HOUSING SEATTLE

An Action Plan to Address Seattle's Affordability Crisis

Select Committee on Housing Affordability

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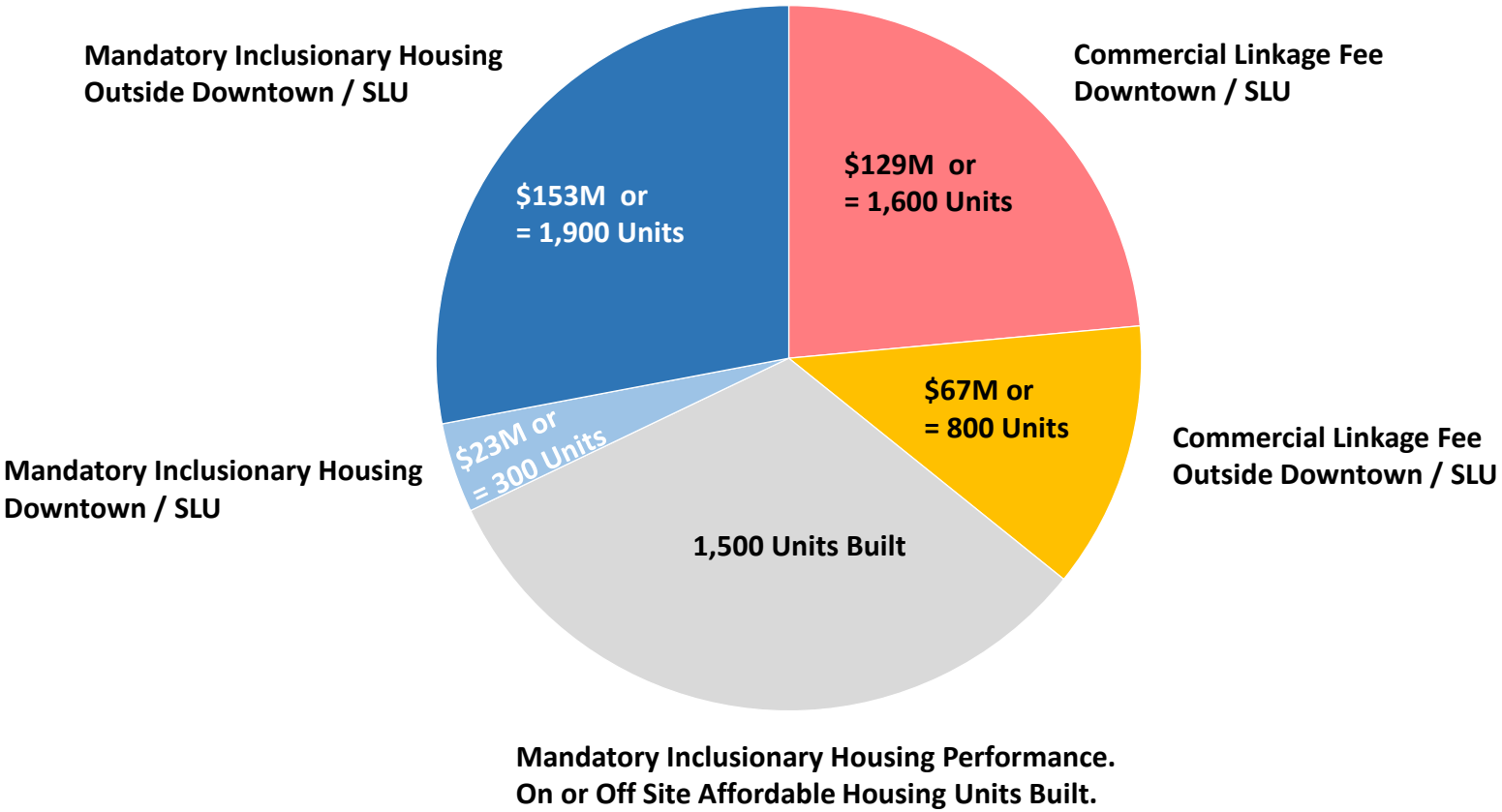
How much will HALA Strategies Produce?

Mandatory Inclusionary Housing (MIH) & Commercial Linkage Fee (CLF)

6,000 affordable housing units in 10 Years



Note: Assumes leverage from other sources is used to translate fees collected to units built.

Estimated Productivity of other HALA Resources

New or Expanded Resources		Estimated Annual Revenue
Seattle Housing Levy	$290M over 7 years	$41M
Real Estate Excise Tax	0.25% of property sale	$20M
KC Local Option Sales Tax	1/10th of 1% increase 33% to Seattle	$15M
Housing Trust Fund	Increase of $2.5M	$7.5M
KC Hotel/Motel Tax	33% to Seattle	$3M
Voluntary Employers Fund		$3M
Surplus Property Revenue	5% of FAS Sales	$1.5M
Social Investments	1 project per year	$1M
Estimated Annual Total*		**$92M**

***Note:** This does not include revenue generate by the Mandatory Inclusionary Housing or Commercial Linkage Fee Programs.

Translating Resources into Units

With $92 Million in annual capital investment by the City…		Est. Units / year
All 30% AMI Units	At $200,000 each	460*
All 50% AMI Units	At $100,000 each	920
All 60% AMI Units	At $75,000 each	1,227

***Note: To reach a population below 30% AMI, additional resources required for operating support.**

Estimated Productivity of New HALA Incentives

New or Expanded Incentives		Estimated Annual Units
Multifamily Tax Exemption	Net new units	210
Preservation Property Tax Exemption	Requires state authorization	330
Public Properties	1 project per year	110
CLF and MIH	All production including payment	600
Estimated Annual Total		**1250**

How might we account for the loss of affordability in the market?

Why are we increasing development capacity?

Development capacity is being added for the purpose of implementing a Mandatory Inclusionary Housing program to create affordable housing.

We are not adding zoning capacity to increase development capacity.

- Development capacity based on an unlimited timeframe in which all available sites across the city are build to their maximum zoning capacity.
- Does not predict market demand, or how fast or where growth will occur over time.
- Does not consider individual property owner decisions about selling or redeveloping land.
- Many properties will not redevelop for over 20 years or more.

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Mandatory Inclusionary Housing Proposal

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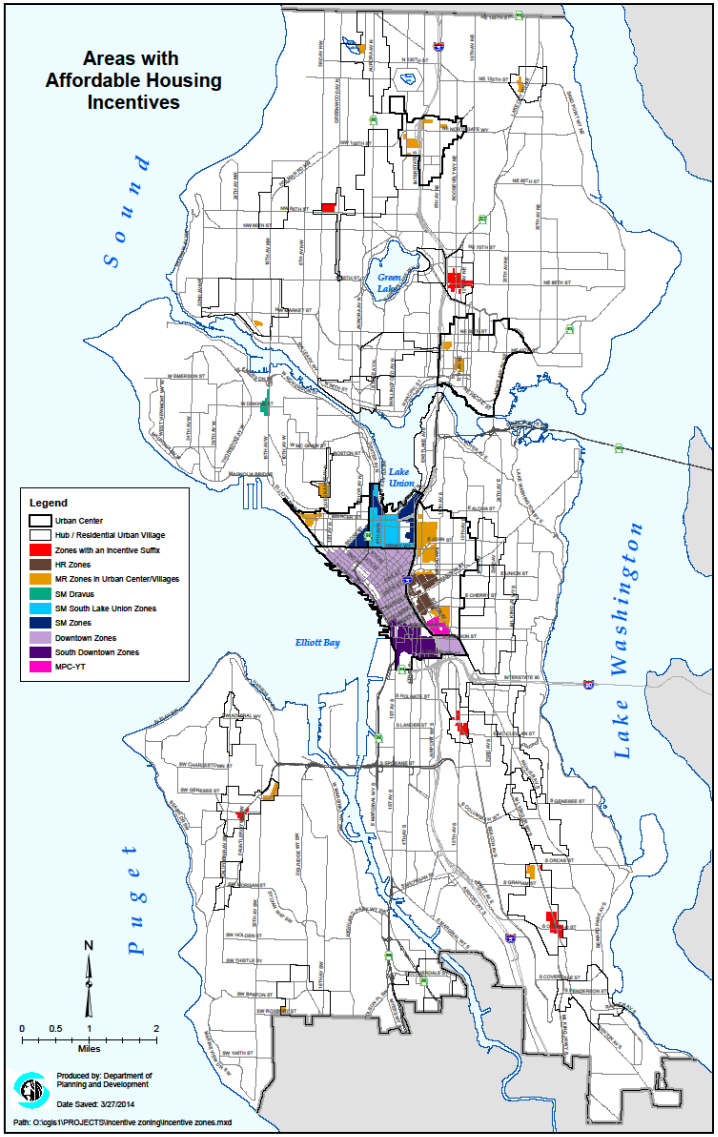
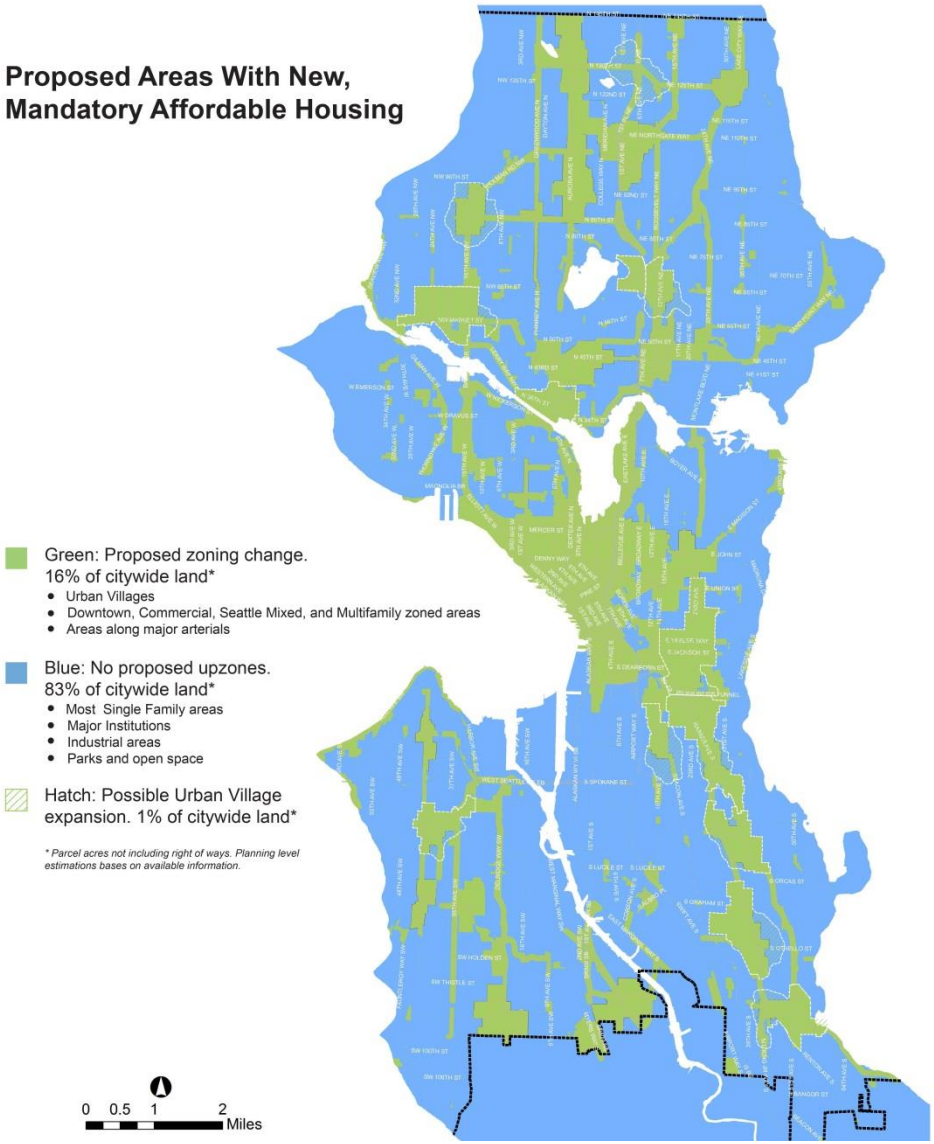
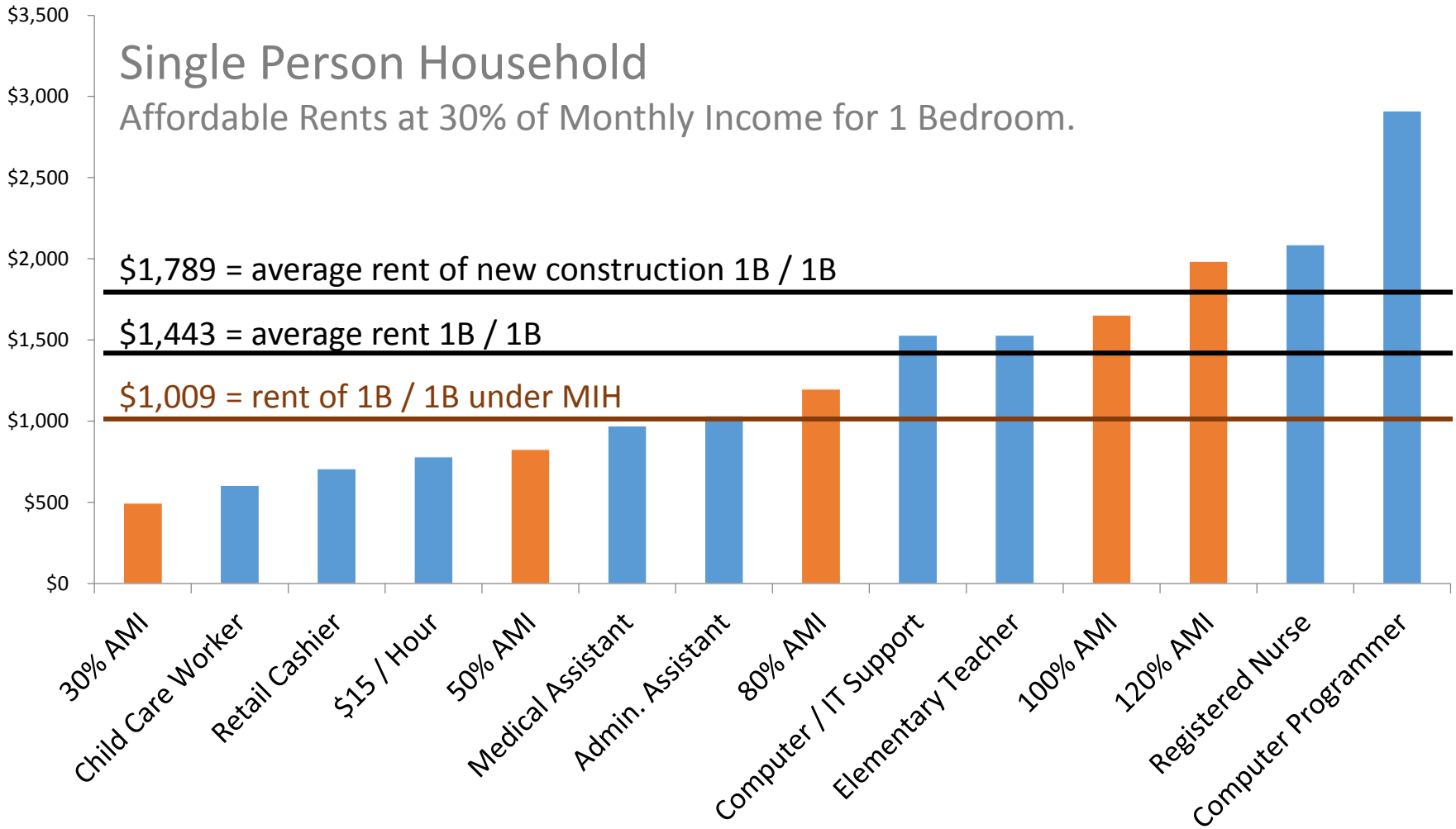
Voluntary Incentive Zoning



Mandatory Inclusionary Housing



MIH Impact on affordability of rent

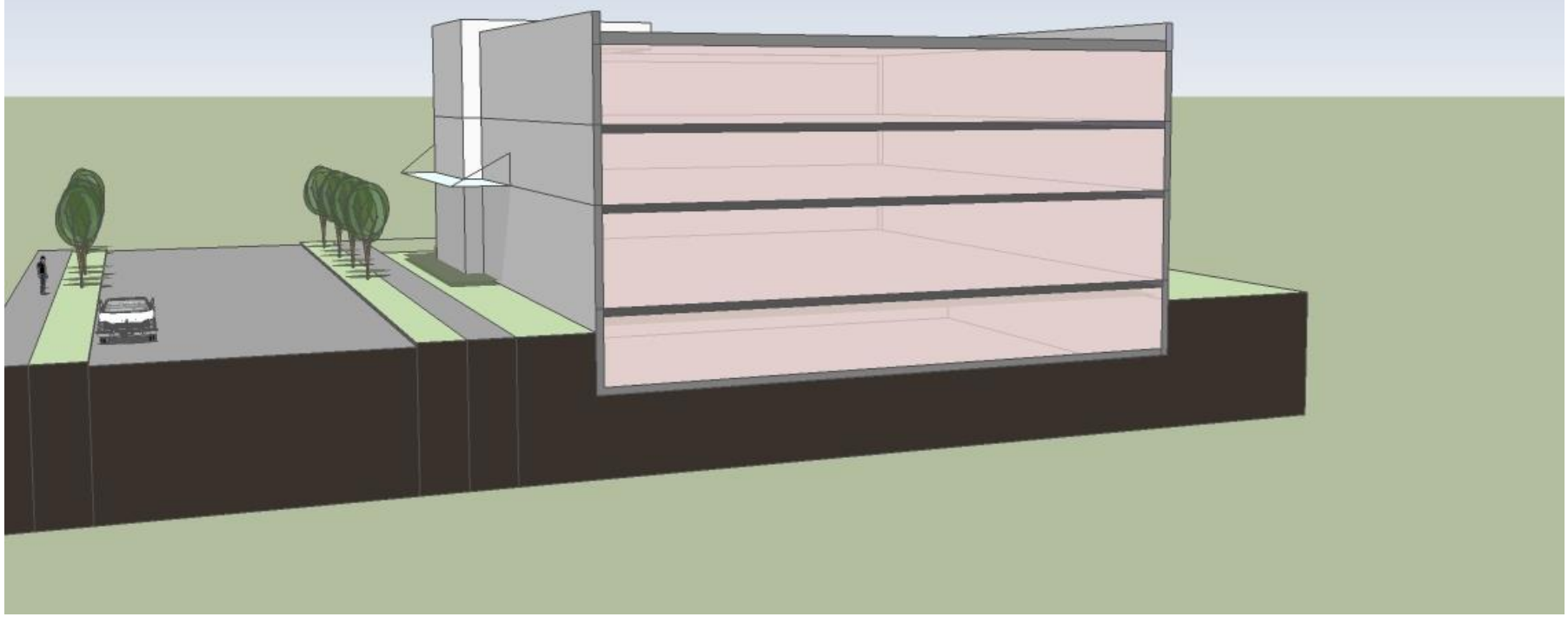


Sources: Dupre+Scott Apartment Advisors, Apartment Vacancy Report, 20+ unit buildings, Fall 2014, Seattle-14 market areas;
WA Employment Security Department, Occupational Employment & Wage Estimates, Seattle-Bellevue-Everett, WA MD, 2014.

How Mandatory Inclusionary Housing (MIH) works

Existing:

- Current zoning allows a new 3 story building.
- No rent-restricted affordable housing is required.



How Mandatory Inclusionary Housing (MIH) works

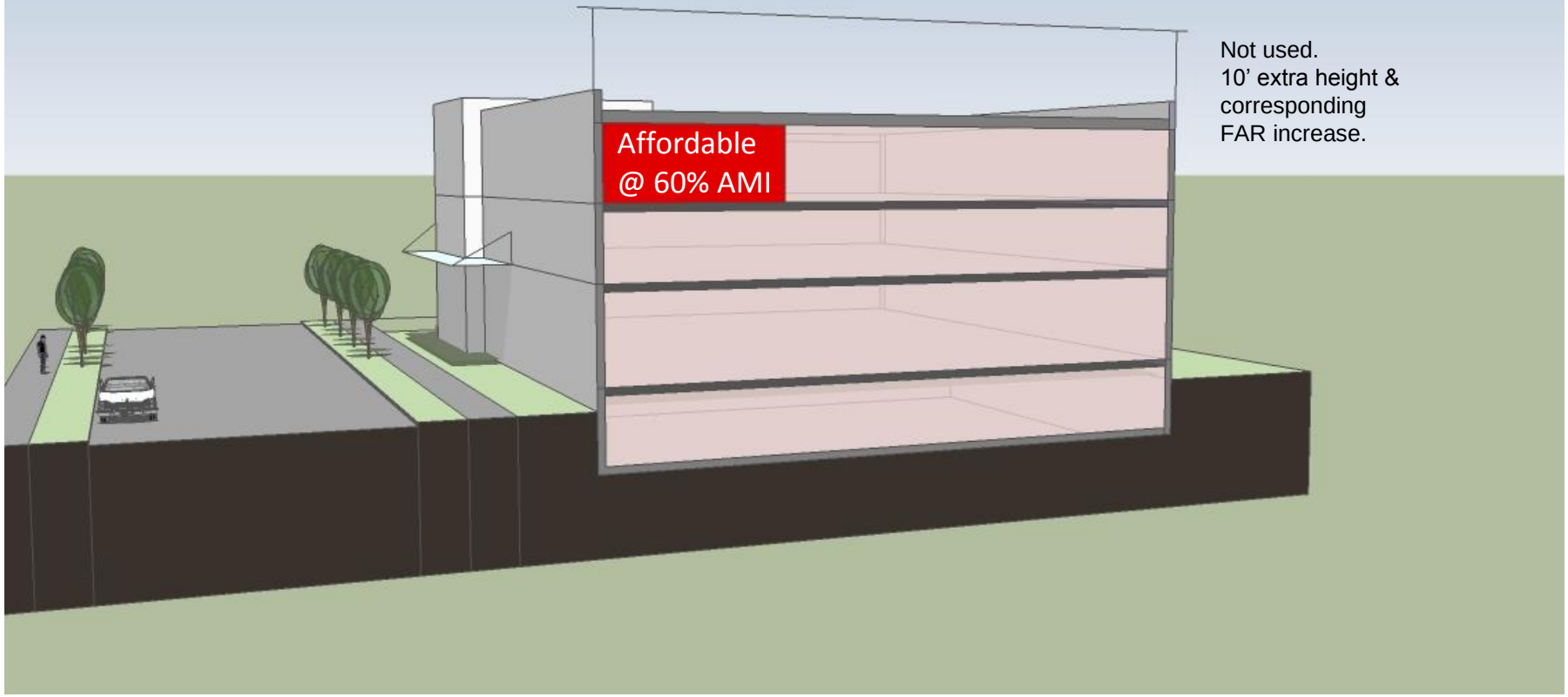
Proposed MIH Program:

- 10' of additional height and FAR increase allows 1 more story.
- Building is required to provide a percentage of affordable housing. (5% - 8%)

How Mandatory Inclusionary Housing (MIH) works

Proposed MIH Program:

- Even if the new building does not take advantage of additional allowed height or FAR, a required percentage of affordable housing (5% - 8%) is still required.



Example of Potential Zoning Changes In An Urban Village

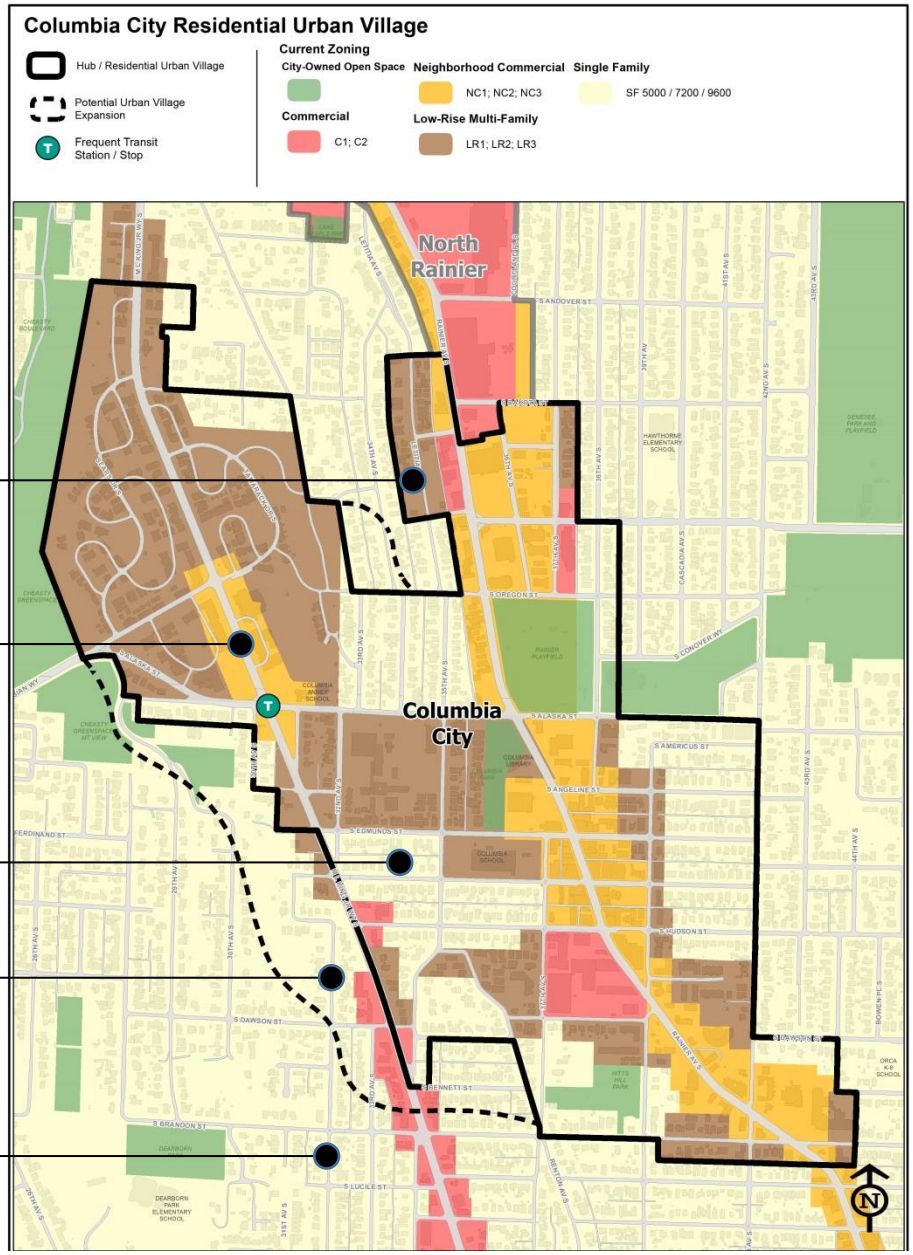
Existing Lowrise Multifamily Zoning
Increase amount of FAR, allowable density, or 1 extra story of height.

Existing Lowrise Neighb. Comm. Zoning
Increase amount of FAR, and 1 extra story of height.

SF Zoning Already Within Urban Village
Change to Lowrise or Residential Small Lot (RSL) zoning.

SF Zoning Within Transit Walkshed
Evaluate change to Residential Small Lot (RSL) or Lowrise.

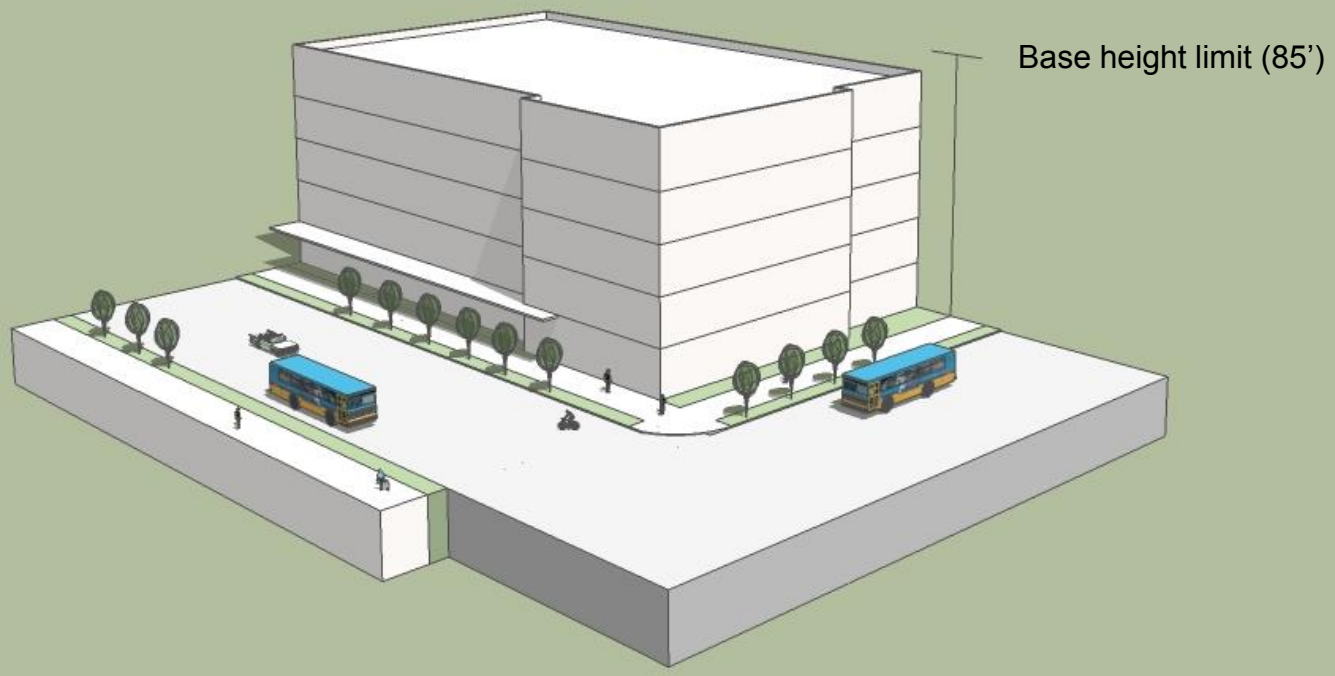
SF Zoning Other Areas
No change.



How Mandatory Inclusionary Housing (MIH) Works: Downtown / SLU

Current Incentive Zoning Program:

- A residential building that builds to the base height limit is not required to contribute to or provide any affordable housing.



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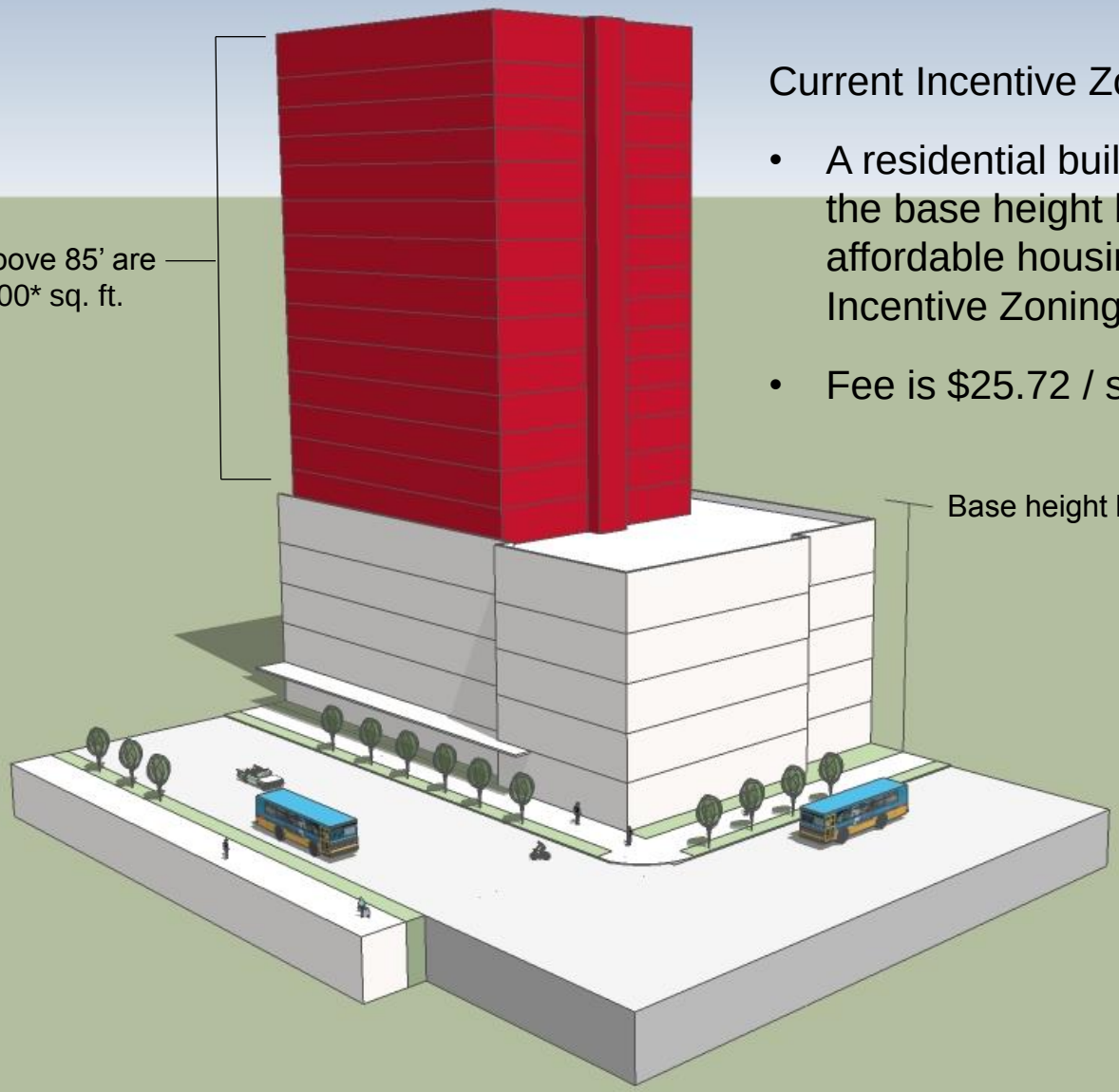
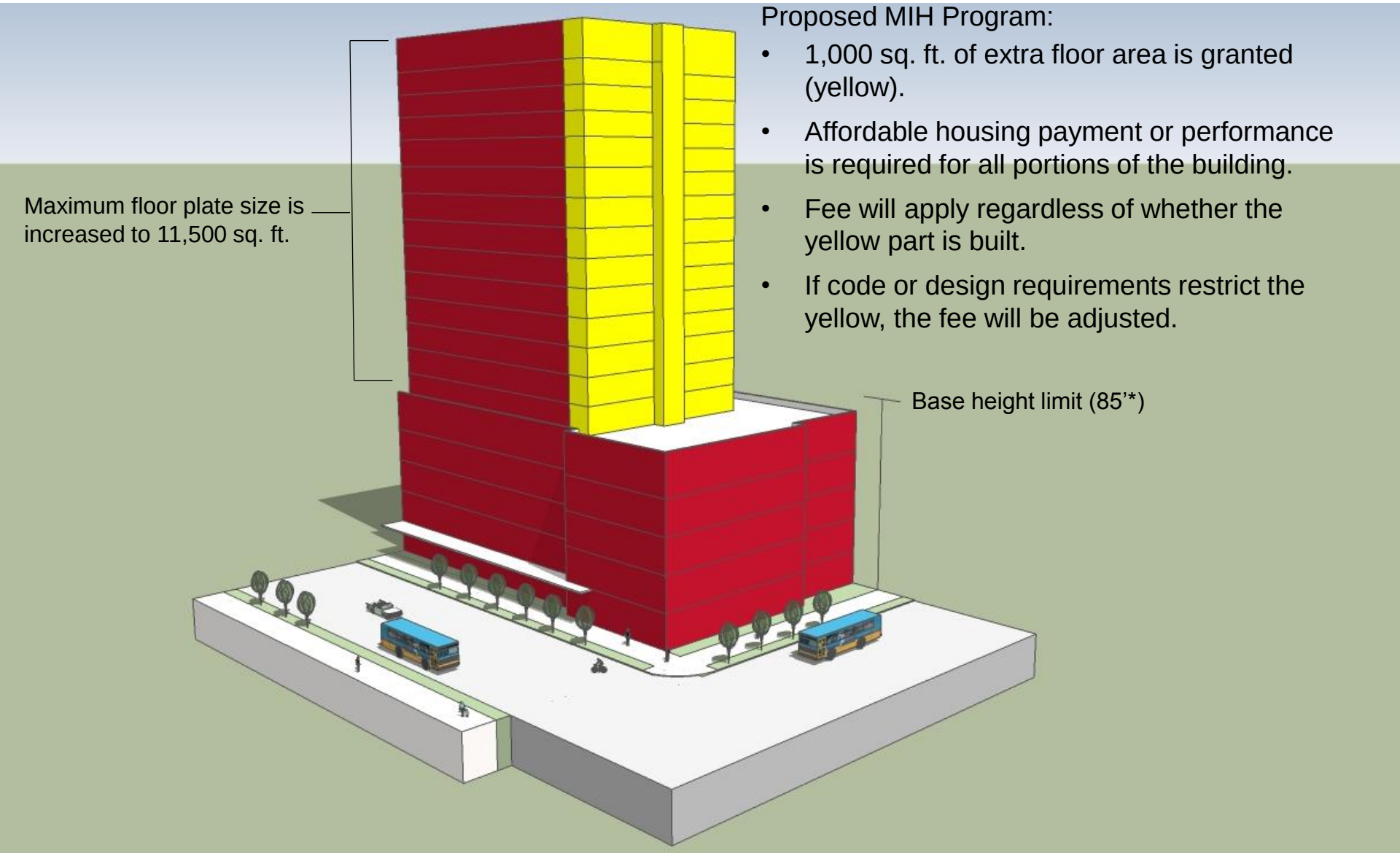


Current Incentive Zoning Program:

- A residential building that builds above the base height limit must contribute to affordable housing through the existing Incentive Zoning program.
- Fee is $25.72 / sq. ft. of the red area

How Mandatory Inclusionary Housing (MIH) Works: Downtown / SLU



Proposed MIH Program:

- 1,000 sq. ft. of extra floor area is granted (yellow).
- Affordable housing payment or performance is required for all portions of the building.
- Fee will apply regardless of whether the yellow part is built.
- If code or design requirements restrict the yellow, the fee will be adjusted.

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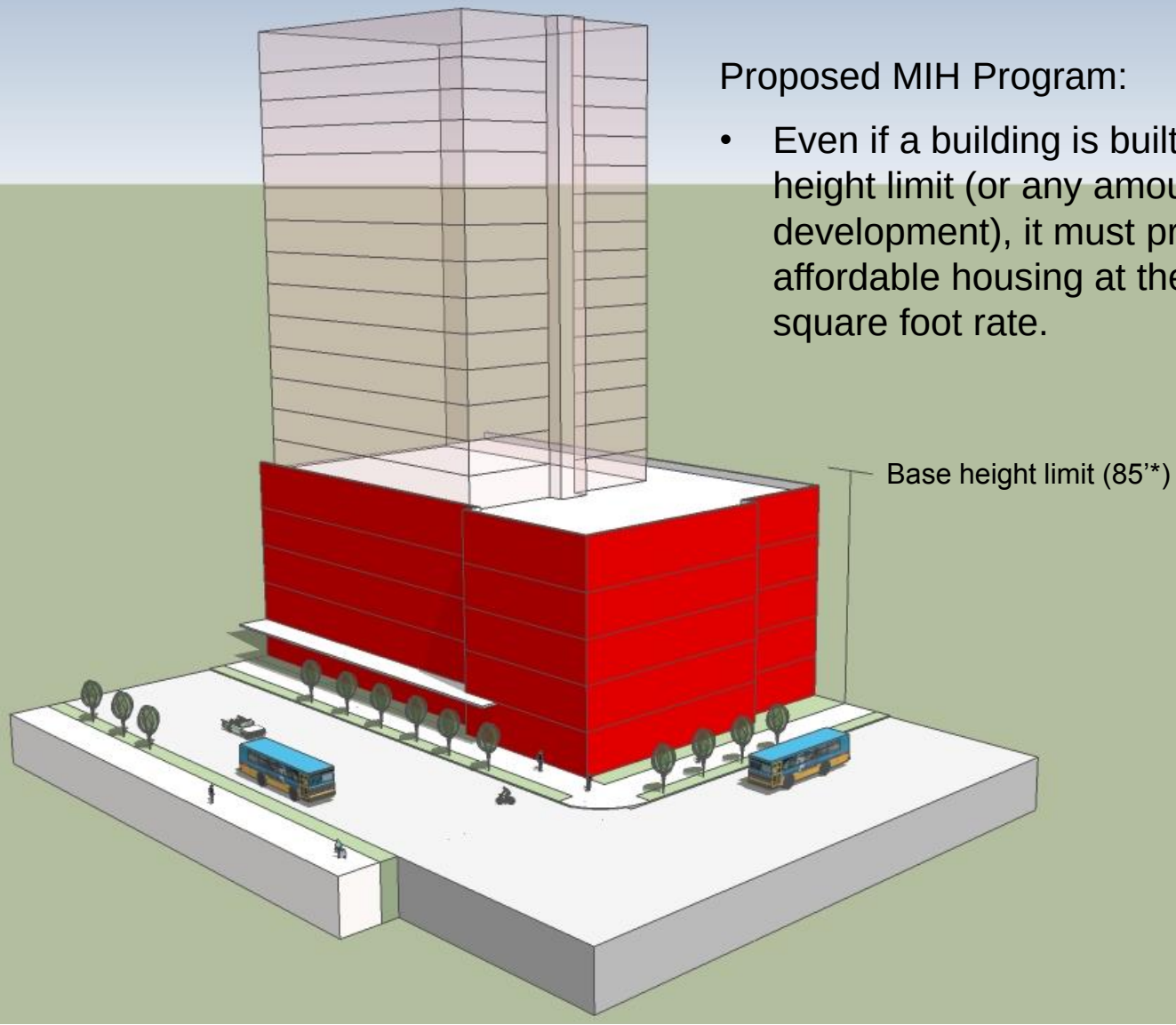


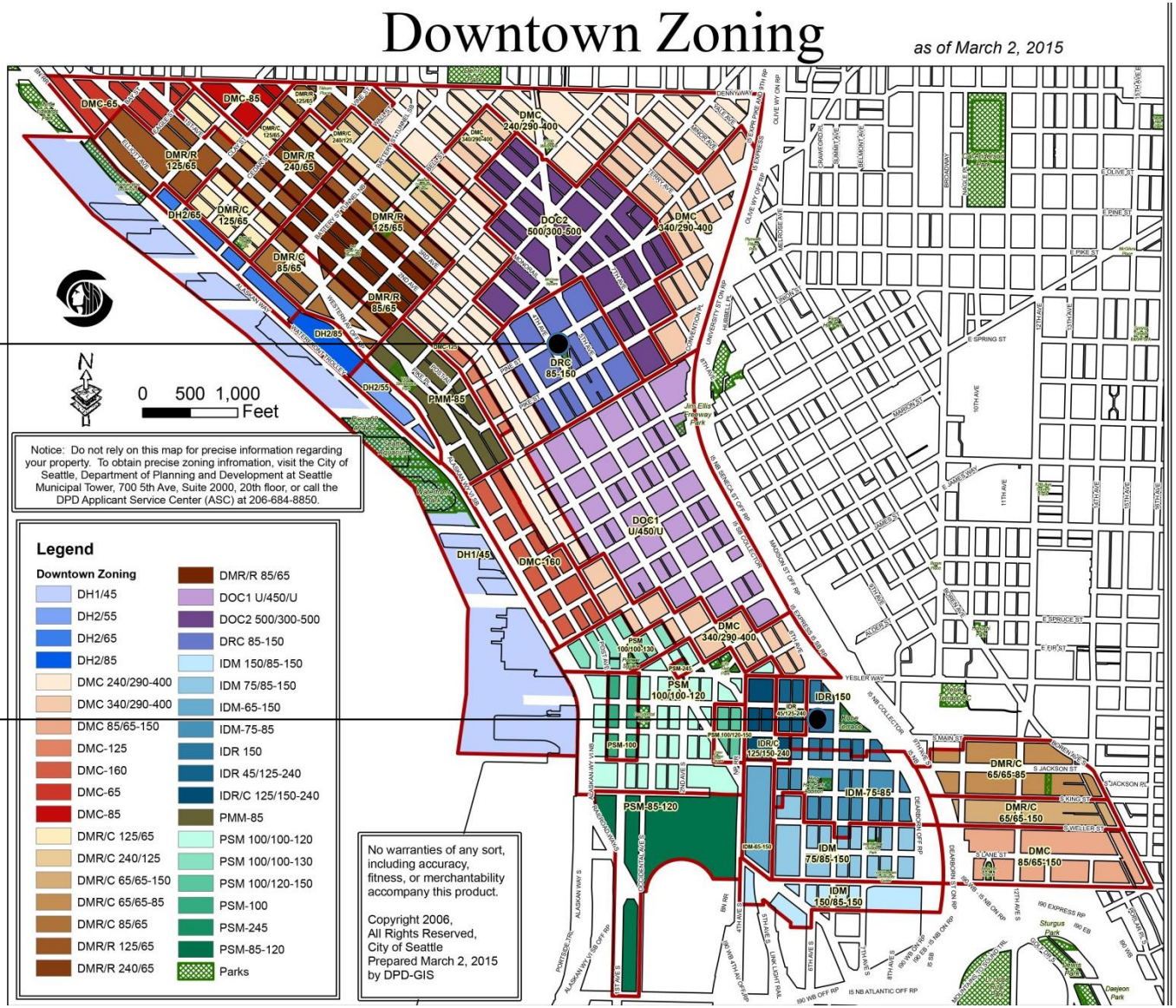
Proposed MIH Program:

- Even if a building is built to the base height limit (or any amount of development), it must provide or include affordable housing at the same per square foot rate.

Example of Potential Zoning Changes In Downtown / SLU

Most Downtown Zones
Increase allowed FAR by ~1.0, or allowed residential floor plate size by 1,000 sq. ft.

Some Constrained or Residentially-Focused Zones
Only increase residential capacity, such as residential height limit by about 1 story. (ie. Harborfront zones, International District Residential zones.)



Timeline for MIH Implementation

Ongoing Community Outreach and Engagement

Legislation Schedule	
Sept 2015	MIH Resolution
Q2 2016	MIH Framework Legislation
Q2 2016	Zoning changes in downtown, South Lake Union, University District and 23rd Avenue
Q1 2017	Zoning changes to single family inside Urban Villages, expansion of Urban Village boundaries, along transit corridors
Q3 2017	Zone-wide zoning changes to Lowrise, Midrise, Commercial, Neighborhood Commercial, etc.