are 31 RPZ zones in the city.

Reforms to the RPZ program could implement the parking benefit district and cap-and-trade demonstration project described above. They could also help mitigate conflict over infill housing development due to vehicle parking concerns. The City could explore revising the RPZ program in the following ways:

Update Pricing of Residential Parking Permits – Link pricing structure for RPZ permits to demand for parking in a neighborhood. Pricing structure would make off-street parking rates more competitive with on-street rates. Current rates provide an incentive for many car owners to choose on-street parking instead of off-street pay garages.

Limit Supply of On-Street Parking Permits - Reduce the quantity of RPZ passes issued in an area, connecting quantity of permits to number of available spaces. Consider creating a private market for the available permits, similar to parking "cap and trade."

OP.3 Explore improving Right of Way (ROW) management of curb space

In some areas of the city, ROW space could be organized better to improve the balance of transportation and parking needs. In some cases, a sizeable quantity of on-street parking could be added without reducing transportation needs for all modes. SDOT and DPD should explore reconfiguring ROW

areas in these instances to make more efficient use of space. This action should be a part of comprehensive reforms to improve how on-street parking is managed, in order to accommodate residential growth and reduce parking-related friction.

Appendix A: Resolution 31546

<http://clerk.seattle.gov/~scripts/nph-brs.exe?s1=31546&Sect4=AND&l=MAX&Sect1=IMAGE&Sect2=THESON&Sect3=PLURON&Sect5=LEGI2&Sect6=HITOFF&d=LEGA&p=1&u=http%3A%2F%2Fclerk.seattle.gov%2F~public%2Flegisearch.htm&r=4&f=G>

Appendix B: Foundational Data

http://murray.seattle.gov/wp-content/uploads/2015/06/Short_BackgroundDataSlides_4Nov14-FINAL-Updated-6-26-2015.pdf

Appendix C: HALA Public Outreach Summary

The HALA Committee hosted three Community Open Houses on November 19, 20 and December 4, 2014 to provide educational information and receive community feedback early in its process. The City also posted an online survey from December 2014 through January 2015 to collect input beyond the community events. Below is a summary of the open houses and the online survey, which represents input from a total of 2,709 participants.

Community Meetings

The HALA Community Open Houses were held at the start of the committee process at three locations across the city to ensure broad participation. Before and after a presentation on housing affordability in Seattle, participants provided direct feedback to the HALA by writing on display boards, through comment cards, in direct conversations with the committee co-chairs, committee members and city staff, and via a live voting tool. Each open house provided information through display boards on growth trends and neighborhood impact, zoning and urban planning typologies, affordable housing definitions and programs, housing cost burden and rent trends and fair housing history. Attendees shared their own experiences and ideas on these topics through notes on the display boards.¹² Translation services were provided at all three events.

Each open house was unique, and is summarized separately below although some common themes emerged among the participants. Most participants had lived in Seattle for more than 10 years, were in single family homes, and lived near where the open house was held. In addition participants were informed and engaged on housing affordability issues and were interested in learning about solutions to solve the affordability challenges faced in our city.

Public Comments and Suggestions

- *South Seattle – November 19, 2014 – Ethiopian Community Center*

In South Seattle, 57 people signed in, but more than 65 attended. Due to the expected population of limited English speakers, translators were integral to the success of this meeting. Some of the common concerns raised related to displacement and rising housing costs which prevented friends and family from moving into the neighborhood. Participants generally supported density as a means to achieve affordability, wanted housing for a range of income levels and across housing type, and encouraged locating housing near transit hubs. Credit and background checks were cited as barriers to housing, and rent control was mentioned as one way to increase affordability.

- *Central Seattle – November 20, 2014 – Garfield Community Center*

In Central Seattle, 79 people signed in and participated in the event. Many participants struggled with rent increases and were concerned about displacement of existing residents. Participants generally supported housing near transit, reducing parking requirements, increasing density through infill

¹² The themes from the public comments on displays and comment forms at the meetings are summarized here: <http://murray.seattle.gov/wp-content/uploads/2015/07/Themes-HALA-open-houses.pdf>

development and distributing affordable housing throughout the city, including in single family zones. Participants also had an interest in providing more family-sized housing.

- *North Seattle – December 4, 2014 – Olympic View Elementary School*

In North Seattle, 64 people signed in but there were over 100 people in attendance from all parts of north Seattle. Many participants were cost burdened, and supported finding new ways to increase affordability. Rent control, increasing density through infill development, supporting housing type options (with mixed support for microhousing), and increasing transit access were all cited as ways to increase affordability. Participants generally valued mixed-income and mixed-use developments as well as walkability and neighborhood amenities.

Community Meeting Survey Responses

During the public open houses, participants were offered the opportunity to share their opinions on a variety of subjects through live digital voting. Although participants at each of the community meetings weighed their answers differently, one theme was common at all three venues. The majority of all respondents preferred to live in Seattle, closer to jobs and transit, even if that meant living in a smaller or less desirable home, in a less desirable neighborhood, or with increased density. The main challenge identified was finding housing that was affordable.

- *South Seattle*

In South Seattle, 69 people participated in the live voting survey. Most participants were 36-50 years old and were renters in a mix of housing types. Most people could afford their rent. (Anecdotal evidence suggests that many people were from the nearby Seattle Housing Authority developments and thus likely lived in rent- and income-restricted, subsidized housing.) The primary concern of participants was that friends and family were moving out of the neighborhood or could not afford to move into it. Participants highly valued safety and short commute times and believed that growth provides jobs. They overwhelmingly agreed with the statement that housing is a human right.

- *Central Seattle*

Central Seattle's 71 survey participants were primarily 26-50 years old, and were primarily renters in either single family homes or large apartment buildings. Over half of them currently struggle to afford rent. Participants generally valued neighborhood amenities and walkability and would prefer a small house in an in-city neighborhood over a more desirable house located further away. Generally participants responded that growth brings amenities and businesses.

- *North Seattle*

In North Seattle, 103 people participated in the survey. The audience trended slightly older, with most over 35 years old and 25% over 65 years old. Participants generally had lived in Seattle for more than 20 years and were predominantly homeowners. Neighborhood walkability and amenities were seen as very important. Participants generally were most concerned that others cannot afford to move to the neighborhood or have had to move out due to high costs. Participants also indicated that they have benefitted from increased property values. Participants most strongly agreed with the statement that growth leads to denser, compact development, which increases services and amenities.

Online Survey

Following the public open houses, the public was invited to take an online survey and share their thoughts on housing affordability and livability issues in Seattle. The survey was hosted on the Mayor's website in December 2014 and January 2015 and received 2,466 responses. Similar to the public meeting survey, participants chose to take the survey and thus the results are meant to be informative, but not representative of the entire city. The top results from the 20 question survey are summarized below.

In describing their housing situation, the majority of respondents indicated that they rent in a single family house or townhouse, with a third struggling to afford rent. Participants generally either live with one person or alone. Most people have one or two cars with onsite parking or one car with no onsite parking.

When looking for a place to live, the top considerations were the cost of housing and neighborhood walkability, followed by proximity to work, school, and transit. Nearly all respondents would choose a smaller house or apartment in Seattle with a shorter commute than a larger house with a longer commute. Similarly, a vast majority value living in their dream neighborhood over their dream home. There was an interesting split in barriers to housing, with 41% experiencing housing costs that are over half of their income and over a third encountering issues with credit checks. Another third reported no barriers at all.

Rising housing costs impacted almost everyone who took the survey. Most people struggle to afford their rent, have not been able to purchase a home because the competition is too great, or have had to move to a less expensive neighborhood. Friends and family either cannot move to the neighborhood due to high costs or moved out because of costs. Respondents saw a benefit to growth in increased job opportunities and improved transit and public services, but reiterated a concern about displacement and high housing costs due to that growth. Three-quarters of survey respondents would be comfortable with increased density if housing prices were more affordable.

Additional questions on demographics, personal housing stories, and respondent suggestions are available here: <http://murray.seattle.gov/wp-content/uploads/2015/07/HALA-Online-Survey-Results.pdf>

Appendix D: Additional Participants in Strategy Work Groups

New Affordable Housing Resources

Rachael Myers	Washington Low-Income Housing Alliance
Paul Purcell	Beacon Development Group
Scott Matthews	Vulcan
Hillary Franz	Futurewise
Pat Foley	Lake Union Partners
Megan Hyla	King County Housing Authority

Financing

Mark Dean	Citigroup
Greg Dunfield	GMD Development
Jay Reich	Pacifica Law Group
Darin Davidson	Inland Development Group
Cindy Proctor	Beacon Development Group
Tory Laughlin Taylor	Bellwether Housing
Tory Quinn	US Bank
Mark Ellerbrook	King County

Zoning and Housing Types

Bradley Khouri	b9 Architects
Betsy Hunter	Plymouth Housing Group
Erich Armbruster	Ashworth Homes
Renee Staton	Community Member
Sam Lai	Green Canopy Homes
Catherine Weatbrook	Community Member

Construction Costs and Timelines

Markham McIntyre	Seattle Chamber of Commerce
Doug Ito	SMR Architects
Heather Bunn	RAFN
Al Levine	Community Member
Grace Kim	Seattle Planning Commission
Jake Mckinstry	Spectrum Development
Brandon Morgan	Vulcan
Dale Sperling	OneBuild
Linda Anderson	Community Member

Tenant Access and Protections

Natalie Quick	Quick Consulting
Joe Puckett	Washington Multifamily Housing Association
Kira Zylstra	Solid Ground
Billie Abers	Capitol Hill Housing
Vanessa Hernandez	ACLU
Jim Tharpe	Unity House
Lisa Wolters	Seattle Housing Authority

Preservation

Mike Rooney	Mt. Baker Housing
George Petrie	Goodman Real Estate
Brian Lloyd	Beacon Development Group
Mercedes Elizalde	LIHI
Denny Onslow	O+S Partners
Sarajane Siegfried	Community Member
Ann-Marie Lindboe	Seattle Housing Authority
John Poulsen	Bellwether Housing
Beth Dwyer	GGLO

Sustainable Homeownership

Terri Miller	Coldwell Banker Bain
Ania Beszterda Alyson	Habitat for Humanity
Dwight Prevo	Wells Fargo
Aaron Fairchild	Green Canopy Homes
Lili Sotelo	Northwest Justice Project
Lisa DeBrock	Washington State Housing Finance Commission
Tony To	HomeSight
Diane Wasson	Homestreet Bank
John Forsyth	Seattle Housing Authority

Appendix E: Strategy for Housing Affordability through New Development

The City of Seattle is committed to a goal of building or preserving 20,000 affordable homes as part of an overall strategy to build 50,000 homes over the next 10 years. As a crucial element of reaching the affordability goals, the City is proposing a bold 2-part strategy that welcomes developers as a partner in the production of over 6,000 homes affordable to households with incomes up to 60% of area median income over 10 years. The strategy has two separate frameworks, one for residential development and one for commercial development:

- **Mandatory Inclusionary Housing** – New construction residential development in multifamily and mixed use areas across the city will include affordable housing. Mandatory Inclusionary Housing will be implemented pending approval of rezones allowing additional height or density.
- **Commercial Linkage Fee** – New construction commercial development will help fund production and preservation of affordable housing throughout Seattle through payment of a per square foot Commercial Linkage Fee. Similar to Mandatory Inclusionary Housing, Commercial Linkage Fee will be implemented upon approval of rezones.

	Mandatory Inclusionary Housing	Commercial Linkage Fee
<i>Basic concept</i>	<ul style="list-style-type: none"> • Mandatory requirement – affordable housing included in all new construction multifamily and mixed-use development • As an alternative, a fee can be paid or housing can be built off-site as approved by the City 	<ul style="list-style-type: none"> • Mandatory requirement – affordable housing provided by payment of fee to City for new construction commercial development • As an alternative, housing can be built on- or off-site, as approved by the City
<i>Affordability and Fees</i>	<ul style="list-style-type: none"> • Between 5-7% of total units in new multifamily residential developments will be affordable to households with incomes at or below 60% of area median income. • Amount of affordable housing required (and in-lieu fees) is based on value of upzones, and varies by market and construction type. 	<ul style="list-style-type: none"> • Fees will fund housing at all ranges of affordability (0% - 80% AMI), but predominantly at or below 60% of area median income. • Fees are based on value of upzones, and vary by market and construction type.
<i>Multifamily, Mixed-use, and Commercial Zones under 85'</i>	<ul style="list-style-type: none"> • Rezone specified areas (see table below) to provide additional residential development capacity. • In addition, roughly 6% of Single Family zones – within or near urban villages and along transportation 	<ul style="list-style-type: none"> • Rezone specified areas (see table below) to provide additional commercial development capacity.

	corridors – will be rezoned to Lowrise.	
<i>Zones that allow Highrise Development</i>	<ul style="list-style-type: none"> • Buildings will be allowed an extra ~ 1,000 square feet per floor. • Fees are based on existing incentive zoning for affordable housing. 	<ul style="list-style-type: none"> • Buildings will be allowed additional buildable floor area equivalent to the site size (1 FAR). • Fees are based on existing incentive zoning for affordable housing.
<i>Flexibility</i>	<ul style="list-style-type: none"> • When possible, code flexibility will be provided to accommodate this additional capacity, and in the limited cases when it cannot, fees will be adjusted. 	<ul style="list-style-type: none"> • When possible, code flexibility will be provided to accommodate this additional capacity, and in the limited cases when it cannot, fees will be adjusted.
<i>Timeline and Implementation</i>	<ul style="list-style-type: none"> • In 2015, the City aims to adopt a resolution with an implementation plan for completing the proper environmental review, program development and legislative process by September 2017. • To facilitate faster implementation, Mandatory Inclusionary Housing will be considered as part of neighborhood upzones in progress and for areas where environmental reviews were recently completed. • The City’s existing incentive zoning will remain in effect until Mandatory Inclusionary Housing is implemented. 	<ul style="list-style-type: none"> • In 2015, the City aims to adopt a Commercial Linkage Fee ordinance. • The program will be phased-in over 3 years. Over that time, commercial property will be zoned to greater capacity and linkage fees will come into effect with the implementation of this additional capacity. • The fee schedule would be set for 10 years (indexed for CPI) with additional changes subject to the Mayor and the Council undertaking a specified Technical Review Committee process. • The City’s existing incentive zoning will remain in effect until Commercial Linkage Fee is implemented.

Proposed Zone-Wide Changes for Multifamily and Mixed-Use Zones under 85'

Note: Current modeling is based on proposed zone changes below. Final zoning changes will be subject to program design and the legislative process.

Zone Name	Current	Proposed Change
LR1	FAR: 1.1 Height: 30' (Apt Density: 1/2,000 sf)	Remove apt. density limit. (No other height / FAR changes needed)
LR2	FAR: 1.2 Height: 30'	FAR ~1.3 Height 40'
LR3	Outside UVs: FAR 1.5, Height 30' Inside UVs: FAR 2.0, Height 40'	Outside UVs: FAR ~1.7, height 40' Inside UVs: FAR ~2.2, height 55'
NC-30 (becomes NC-40)	FAR: 2.5 Height: 30'	FAR 3.0 Height 40'
NC-40 (becomes NC-55)	FAR: 3.25 Height: 40'	FAR: 3.75 Height: 55'
NC-65 (becomes NC-75)	FAR: 4.75 Height: 65'	FAR: 5.5 Height: 75'
NC-85 (merge into NC-125)	FAR: 6.0 Height: 85'	FAR: 6.0 Height: 125'
C-30 (becomes C-40)	FAR: 2.5 Height: 30'	FAR 3.0 Height 40'
C-40 (becomes C-55)	FAR: 3.25 Height: 40'	FAR: 3.75 Height: 55'
C-65 (becomes C-75)	FAR: 4.75 Height: 65'	FAR: 5.5 Height: 75'
C-85 (merge into C-125)	FAR: 6.0 Height: 85'	FAR: 6.0 Height: 125'
IC	FAR: 2.5 (outside Stadium T.O.) FAR: 3 (in Stadium T.O.)	FAR: 3.0 FAR: 3.5

Appendix F: Committee Votes on Proposed Strategies

The strategies listed below were among many more that were considered by the seven work groups. The strategies below were approved by the work groups and forwarded to the HALA Committee for consideration. Votes were initially collected electronically, and any strategy that did not receive strong support was brought for discussion and re-voting at subsequent meetings, allowing time for proponents and opponents to discuss the merits of each proposal and to offer amendments.

The HALA Committee used a consensus-based decision making model in its deliberations. We worked to reach agreement where we could by setting aside our differences to find common ground on solutions to Seattle’s housing crisis. We used this type of decision making process, rather than a majority vote, in order to reach agreement across all committee members whenever possible. This created a working environment in which all members had a strong voice in setting the HALA recommendations. In our voting, a “Yes” vote means that a committee member supports the proposition even if it may not be the way that they individually would address the issue. A “No” vote means a member did not support the idea. Wherever possible, the committee tried to reach unanimity. The amount of consensus we were able to reach is remarkable as we are a group of people from many different backgrounds who believe in a wide range of solutions to affordability and livability issues in Seattle. The votes demonstrate our differences of opinions, as well as the places where we were able to come together.

RESOURCES		Yes	No
ISSUE: Seattle should take a balanced approach to generating resources to preserve and enhance housing affordability. This balanced approach requires a shared responsibility by taxpayers, nonprofits, the business community, and the public sector. The City needs a suite of tools to ensure that sufficient resources can be sustained over time and throughout development, real estate, and political cycles. No single policy or revenue stream will be sufficient or appropriate to solve the affordable housing crisis on its own.			
1. Secure New Resources for Affordable Housing			
1a.	Enact state legislation to authorize a local option Real Estate Excise Tax (REET) to allow municipalities to re-capture a portion of increased land value upon the transfer of property and reinvest it in critical affordable housing infrastructure. The legislation should: <ul style="list-style-type: none"> • allow for a .25% REET; • be specifically dedicated to affordable housing; • be implemented locally via council action. 	21	0
1b.	Support a proposed Medicaid benefit for permanent supportive housing for chronically homeless people with disabilities and for supportive services to at risk tenants in affordable and subsidized units.	21	0
1c.	Collect hotel taxes from short-term rentals (i.e. Airbnb) and dedicate funds for affordable housing, as a result of the impact short-term rentals has on affordability and availability of rental units.	19	2
1d.	Explore options for other funding sources from local employers. Could include: a voluntary program, a required tax based program, a fund that also provides benefits to direct employees.	25	0

1e.	In order to disincentivize speculative sales, explore state legislation to allow for an anti-speculation tax that levies a significant excise tax on multifamily property transfers that occur within 5 years of purchase. Single family homes and new construction (e.g., sale by short-term developer to long-term owner) would be exempted.	12	13
1f.	Pursue social investing models, including identifying whether there is a defined challenge related to housing to which a Social Impact Bond model could be applied locally to create cost savings and support stable housing.	25	0
1g.	Facilitate acquisition of sites for future affordable housing development, by: <ul style="list-style-type: none"> • Providing seed capital to the regional Transit Oriented Development (TOD) Regional Equitable Development Initiative (REDI) revolving fund to support land acquisition; • Explicitly allowing the sale or lease of land at less than Fair Market Value for affordable housing purposes, (or potentially other public benefits but with affordable housing as the priority). • Using a portion of Sound Transit 3 funding to buy land around stations to increase ridership through provision of affordable housing. 	20	0
1h.	Create a Development Driven Affordability Strategy that (1) boosts market capacity by extensive citywide upzoning of residential and commercial zones, and (2) matches this increased capacity with a mandate to build affordable housing in emerging market rate buildings. Commercial, non-housing development should be afforded additional capacity through upzones or floor area ratio (FAR) increases in exchange for payment of a commercial linkage fee.	21-Yes	0-No 2-Abstain

2. Dedicate Existing Resources for Affordable Housing

2a.	Prioritize and maximize affordable housing upon disposition of publicly-owned surplus property. Options include: <ul style="list-style-type: none"> • Explore establishing a body, potentially building on an existing Public Development Authority, to receive, hold, and transfer public properties that are suitable for affordable housing development; • At the City level, explicitly prioritizing affordable housing as the preferred use for all public surplus properties; • For City or other properties that are either underutilized or proposed for development, prioritizing co-development of affordable housing for any locations and types of usages that are suitable for residential purposes; • Specific to transportation authorities, explicitly allowing the sale or lease of land at less than Fair Market Value to facilitate the creation of affordable housing near transit; and • Creating an inventory of public properties, including those owned by the State, County, Port, community colleges, etc., to identify opportunities for affordable housing. 	21	0
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2b.	Reinstate the City Growth Fund citywide with a portion of the new construction value dedicated for affordable housing if there is a demonstrated nexus between sources and expenses.	20	1
2c.	Prioritize state discretionary funding to support communities in addressing affordability and livability goals. Prioritize local discretionary funding to neighborhoods that meet affordable housing targets. Develop policy that authorizes the City to designate specific sites or places (e.g. TOD area) for targeted investment, setting a common goal for multiple departments that do site-specific investment.	18	1

3. Collaborate and Build Partnerships to Support Affordable Housing

3a.	Create programs/allowances for an increase in student housing near campuses, including partnerships with institutions.	20	0
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4. Support Existing Efforts to Secure Resources/Mitigate Housing Impacts

4a.	Structure city-wide Linkage Fee program to appropriately mitigate the impacts of new development on the need for affordable housing.	16	9
4b.	Renew and increase the Housing Levy	20	0
4c.	Expand the State Housing Trust Fund	19	0
4d.	Establish bonding authority backed by hotel-motel tax revenue to acquire or build affordable housing for low wage workers workers.	19	0

ZONING	Yes	No
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ISSUE: Approximately 65% of Seattle’s land (excluding street ROWs and including parks and open spaces) is zoned single family, limiting possibilities for increasing housing supply in large portions of the city. Currently, these areas of the city are exclusive to single family structures and a small supply of ADU/DADUs, thus limiting the types of housing available for rent, the presence of smaller households, and access for those with less income. Seattle zoning has roots in racial and class exclusion and remains among the largest obstacles to realizing the city's goals for equity and affordability.

1. Allow more flexibility and variety of housing types in Single Family (SF) zones and increase the economic and demographic diversity of those who are able to live in Single Family areas.

1a.	Single family zones should allow small lot dwellings, cottage or courtyard housing, duplexes, triplexes, or Residential Small Lot (RSL) development, within the character and scale of traditional single family areas.	23	1
1a(i)	Launch a "density by design" pilot program to allow construction of real world examples, then use these projects to develop the potential code changes.	21	1

1b.	Remove the remaining <u>code</u> and permitting barriers to ADU/DADUs including:		
1b(i)	Remove the ownership requirement to allow both accessory (ADU/DADU) <u>and</u> principal unit to be rented. Currently the owner must live in either the accessory or principal unit. The ownership requirement is a barrier to securing financing to build an ADU/DADU.	25	0
1b(ii)	Explore removing Unit Lot Subdivision (ULS) to enable separate ownership of the principal unit and the accessory unit.	23	1
1b(iii)	Allow a single lot to have both an ADU and a DADU. (Currently only one is allowed.)	21	1
1b(iv)	Remove the parking requirement. Currently an off street parking space must be created for an additional DADU.	20	2
1b(v)	Make minor modifications to remove barriers within existing development standards for DADUs, such as height limits, setbacks, and maximum square footage to ensure constructibility.	21	1
1b(vi)	Launch a program to generate a set of pre-approved standard plans for backyard cottages through a City sponsored design competition or call for submittals from architects. Allow homeowners to receive a permit for a pre-approved DADU standard plan over the counter.	20	1
1b(vii)	Broadly publicize a clemency program inviting homeowners to get a free permit to legalize any undocumented ADU or DADU.	20	1
1c.	Allow traditional single family scaled structures to be occupied by multiple households provided the structure is within the character and scale of a single family home.	21	1
1d.	Capture value created by "density by design" strategies (1.a and 1.c above), by requiring some of the additionally allowed density to be dedicated affordable housing.	20	6
1e.	Prevent the potential reduction of areas currently zoned, or that could be in the future zoned for, multifamily housing by expressing HALA Committee opposition to the Neighborhood Conservation District (NCD) proposal currently being considered by City Council. Significant concern that the NCD proposal currently being discussed by City Council could prevent flexibility and variety in single family zones, reduce the ability to increase areas zoned for multifamily, or create additional delays in the construction timeline (impacts Construction Strategy #1, Zoning #1 and Zoning #2)	25	0

Issue: A relatively small portion of Seattle’s land is zoned for multi-family housing. Only about 10% of the parcel land area is zoned for Lowrise (LR), Midrise (MR) or Highrise (HR) multi-family housing. In areas of the city where new development is feasible, development sites are in very short supply. This limits possibilities for the creation of new housing that can be added to help meet growing demand.

2. Devote more land to multi-family housing especially in areas near amenities and services such as transit and schools. Tie increased development capacity to incentives to provide affordable housing units on site (in some or all cases depending on analysis).

2a. Upzone to multi-family or increase the intensity of existing multi-family zoning in the following areas or circumstances:	15	1
2a(i) Transitions next to more intensive zones (ie. the 'back' of commercial zones along arterial roadways)	22	0
2a(ii) Next to green belts, open space, or parks	21	0
2a(iii) Nearby schools or community centers	22	0
2a(iv) Within walking distance of the frequent transit network	22	0
2a(v) Underused light industrial areas	22	5
2a(vi) Convert existing Single Family zoning that is within Urban Villages to Residential Small Lot (RSL) zoning.	22	0
2a(vii) Expand the boundaries of Urban Villages to reflect transit walksheds and services: Could be accomplished through the Seattle 2035 process.	22	0
2b. "Unlock" existing development potential in areas where zoning already allows multi-family development but it is not occurring. Identify sites or locations with significant underused development capacity, and focus livability components or other targeted incentives to spur housing development there.	19	1
2c. Expand and improve the Incentive Zoning (IZ) program:		
2c(i) Apply to all areas that are upzoned.	19	3
2c(ii) Apply to 30' and 40' zones, where extra stories can be built in wood.	18	3
2c(iii) Encourage on-site production of the IZ affordable units to promote equity and open access to desirable neighborhoods for households at all levels of affordability.	19	2
2c(iv) Increase the housing percentage requirements in the IZ program.	19	3
2c(v) Adjust the program so it is more accurately linked to construction type, and more effectively captures value.	20	1
2d. Reduce allowable use restrictions in multi-family zoned areas so more business uses can be located closer to where people live to enhance livability. This would include relaxing allowable use restrictions in some residential only zones.	17	1

2e. Allow flexible reuse of large, unique development sites for housing. Sites can include former school sites, military installations, corporate campuses etc. and are often not zoned to allow multi-family housing. Revise the "Planned Residential Development" (PRD) zoning tool to enable denser multi-family housing through a master plan (not a rezone), and without a City Council decision. Require dedicated affordable housing to access the flexibility.	21	0
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Issue: Seattle has a very low percentage of families with children compared to peer cities and the remainder of King County. Most new housing built recently has been small units consisting of studio and one bedroom units. Many families find it difficult to find housing that meets their needs that they can afford.

3. Increase production of new family-friendly rental housing – both affordable, and market rate – primarily through funding priorities, and secondarily through zoning tools. (Note: Strategies 1 and 2 were considered very important to supporting housing for families as well .)

3a. Allocate resources and modify programs specifically to provide funding for affordable family sized rental housing. Recalibrate MFTE categories so 3 bedroom and larger units are encouraged (see Finance). And provide more resources through OH programs to subsidize families in need (see Resources).	22	0
3b. Formalize family-sized units and/or family-friendly housing design, in the zoning code as a category so that it can be encouraged through the incentive zoning and other programs.	22	0
3c. Modify the incentive zoning program to encourage family sized units through FAR exemptions and/or height bonuses.	21	1
3d. Develop, fund and monitor a detailed plan as called for by the Seattle Planning Commission in their report on Family Sized Housing.	24	0

Issue: Parking is a key factor in the cost of building new housing, the supply of housing and therefore its price, and in the livability of neighborhoods. Parking requirements have a large impact on the viability of new housing for both market and affordable housing development. Parking requirements can act as a density limit and inflate the average size and price of housing units.

4. Review parking policies and requirements to support affordable housing.

4a. Review parking policies in multi-family zones.		
4a(i) Reinstate "average headway" in the definition of frequent transit for the purpose of accessing reductions to required parking minimums. Averaging headways allows projects close to frequent transit to access minimum parking reductions as intended. Accomplish this through a legislative change (not a DPD Director's Rule).	21	1
4a(ii) Do not reinstate required parking minimums in UV/UCs. The removal of parking requirements has been crucial in stimulating production of a wide range of housing types.	19	2

4a(iii)	Reduce parking requirements for multi-family housing development outside of UV/UCs in locations well served by transit and other amenities.	22	0
4b.	Review parking policies in single-family zones.		
4b(i)	Remove the 1:1 required parking ratio for "low density residential" housing types. (See 1.a and 1.c above).	20	1
4b(ii)	Eliminate parking minimums on all Single Family lots immediately. The required parking space does not increase amount of parking, because of the street space needed for curbcuts.	19	2
4c.	Make comprehensive reform to on street parking policies. (Could apply to multi-family or single-family areas).	26	1
4c(i)	Create a parking benefit district and "cap and trade" demonstration/pilot program. Establish pay-for-parking districts, and return on street parking revenues to the neighborhood.	26	0
4c(ii)	Explore revising the pricing structure for RPZ passes or replace the program with parking districts (above) or similar.	25	2
4c(iii)	Explore improving ROW management of curb space, including reconfiguring ROW areas to make more efficient use of space for parking or similar.	25	2

Issue: Some zoning regulations discourage favorable forms or types of housing.

5. Make modifications to the zoning code to enable a broad range of forms of housing, especially those proven to be viable and successful in Seattle and peer cities.

5a.	Encourages the City Council PLUS committee to promptly review of whether or where congregate micro-housing should be expanded and modify recently created barriers to the creation of congregate micro-housing by creating zoning and locational criteria that allow congregate micro-housing to be built by market developers in dense areas of Urban Villages and Urban Centers with 30' or 40' height limits. Create an MFTE category that allows Congregate housing to participate in the MFTE program.	21	1
5b.	Make code changes to encourage production of small flats to fill the market gap between large ownership townhouses and small rental apartments: <ul style="list-style-type: none"> Remove code barriers to the production of flats in rowhouse/townhouse formats in all LR zones Reform the state condo act to temper the excessive liability associated with condominium development (See also finance.) 	20	1

ISSUE: Occupancy limits may constrain inexpensive shared housing. Code currently defines a household as (1) an unlimited number of family members or (2) no more than 8 people if anyone is not a family member. The household size limit may constrain sharing of large houses, and may arguably discriminate based on family structure.

6.	Rewrite the definition of household to be any group of people who live together, so there is no limit on household size.	22	5
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FINANCING

Yes

No

ISSUE: Current financing options available for low-income housing development in Seattle are utilized by a limited range of projects, and are restricted by available public resources. The City should provide new financing tools that help increase public and private investment in affordable housing, and expand the types of projects produced to serve a broad range of low-income households.

1. The City should create lower-cost financing options for affordable housing production and preservation, and take advantage of its credit rating to help reduce financing costs.

1a.	<p>Create a City credit enhancement program to assist private developers to attain more favorable financing terms and increase borrowing power. The program should include the following criteria:</p> <ul style="list-style-type: none"> • The City should partner with multiple lending institutions to take advantage of the best terms available through changing markets. • Minimum underwriting criteria should be established to reduce the City’s risk, while maintaining a streamlined process that does not increase the development timeline. • The City should limit the program to permanent debt, rather than taking on construction risk. • The program should be targeted to projects where credit enhancement has the greatest potential impact, i.e., projects with significant permanent debt. • The program should achieve long-term affordability. • The program should work for affordable and mixed income projects. 	27	0
1b.	<p>The City should consider a bond issue to generate a pool of lower-cost capital for making loans with flexible terms/uses, including in new construction and preservation projects, and in projects that may or may not use the 4% LIHTC/bond programs. Potential loan products include:</p> <ul style="list-style-type: none"> • Subordinate permanent loans that provide some level of ongoing debt service with full/partial repayment at refinancing of first mortgage • Senior permanent loans that provide some level of ongoing debt service with full/partial repayment at refinancing of first mortgage • Subordinate short- to medium-term loans that reduce a developer’s up front equity investment • Short-term acquisition loans to be repaid with permanent financing 	19	1
1c.	<p>The City should explore short-term lending from available City fund balances.</p>	19	2

ISSUE: The City should maximize the ability of property tax incentives to achieve affordability in a range of projects, including projects in areas with rapidly rising rents and areas with lower rents that provide the added value of economic development.

2. Continue to calibrate the MFTE program to achieve participation from a range of projects, including projects in areas with rapidly rising rents and areas with lower rents that provide the added value of economic development. The program should continue to target affordability to low-income households (roughly 80% AMI) through changing market conditions.

2a.	Institute a penalty for opt-out to provide a safeguard against market pressures.	12	10
2b.	Create a 3BR unit type to remove the disincentive for building larger units.	20	0
2c.	Expand eligible residential target areas to all areas zoned for multifamily housing.	17	2
2d.	Explore changes in State law to: <ul style="list-style-type: none"> • Allow lower set-aside percentages that would enable the program to serve lower income households. • Create a separate program specifically for subsidized projects that are already meeting affordability requirements for other financing (e.g., 100% at 60% AMI for the 4% tax credit program, with a 15-year term to match the refinancing date); OR • Create different options for length of participation (12, 15, 20 years), allowing the program to serve the needs of various financing products. 	20	0
2e.	Create an MFTE category that allows Congregate housing to participate in the MFTE program.	24	0

ISSUE: Affordable housing financing tools may be insufficient alone to create housing affordable to households with the lowest incomes, and traditional federal subsidies to help serve this population such as public housing and section 8 have stagnated in recent years.

3. The City should consider local funding to create or expand rental/operating subsidies together with expansion of financing tools.

24 0

PRESERVATION		Yes	No
ISSUE: Every year the city loses affordable housing stock due to demolition, expiring use restrictions, neighborhood gentrification and major property renovation, all accelerated by rising demand in neighborhoods across the city. While the City is planning for growth and new development, the City must also institute a robust and fully funded preservation strategy to prevent displacement and ensure no loss of the existing stock of affordable housing.			
1 Create a substantial financial resource and legislative authority to empower the City to lead an expansive affordable housing preservation effort.			
1a.	Fund a large-scale acquisition/rehab loan fund, or directly acquire below-market rate properties (using, for example, City issued bonds).	23	1
1b.	Expand the focus and staffing of the Office of Housing to implement a robust, proactive preservation effort.	23	1
1c.	Explore legislation to create a right of first refusal in existing affordable multifamily housing.	12	7
1d.	Explore incentives and opportunities to preserve buildings at risk due to URM/RRIO requirements.	21	2
2 Develop and market financing tools to preserve or deepen affordability of existing housing.			
2a.	Establish a rehab loan program that leverages existing weatherization funding to reach and incentivize a broader base of private owners to maintain their properties as affordable, coupled with an effective outreach component.	24	0
2b.	Provide outreach and technical support to owners in the form of a “navigator” position to increase access to City programs.	24	0
3 Develop incentives to preserve or deepen affordability of existing housing.			
3a.	Explore state legislation to provide a tax exemption to existing owners where rents are very likely to increase to ensure continued affordability, e.g. near transit.	19	1
3b.	Explore state legislation to provide tax exemption for acquisition/rehab projects that preserve affordability.	23	1
4 Collaborate with communities and housing stakeholders to increase capacity and promote anti-displacement strategies.			
4a.	Identify vulnerable areas and appropriately target strategies to areas with high displacement risk, for instance by utilizing a geospatial displacement risk tool to guide City planning and decision-making.	20	0
4b.	Establish an expert advisory body or commission to lend specialized expertise and guidance to the City’s housing strategies, bringing together representatives of tenants, owners, developers and public agencies.	23	2

5 Collect data on the affordability of existing unsubsidized market-rate stock to strategically guide preservation efforts

5a. Purchase custom data tables annually to identify the distribution of market-rate rents by affordability at specified income levels.	20	1
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TENANTS

Yes No

ISSUE: An estimated 25-33% of US adults have a criminal record and face significant, and often lifelong, barriers to housing. They are disproportionately people of color. Housing helps them access job programs and maintain employment, reunite with families, and comply with terms of release. Stable housing also has broad community benefits. It is a key strategy for ending homelessness, helps address racial disparities, and improves public safety by reducing recidivism.

1.Pursue a combination of local legislation, education, technical assistance, and fair housing enforcement to reduce barriers to housing for people with criminal records.

1a. Develop legislation to reduce barriers for people with criminal records. All relevant

1a(i) Prohibit advertisements for rental housing that make people with criminal records ineligible to apply.	22	1
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1a(ii) Prohibit screen criteria that include an absolute exclusion of anyone with a criminal record or a broad category of criminal record, such as a felony.

1a(iii) Require consideration, prior to denial, of additional, verifiable information provided by the applicant regarding the criminal record and/or changed circumstances or good conduct since the time of conviction.

1a(iv) Prohibit denials based on records that cannot be reported under state law, such as crimes greater than seven (7) years since disposition or release, or juvenile records if the applicant is twenty-one (21) years old or older.

1a(v) Prohibit denials based on arrests older than one (1) year, except when currently pending charges are under active prosecution.

1a(vi) Prohibit denials based on warrants attached to a case where a final disposition has been entered. Allow exclusion of people with active warrants, either pending or adjudicated.

1a(vii) Require screening criteria to be based on a business justification related to the requirements of tenancy.

1a(viii) Provide for the enforcement of the above provisions.

1b. Provide education, technical assistance and best practices to reduce the criminal	12	1
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1b(i) Provide educational sessions regarding the extent of the problem, benefits to individuals and community with reduced barriers, and practical considerations for landlords to set reasonable screening criteria and procedures.	16	1
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1b(ii) Develop and publish guidelines for screen criteria based on a business justification.	16	1
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1b(iii)	Develop and publish guidelines for screening reports in accordance with state law and best practices.	16	1
1b(iv)	Provide written guidelines and educational sessions to promote best practices in tenant admissions, including individualized tenant assessment.	16	0
1c.	Convene stakeholders to explore opportunities for housing for people leaving incarceration, including additional resources for publicly funded housing and incentives for private market housing.	17	0

ISSUE: Displacement of households due to demolition, substantial rehabilitation or change of use is more common during times of rapid redevelopment. Due to high housing costs, displaced lower income tenants have difficulty finding replacement housing in Seattle. The TRAO program provides a payment of \$3,255 to tenant households earning ≤ 50% AMI to help them secure new housing. TRAO effectiveness is curbed by current limits on the program.

2. Increase the impact of the Tenant Relocation Assistance Ordinance (TRAO) Program:

2a.	Provide direct assistance to tenants suffering from mental illness or cognitive disabilities, or having language barriers in completing and submitting applications for tenant relocation assistance. This could be done through the Office of Housing, the Human Services Department, or established community agencies such as Solid Ground.	17	0
2b.	Define tenant household in a manner to eliminate the inequity of having low-income individuals under one contractual agreement being treated as one tenant household for purposes of applying for relocation assistance.	15	2
2c.	Develop a policy to prevent exorbitant rent increases that are implemented with the intent of avoiding the application of the Tenant Relocation Assistance Ordinance.	17	0
2d.	Support legislation that seeks to strengthen the City’s existing authority under the Tenant Relocation Assistance Ordinance to fine landlords who clear buildings with exorbitant rent increases for the purpose of evading application of the TRAO ordinance.	17	0

ISSUE: Homeless people experience significant barriers when attempting to access the private market for housing, even when they have a rental voucher as payment. Case management services and mitigation funds provide an incentive for landlords to reduce screening barriers.

3. Increase access to private market housing for homeless people by supporting the Landlord Liaison Project, landlord mitigation funds, other tools.

3a.	Increase access to private market housing for homeless people by supporting the Landlord Liaison Project, landlord mitigation funds, and other tools.	17	0
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ISSUE: The City's Rental Agreement Regulation Ordinance (RARO) requires 60 days notice before housing costs are increased by 10% or more. To help mitigate the hardship on tenants who face a large rent increase, more advance notice could be provided.

4. Amend the Rental Agreement Regulation Ordinance (RARO) to improve enforcement and/or increase notice requirements for rent increases.

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| 4a. The HALA Committee should consider the pros and cons of providing for DPD enforcement of the Rental Agreement Regulation Ordinance notice requirements. | 14 | 3 |
|---|----|---|

ISSUE: Rising housing costs affect all low income households, but can have a disproportionate impact on people of color, with fair housing implications.

5. Ensure consistent enforcement of fair housing statutes.

- | | | |
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| 5a. The City of Seattle Office of Civil Rights should partner with a reputable academic institution, such as the University of Washington, to update and expand its 2005 study on how protected classes within the city have been impacted by displacement from rising rents and how public resources are being deployed to address such displacement. The City should provide the necessary funding to implement the study. The study should not duplicate past studies and should collaborate with other research being conducted currently to avoid duplication of efforts. The study should not examine how to implement rent control in the city. | 15 | 1 |
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ISSUE: People seeking to rent housing pay for a screening report each time they submit an application. The cumulative cost of these reports is a significant barrier to achieving stable housing for low-income and homeless families.

6. Absent state legislation, allow for local portability of tenant screen reports.

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| 6a. Allow for local portability of tenant screening reports after defining the criteria for a comprehensive screening report. The City of Seattle should bring together representatives of the City, tenant advocates, the screening report industry, and local landlords to collaborate in this endeavor. | 16 | 0 |
|--|----|---|

ISSUE: Community Service Officers are civilians that acted as a helpful intermediary to resolve conflict between landlords, tenants, DPD and police. CSOs were eliminated due to budget cuts about 5 years ago.

7. Restore Community Service Officers to resolve conflicts such as lock-outs.

- | | | |
|---|----|---|
| 7a. Reinstigate the Community Service Officer Program in the Seattle Police Department and, among other duties, enforce the Prohibited Acts section of the Housing and Building Maintenance Code. Special training is to be given in the observance of civil limits and the special needs of individuals living in ex-offender housing. | 24 | 0 |
|---|----|---|

8. Enforce tenants' right to organize.			
8a.	Reinstitute the Community Service Officer Program in the Seattle Police Department and, among other duties, enforce the Prohibited Acts section of the Housing and Building Maintenance Code. Special training is to be given in the observance of civil limits and the special needs of individuals living in ex-offender housing.	24	0
9. Excessive lease rules.			
9a.	A residential rental agreement should contain no provision that is contrary to or unenforceable under federal, state, or local law.	15	2
10. Fee reform.			
10a	Adopt a local ordinance that prevents a late fee from being charged on a late fee.	13	3
10b	Determine whether or not a late fee should be considered rent.	13	3
11. Expand sources of income protection.			
11a	Expand sources of income protection to include certain payments made directly to tenants by government agencies. Representatives of the City of Seattle, tenant advocates, and local landlords shall collaborate in determining which additional sources of income would enjoy protection.	16	1
12. Rent stabilization.			
12a	There are valuable options in regulating rents that are worth exploring that should be forwarded to the HALA Committee.	13	11
13. Increase tenant counseling information.			
13a	Budget \$750,000 to the Human Services Department for agencies and organizations to apply for funding for general landlord-tenant education and outreach, and legal aid and assistance for low-income individuals. There should be means testing for landlords and tenants for legal assistance, but general education and outreach should not be means tested for landlords.	25	0

HOMEOWNERSHIP		Yes	No
<p>ISSUE: As the cost of buying a home in Seattle continues to increase, it becomes more challenging to provide opportunities for low-income homebuyers to purchase a home in Seattle. The City must continue to seek successful strategies to create homeownership opportunities for low-income households, so that low-income households have access to the many benefits of homeownership. Additionally, the City should implement strategies to help low-income homeowners remain successfully in their homes, as a preservation strategy that can help low-income people stay in Seattle.</p>			
<p>1. Preserve existing affordable housing by providing resources and programs to help ensure low-income homeowners at or below 80% AMI can remain successfully in their homes. This could include helping low-income homeowners facing challenges such as gentrification of their neighborhood, major home repairs on a limited budget, medical crisis or other financial crisis and/or aging in their home.</p>			
1a.	<p>Develop other programs and/or resources to support low-income homeowners. OH staff would need to do more research to determine the best approaches. Relief should be available on when a household is in a time of need. Some potential ideas include:</p> <ul style="list-style-type: none"> • A foreclosure prevention campaign targeted to seniors • Housing assistance for homeowners where medical debt is putting their housing situation at risk (medical debt is one of the leading causes for foreclosures and defaults) • Better leveraging existing home repair and weatherization programs • Property tax discounts for low-income homeowners in areas experiencing growth and gentrification 	22	1
<p>2. Increase the number of low-income homebuyers who are ready to buy and can qualify for the best mortgage possible. Every year, over a thousand people take homeownership classes in Seattle. Support could be provided to convert more of these participants into successful homeowners. By helping homeowners qualify for the best mortgage possible, a buyer’s purchasing power can be increased (essential in this high cost market), buyers are more likely to get mortgage terms that set them up for long-term success as a homeowner and the City can stretch limited public dollars such as down payment assistance further.</p>			
2a.	<p>Provide financial support for coordinated, start-to-finish support that is culturally appropriate and available in multiple languages. Structure support to pro-actively work with borrowers throughout the process of getting ready for homeownership, even if that process takes place over several years.</p>	21	1
2b.	<p>Ensure borrowers have the help they need to address debt, repair credit and be successfully prepared for the financial obligations of homeownership.</p>	21	1

2c.	Consider changes to the City’s existing down payment assistance program that could allow for more flexibility in serving buyers at or below 80% AMI.	21	1
2d.	The City should be encouraged to be a leader in convening community groups to create a sharia-compliant lending program for households earning < 80% AMI.	18	1
3. Increase the number of homeownership units that are affordable to homebuyers at or below 80% AMI. With housing costs increasing rapidly, actions should be taken to create affordably priced homeownership units that will keep low-income homebuyers in the City. This can involve a mix of strategies that will both create market-rate units that tend to be more affordable, such as condos and create homeownership units that will remain permanently affordable.			
a.	Seek and implement opportunities to develop homeownership units that are permanently affordable, accompanied by an appropriate stewardship mechanism. Strategies for producing permanently affordable homeownership opportunities include utilizing surplus property for homeownership units and inclusion of homeownership units in public projects. It is especially important to identify such opportunities near high-capacity public transit.	21	1
b.	Explore concept of changes to implied warranty in Condo Act, which currently serves as barrier to condo development. This could be of assistance in helping both non-profit and for-profit developers produce more condos.	20	0
c.	When condo conversions happen, provide incentives so that units are converted to long-term affordable homeownership units.	15	2
4 Provide assistance to homebuyers between 80-120% AMI. With the current median home value in Seattle at \$468,900, many middle-income homeowners are also becoming locked out of the homeownership market. However, there are limited resources to help these middle-income homebuyers. The state constitution prohibits public funding to households above 80% AMI, so these homebuyers cannot access direct assistance such as the City’s down payment assistance program. This strategy is not about changing the state constitution, but instead about exploring other ways to provide assistance that work within the current constitutional limits.			
a.	More research needs to be done possible methods, could include property tax deduction, expansion of mortgage credit certificate program, or tax breaks for employers who provide down payment assistant to employees.	13	7

CONSTRUCTION		Yes	No
ISSUE: Unpredictable and long processes to receive permits make housing projects difficult to develop and add to the cost of new housing.			
1. Increase the predictability and speed of the permitting process across all departments, for all housing development.			
1a.	<p>Make major reforms to the design review and historic review processes to improve predictability and consistency:</p> <ul style="list-style-type: none"> • Procedural changes to improve 2-way dialogue at board meetings • Change board structure for more available review times and more professionalism of boards • Train board and staff to allow affordability (cost) impacts to be considered in design review recommendations • Limit commentary on aspects outside the purview of the program • Limit extent of packet materials, and number of meetings. • Increase accountability of individual planners • Improve historic review process 	20	0
1b.	<p>Improve coordination and timing of permit reviews within and between departments (DPD, SCL, SDOT, SPU):</p> <ul style="list-style-type: none"> • Ensure full staffing by all reviewing departments at the pre-submittal conferences and in Preliminary Assessment Reports (PAR) to maximize effectiveness of pre-application guidance. • Improve timing and coordination of utility service application review with other permits to avoid mandates for changes in the field at time of inspection. (Especially electrical vault size/ locations.) 	18	0
1c.	<p>Allocate resources from the general fund, or as contingent budget authority, for a reserve so reviewing departments can ‘ramp up’ staff (or on call assistance) during the busiest times.</p>	16	2
1d.	<p>Modify SEPA thresholds to reduce the number of housing projects that must undergo a SEPA environmental review, since environmental impacts are often adequately addressed by other regulations. Adjust the thresholds based on new Comprehensive Plan growth estimates.</p>	18	2
1e.	<p>Increase the predictability and transparency of permitting charges and utility connection charges.</p> <ul style="list-style-type: none"> • Improve transparency of fee structure, or provide early cost estimation of required City utility connection fees. (ie. CityLight connection charges) • Do not allow late billing, so that utility connection charges or permit fees may not be billed to an application at substantially later than project completion. 	20	0

ISSUE: Affordable housing developments often have heightened timing constraints due to time limits of multiple subsidized housing funding sources.

2. Establish special permit expediting for affordable housing projects, which is tiered to the level or term of affordability.

2a.	Establish a priority tiering system that applies to all departments, such as: <ul style="list-style-type: none"> • Highest priority – publicly subsidized / funded projects and/or designated very low income (50% AMI and below) • Second priority – projects with dedicated affordability at low and moderate income levels (ie 50%-85% AMI) and guaranteed for 20+ years. • Ensure no ‘opt outs’ for projects that gain from expedited review 	13	6
2b.	Create an enhanced level of permit facilitation/coordination provided by interdepartmental city staff to advance affordable housing projects on an efficient schedule. (aka expeditor). The role should have a high level of authority and report to the Mayor’s office. The role would also be a single communicator / point of contact to the affordable housing project applicant.	17	3

ISSUE: City of Seattle development fees and charges, generally intended to ensure growth pays for growth, add significantly to the cost of building new housing. If affordable housing is an overriding public priority there is opportunity to subsidize housing through waiver or discount of development related fees and charges.

3. Give discounts or waivers of City utility connection, right of way use fees, or permit fees for affordable housing projects. Provide discounts or waivers only for projects (or housing units) that have guaranteed affordability, and serve low or very low income populations.

a.	Waive or discount of Seattle Department of Transportation (SDOT) ROW street closure fees - for construction staging.		
b.	Waive or discount of Seattle Public Utility (SPU) water service connections fees.	15	5
c.	Waive or discount of Seattle City Light electrical connection fees.		
d.	Waive or discount of Department of Planning and Development (DPD) permit review fees.		

ISSUE: The cost of physical construction is the largest portion of the cost of producing new housing.

4. Facilitate the use of new building technologies and other innovations to maximize the efficiency of constructing new housing.

a.	Consider modification to building and/or fire codes to allow six or more stories of economical wood frame construction. (“6 over 2”).	20	1
b.	Explore allowing new building materials, particularly Cross Laminated Timber (CLT) to enable economical wood frame construction to be possible at heights greater than 75’.	19	1

c.	Reconcile zoning code height limits with construction types. In particular, a 70' height limit would be better than a 65' height limit in order to maximize economical Type V wood frame construction.	20	0
d.	Support use of pre-fabricated construction, including prefabricated metal modular structures, as method to reduce construction costs.	19	1

Appendix G: Concepts Explored for which there was not Consensus

Rent Control: The HALA Committee discussed whether the City should explore options for rent control. Proponents offered that hundreds of jurisdictions across the country use this approach and that in New York City it has resulted in the regulation of rent for nearly one million units. Proponents discussed that rent control laws in other cities have been undermined by state legislation allowing rent to increase to market rate between tenancies, rather than tying rents to inflation which they believe would be more effective at keeping rents affordable without impeding supply. Opponents offered that rent control has been consistently proven to be a failure, would not add to housing supply or affordability, and is a price control that will lead to shortages and thus higher rents. In addition, they pointed out that rent control is illegal at the state level and support of rent control would only divert attention from other more feasible strategies that can achieve more affordable housing.

Direct Financial Support for Homebuyers above 80% of AMI: The HALA Committee discussed whether the City should explore options for supporting moderate-income homebuyers, recognizing that the state constitution prohibits direct housing subsidies for households above 80% AMI. The HALA Committee discussed a few options, including property tax exemptions, which many members did not support. Proponents acknowledged that many major U.S. cities have some kind of assistance for homebuyers at these income levels and that moderate income homebuyers are being priced out of Seattle. Although Committee members thought the policy was valid they saw a much stronger need at lower income levels, so preferred to target assistance and attention on creating opportunities for lower income homebuyers. Committee members also raised that zoning flexibility, which could result in smaller homes at lower price points, might be the best approach at this time to support moderate-income homebuyers.

Include a Penalty for MFTE Opt-out: The HALA Committee discussed whether the MFTE program should include a provision that assesses a penalty when participating buildings elect to exit the program prior to the end of the 12 year low-income commitment period. The MFTE program, which received strong HALA support for renewal and expansion, currently allows participating buildings to exit the program at any time without penalty. Some proponents explained that the penalty could be sized appropriately (not the full value of the tax exemption) and could be used to help support tenants whose rents could rise if an owner opts out. There was a concern that opting out could happen more frequently as market rents rise. Opponents offered that opt-outs have not been a problem to date, and that an opt-out penalty could dissuade investors and ultimately reduce participation in the MFTE program.

Pursue an Anti-Speculation Tax: The HALA Committee discussed whether the City should impose an excise tax on multifamily housing to prevent sales within 5 years of purchase, in order to prevent the displacement of existing tenants through rehabilitation and subsequent rent increases. This tax, which was presented to voters in San Francisco, would require a change in state law related to real estate excise taxes. The Committee identified a number of issues. Flipping may occur when a family-owned building is passed to another family member in an estate and is subsequently sold to someone who spruces it up for resale. A family-owned building may be an underperforming asset, but the family is not actively pursuing market rate rents. An owner may be charging below-market rents now on the

assumption he or she will get the full value for the building upon sale (perhaps to fund retirement). Imposing an anti-speculation tax might discourage this kind of building ownership. Other members questioned how big a problem multifamily flipping is in Seattle. Without data establishing how many multifamily buildings were being purchased, rehabilitated and resold quickly, some members felt ill-equipped to support the proposal. Some members expressed concern that this would frustrate the strategy to adopt a Real Estate Excise Tax dedicated to affordable housing, which received unanimous support.

Create a Right of First Refusal: The HALA Committee discussed whether the City should pursue legislation to create a right of first refusal for the City upon the sale of existing affordable multifamily housing. Some members questioned whether a state legislative change would be necessary. Proponents believe that a right of first refusal provides a way to acquire affordable housing through a distinctly different manner than other strategies, so should be kept on the list. Proponents cited the District of Columbia as having used this strategy to retained affordable housing. The Committee rejected this proposal for a number of reasons, including concern that the strategy would amount to a government taking of a property right and skepticism that the City could act quickly enough or offer a competitive price. There was concern that this strategy would cause existing owners to raise their rents before a sale in order to avoid being subject to this requirement. Other members suggested variations on this strategy, for instance the City could help the owner or tenants purchase the property, or the Office of Housing could track the marketing of affordable multifamily housing and facilitate purchase by nonprofits.

Upzone underused light industrial areas for multifamily housing: The HALA Committee discussed zoning changes to allow multifamily housing in light industrial areas. Currently no industrial zones allow for residential uses. The Committee decided against this strategy because of the City's public policy objective to protect the remaining industrial lands and associated living wage jobs. Stakeholders from the city's industrial lands advocacy groups pointed out that housing in industrial areas could cause problems for the continued viability of an industrial cluster. It was also noted that industrial areas may not be the most livable areas, and can be far removed from other support services and community resources. The Committee preferred to put greater emphasis on other zoning changes to increase multifamily opportunities.

Rewrite the definition of household to be any group of people who live together, so there is no limit on household size: The city's Land Use Code limits households to 8 unrelated people. This means that unless everyone is a relative, no more than 8 people may living in one home. Advocates for removing the household size limit believe the limit unnecessarily regulates housing choice. They point out that historically "rooming houses" and similar living arrangements were a valuable and accepted housing option. Proponents pointed out that roommate arrangements can provide low cost housing options to individuals in desirable neighborhoods, and that occupancy limits deter roommate living arrangements. It was also suggested that the rule is commonly violated and does not serve a legitimate public purpose because there is little evidence of health and safety risks due to overcrowding.

Opponents to this action argued against it for several different reasons. Some did not see how the household size limit is a meaningful constraint on the sharing of housing. Some felt removing the size limit would cause controversy with little to no gain. Others thought the household size limit was

important to keep in place to regulate the total occupancy of principal plus accessory units, where accessory units are allowed. The action could also increase competition for larger housing units with negative impacts on families. Removing the limit could create some problems for landlords, who sometimes rely on the regulation to limit how many people are eligible to sign onto a lease.

Establish special permit expediting for affordable housing projects: The HALA Committee considered a recommendation to expedite permits for dedicated affordable housing projects. The expediting would apply to all departments and would be tiered to the level of affordability. The highest priority would be publicly funded housing and/or income and rent restricted housing for very low income households (50% AMI and below). A second priority would be projects with dedicated affordability for households with incomes at or below 50%-85% AMI and guaranteed for 20+ years.

Although the Committee recognized the importance of speeding the permitting process, members felt that prioritizing too many project types would not result in any meaningful change in processing times. Currently, many projects qualify for green building priority permitting, but that priority permitting is not appreciably faster. The prevailing view was that the permitting process should be made faster and simpler for all projects – not just affordable projects. As a result, the Committee advanced recommendations to reform design and historic review processes, and to improve interdepartmental permit coordination.

Give discounts or waivers of City utility connection, right of way use fees, or permit fees for affordable housing: The Committee discussed discounts or waivers for rent/income restricted housing for low, very low, or extremely low income populations. City of Seattle fees can total hundreds of thousands of dollars on a complex multifamily development project. Waiving the fees could directly reduce the cost of producing new affordable housing. Specific fees considered for waiver included SDOT's right of way use fee (during construction), DPD permit review fees, and SCL and SPU utility connection charges.

Committee members rejected this proposal because they were concerned that the foregone fees would be passed on to other ratepayers in the system. The affected departments would have to increase fees on other projects, or raise revenue to backfill foregone fees through a general fund increase. It was also acknowledged that the right of way closure fee serves an important public purpose of incentivizing the shortest possible right of way closures due to construction.

Appendix H: Glossary of Acronyms

ADUs and DADUs: Accessory Dwelling Units and Detached Accessory Dwelling Units

AMI: Area Median Income

C: Commercial zone

CLT: Cross Laminated Timber

CPI: Consumer Price Index

CSOs: Community Service Officers

DH: Downtown Harborfront zone

DMC: Downtown Mixed Commercial zone

DMR: Downtown Mixed Residential zone

DOC: Downtown Office Core zone

DON: Department of Neighborhoods

DPD: Department of Planning and Development

DRC: Downtown Retail Core zone

DT: Downtown

EIS: Environmental Impact Statement

FAR: Floor area ratio

HALA: Housing Affordability and Livability Agenda

HR: Highrise multifamily zone

HUD: US Department of Housing and Urban Development

IC: Industrial Commercial zone

IDR: International District Residential zone

IZ: Incentive Zoning

LLP: Landlord Liaison Project

LR: Lowrise multifamily zone

MFTE: Multifamily Tax Exemption

MIH: Mandatory Inclusionary Housing

MR: Midrise multifamily zone

NC: Neighborhood Commercial zone

OH: Office of Housing

PARs: Preliminary Assessment Reports

PLUS: Planning Land Use and Sustainability Committee, City Council

PMM: Pike Place Market Mixed zone

PRD: Planned Residential Development

PSM: Pioneer Square Mixed zone

REDI: Regional Equitable Development Initiative

REET: Real Estate Excise Tax

ROW: Right of Way

RPZ: Restricted Parking Zone

RRIO: Rental Registration and Inspection Ordinance

RSL: Residential Small Lot zone

RTAs: Residential Target Areas

SCL: Seattle City Light

SDOT: Seattle Department of Transportation

SEPA: State Environmental Policy Act

SLU: South Lake Union

SM: Seattle Mixed zone

SOCR: Seattle Office of Civil Rights

SPU: Seattle Public Utilities

SSI: Supplemental Security Income

TRAO: Tenant Relocation and Assistance Ordinance

URM: Unreinforced Masonry building