

Amend Council Bill 118498 to add a new section and attachment with findings of fact.

Sponsor: O'Brien

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Section 1. The City Council hereby makes the Findings of Fact in Attachment A to this ordinance.

[Re-number Sections]

Filed by me this ____ day of _____, 2015.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Attachment A – Findings of Fact

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Attachment A

CITY OF SEATTLE

FINDINGS OF FACT

Part 1 - Background

1. In general, housing is considered affordable for a household occupying a housing unit if gross housing costs, including utilities, consume no more than 30 percent of the household's income. According to the U.S. Department of Housing and Urban Development, households who pay more than 30 percent of their income for housing and basic utilities are considered cost burdened. Cost burdened households may have difficulty affording necessities such as food, clothing, transportation, and medical care. Households who pay more than 50 percent of their income for housing are considered severely cost burdened.
2. Securing affordable housing in Seattle is a priority for the City as the population and business community grow. To this end, the City has engaged in a thorough investigation of present and future barriers to housing affordability; the demand for, and supply of, affordable housing; affordable housing strategies implemented in other jurisdictions across the United States; present production of affordable housing within the City; productivity of present incentive programs; and how the market would react to regulation of certain activities that increase the need for affordable housing.
3. In May 2013 the Council adopted Resolution 31444, which established a work program for reviewing and potentially modifying the City's affordable housing incentive zoning and other affordable housing programs.
4. In accordance with Resolution 31444, the Council commissioned reports to identify new strategies for Seattle, including:
 - a. Cornerstone Partnership produced reports dated February 4, 2014, entitled "Seattle Incentive Zoning Analysis of data relating to the historical production under Seattle's Incentive Zoning System," and July, 2014, entitled "Policy Options for Refining Seattle's Incentive Zoning Program," as well as a memo dated September 12, 2014, entitled "Recommendations for implementation of an Affordable Housing Linkage Fee."
 - b. Otak, Inc., in partnership with Paul Peninger, produced a report dated May 2014 entitled "Seattle Workforce Housing / Programs and Policies Related to Meeting Workforce Housing Needs in Seattle: A Survey and Analysis of Best Practices in Comparative Jurisdictions."
 - c. David Paul Rosen & Associates (DRA) produced a report dated October 10, 2014, entitled "Seattle Affordable Housing Incentive Program Economic Analysis," later supplemented by a memo dated May 18, 2015, containing economic impact analysis for additional prototypes.

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1 5. The Council has reviewed the reports and recommendations. To evaluate affordable
2 housing needs and approaches in Seattle, the Council participated in many forums and
3 public meetings, reviewed many materials and deliberated extensively. This analysis
4 included the following sessions and events in 2014:

5 a. February 13, 2014 Workforce Housing Forum: a half-day forum featuring
6 national experts discussing best practices in affordable housing production in
7 growing urban centers like Seattle. Consultant reports and presentations
8 discussed and reviewed at the forum included the "City of Seattle Housing
9 Needs Data" by Council Central Staff, "Benchmarking and Best Practice
10 Report" by Otak Inc., an additional presentation by Otak Inc., "Seattle
11 Cornerstone Report" by Cornerstone Partnership, and the "Incentive Zoning
12 Presentation" by Cornerstone Partnership. A panel presentation was then
13 made addressing "New Strategies for Workforce Housing," including
14 presentations by the City of Minneapolis, the Urban Land Conservancy, and
15 the Silicon Valley Leadership Group. A second panel presentation was made
16 addressing "Best Practices for Incentive Zoning," including presentations by
17 the City of Denver, Citizens Housing and Planning Association Presentation,
18 and Center for Housing Policy Presentation.

19 b. June 16, 2014 Workforce Housing Listening Session: a listening session to
20 hear directly from residents who presented to the Council their experiences
21 finding affordable housing in Seattle.

22 c. July 16, 2014 Offsite Committee Meeting and Public Comment: a meeting
23 held in Ballard by the Housing Affordability, Human Services, and Economic
24 Resiliency Committee, featuring presentations from the Office of Housing, the
25 Tenants Union, and Ballard community members and receiving public
26 comment.

27 d. July 21, 2014 Draft Recommendations Feedback Session: a presentation of
28 draft recommendations by DRA and Cornerstone Partnership at an evening
29 workshop with an opportunity for community feedback. DRA presented its
30 "Economic Analysis Public Review Draft" and Cornerstone Partnership
31 presented its "Draft Report on Best Practices and Policy Options."

32 e. July 21, 2014 Council Deliberation: presentation to the Council of draft
33 recommendations.

34 f. September 16, 2014 Council Deliberation: presentation by consultants of final
35 recommendations to the Planning, Land Use, and Sustainability Committee.

36 g. September 30, 2014 and October 14, 2014 Committee Deliberation:
37 discussions before the Planning, Land Use, and Sustainability Committee
38 regarding incentive zoning and a proposed housing linkage fee to mitigate
39 demand for affordable housing caused by development of new floor area.

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1 6. In September 2014 the Council adopted Resolution 31546, in which the Council and
2 Mayor proposed that a Seattle Housing Affordability and Livability Agenda (HALA)
3 Advisory Committee be jointly convened by the Council and Mayor to evaluate potential
4 housing strategies to support development and preservation of a diversity of housing
5 types and rents for residents of the City over the next ten years. The HALA Advisory
6 Committee was comprised of 28 stakeholders and interested persons.

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8 7. In October 2014 the Council adopted Resolution 31551, which established the
9 Council's intent to adopt and implement a program to mitigate demand for affordable
10 housing caused by new development, referred to as a "linkage fee" program.

11
12 8. On April 23, 2015, the Planning, Land Use and Sustainability Committee heard a
13 presentation by the Department of Planning and Development on Detached Accessory
14 Dwelling Units (DADUs), also known as mother-in-law apartments and backyard
15 cottages. The presentation included historical production in Seattle of DADUs and
16 Accessory Dwelling Units (ADUs), data regarding DADUs, opportunities in
17 Seattle regarding DADU eligible lots, survey results from backyard cottage owners, and
18 potential next steps. Staff from the City of Portland and the State of Oregon Department
19 of Environmental Quality each presented on use of ADUs as a housing solution in
20 Portland and Oregon. CAST Architecture made a presentation on designing such
21 structures. A discussion was then held regarding expanding the use of DADUs and
22 ADUs.

23
24 9. The Department of Planning and Development issued a Determination of Non-
25 Significance (DNS) under SEPA, dated June 8, 2015, for the Affordable Housing
26 Mitigation Program and Incentive Zoning Update and Comprehensive Plan Amendments
27 Regarding Affordable Housing. The DNS was appealed but the appeal was
28 withdrawn. The Council has considered the DNS and supporting documents related
29 thereto.

30
31
32 10. On July 13, 2015, the HALA Advisory Committee issued final recommendations to the
33 Mayor and City Council.

34
35 a. The HALA Advisory Committee recommended that the City boost market capacity
36 by extensive Citywide upzoning of residential and commercial zones and, in
37 connection with such upzones, implement a mandatory inclusionary housing program
38 for new residential development and a commercial linkage fee program for
39 development of new commercial floor area.

40
41 b. The HALA Advisory Committee recommended that the commercial program offer
42 the alternatives of payment of a per-square-foot fee to fund preservation and
43 production of affordable housing, or construction of affordable housing on-site or off-
44 site, and that the commercial program be implemented upon approval of additional
45 commercial development capacity through rezones of specified areas or Land Use
46 Code changes.

47
48 11. On July 13, 2015, the Mayor, Councilmember O'Brien, the Co-Chairs of the HALA
49 Advisory Committee and representatives of the non-profit and for-profit development
50 communities signed the Statement of Intent for Basic Framework for Mandatory
51 Inclusionary Housing and Commercial Linkage Fee ("Framework Agreement") that
52 described two strategies to address the City's affordable housing needs. The Framework

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1 Agreement identifies mandatory inclusionary housing and commercial linkage fees as
2 key to achieving a projected production level of no fewer than 6,000 affordable units for
3 households with incomes no higher than 60 percent of area median income ("AMI") over
4 10 years, and states that if the projected production levels fall below the target, all parties
5 agree to develop and consider options to achieve the agreed upon production target.

6 12. In July, 2015 the Council established a Select Committee on Housing Affordability to
7 work with the Mayor and members of the HALA Advisory Committee to increase
8 housing affordability in the City.

9 13. The Select Committee on Housing Affordability met July 20, August 10 and August 17,
10 2015. During these meetings the Committee received public comment and received
11 presentations from the Council Central Staff, the Mayor's Office, the Department of
12 Planning and Development, and the Office of Housing to inform the Committee's
13 consideration of the recommendations of the HALA Advisory Committee and how to
14 move forward with programs to pursue the recommendations, including adoption of an
15 affordable housing impact mitigation program for commercial development.

16 14. On September 9, 2015, the Select Committee on Housing Affordability held a public
17 hearing on two resolutions including Resolution 31612 stating the Council's intent to
18 make changes to zoning and land use regulations to implement a mandatory inclusionary
19 affordable housing program for residential development and an affordable housing
20 impact mitigation program for commercial development, as recommended by the HALA
21 Advisory Committee and the Mayor, clarifying the scope of changes to be considered,
22 establishing minimum outreach, planning, and implementation requirements, and
23 requesting regular reporting; and Resolution 31609, stating the City Council's intent to
24 consider strategies to increase the availability of affordable housing in the City, and
25 requesting the State Legislature to adopt new policies or modify existing policies in order
26 to provide additional opportunities for cities and counties to increase the availability of
27 affordable housing.

28 15. On September 18, 2015, the Select Committee on Housing Affordability met and voted to
29 recommend Resolution 31609 to the full Council. Public comment was heard.

30 16. The Select Committee on Housing Affordability also considered on September 18, 2015,
31 Council Bill 118498, a proposed ordinance that, *inter alia*, adds a new Chapter 23.58B of
32 the Seattle Municipal Code (SMC) to establish the framework for an Affordable Housing
33 Impact Mitigation Program for commercial development. The Council considered, *inter*
34 *alia*, the August 25, 2015 letter from the Mayor transmitting the proposed Council Bill,
35 the Summary and Fiscal Note, the DPD Director's Report dated September 2015, a
36 Central Staff Memo dated September 16, 2015 addressing Council Bill 118498 and
37 Resolution 31612, proposed Resolution 31612, and the Seattle Non-Residential
38 Affordable Housing Impact and Mitigation Study dated September 15, 2015 by DRA.
39 The Council received a presentation from Chris Gregorich and Leslie Brinson Price of
40 the Mayor's Office, Brennon Staley of the Department of Planning and Development,
41 and Lindsay Masters of the Office of Housing. Public comment was heard. As set forth
42 in the Director's Report, the Affordable Housing Impact Mitigation Program for
43 commercial development is also referred to as Mandatory Housing Affordability through
44 Commercial Development, or MHA-Commercial.

45 17. On September 28, 2015, the Full Council passed Resolution 31609. Public comment was
46 heard. The Resolution passed unanimously.

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- 1 18. On September 30, 2015, the Select Committee on Housing Affordability held a public
2 hearing on Council Bill 118498.
- 3 19. On October 5, 2015, the Full Council passed Resolution 31622, which replaced
4 Resolution 31609, and declared the City Council's intent to consider strategies to
5 increase the availability of affordable housing in the City, and requested the State
6 Legislature to adopt new policies or modify existing policies in order to provide
7 additional opportunities for cities and counties to increase the availability of affordable
8 housing. Public comment was heard.
- 9 20. On October 5, 2015, the Select Committee on Housing Affordability again considered
10 Council Bill 118498. The Select Committee also considered Resolution 31612.
- 11 21. On October 12, 2015, the Select Committee on Housing Affordability approved Council
12 Bill 118498 with amendments and sent it to the Full Council. The Select Committee on
13 Housing Affordability also approved Resolution 31612 with amendments and sent it to
14 the Full Council.
- 15 22. To facilitate implementation of an affordable housing impact mitigation program for
16 commercial development recommended by the HALA Advisory Committee, the Council
17 deems it advisable to promptly adopt the governing framework for such a program.

18 **Part 2 - Applicability**

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- 20 23. The Affordable Housing Impact Mitigation Program set forth in Council Bill 118498 (the
21 "Program") will apply to development of either a new structure or an addition to an
22 existing structure that contains more than 4,000 square feet of new chargeable floor area
23 that will be devoted to commercial use.
- 24 24. The following commercial uses in structures with at least 50 percent of above-grade floor
25 area in residential use will be exempt from housing mitigation requirements under the
26 Program:
- 27 a. up to 4,000 square feet of street-level floor area containing arts facilities, eating and
28 drinking establishments, entertainment uses (other than adult cabarets, adult motion
29 picture theaters, and adult panorams); and general sales and services;
- 30 b. street-level uses along a designated pedestrian street that are required to meet street-
31 level use standards in Pedestrian zones; and
- 32 c. commercial uses within a low-income housing development, provided that a
33 regulatory agreement or housing covenant limits the incomes and rents to no higher
34 than 60 percent of AMI for at least 75 percent of the units for at least 50 years.
- 35 25. The first two exemptions from housing mitigation requirements are intended to
36 acknowledge existing City priorities to activate street fronts. The third exemption
37 exempts low-income housing developments with long term affordability restrictions
38 because the low-income housing will adequately mitigate the affordable housing impacts
39 of the development of the commercial space.
- 40 26. Consistent with the HALA Advisory Committee recommendations, the Affordable
41 Housing Impact Mitigation Program will allow provision of affordable housing either

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through construction of affordable dwelling units on- or off-site (“performance option”) or a cash contribution in lieu of performance (“payment option”).

27. The Council has expressed an intent that amendments to the payment and performance amounts provided in Council Bill 118498 may be needed during an initial implementation phase, but that after the completion of the initial implementation phase, amendments may be considered if there is a failure to meet expectations for program performance after five years from the effective date of Council Bill 118498, if there are significant positive or negative changes in real estate development market conditions, or if neither of these criteria is met and ten years have elapsed since the completion of the initial implementation phase.

28. Council Bill 118498 employs race-neutral tools to combat racial isolation and foster diversity within Seattle. CB 118498 furthers the City’s desire to take actions to address segregation and related barriers for groups with characteristics protected by the Fair Housing Act, as often reflected in racially or ethnically concentrated areas of poverty.

Part 3 – Present and Future Affordability Challenges

Seattle Is Facing Increasing Affordability Challenges.

29. Seattle is facing increasing affordability challenges. Many Seattle residents are cost-burdened or severely cost burdened. An estimated 15 to 20 percent of all Seattle households are severely cost burdened. An estimated 105,000 households (or roughly 38 percent) of all Seattle households are cost-burdened.

30. Severe housing cost burdens disproportionately impact very low-income households. About 26,250 very low-income Seattle households—or 62 percent of the households with incomes of 30 percent AMI or less—spend more than half their income on housing.

31. Housing cost burdens also disproportionately impact minority racial and ethnic communities. Over 25 percent of Black/African American Seattle homeowners, and close to 35 percent of Black/African American Seattle renters, are severely cost burdened.

32. Renters in Seattle are more likely to have incomes below area median income. While only about 29 percent of Seattle owner households have incomes at or below 100 percent AMI, an estimated 76 percent of renters have incomes at or below 100 percent AMI. Among owner-households, Black/African American homeowner households are disproportionately likely to have incomes at or below 100 percent of AMI: 51 percent of Black/African American homeowner households have incomes at or below 100% of AMI. Among owner households, low incomes of 80 percent of AMI or below are also disproportionately common among Black/African American households.

33. Racial and ethnic minorities in Seattle are more likely to rent. Homeownership rates for Black/African American, Hispanic/Latino and mixed race households are significantly lower than for Asian and White households. Overall, the 2010 Decennial Census showed a 48 percent homeownership rate for Seattle households. In contrast, only 27 percent of Hispanic/Latino households; 29 percent of Blacks/African American households; and 33 percent of two-or-more-races households own their own homes. In Seattle, 46 percent of

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1 Asian households own their own homes and 52 percent of White households own their
2 own homes.

3 34. Average rents for one-bedroom and even studio apartments in Seattle are unaffordable to
4 individuals working in some of the region's most common occupations, such as medical
5 assistants, retail salespeople, childcare workers, janitors, and nurse assistants, or those
6 making minimum wage. Average rent for newer one-bedroom apartments is not even
7 affordable to a household with two people making the new minimum wage, which for
8 some employers will increase to \$15 per hour in 2017.

9 35. Affordable monthly rent for a person making a \$15 per hour wage is \$780. Affordable
10 monthly rent for a household with two people who both work full-time at \$15 per hour is
11 \$1,560. Dupre+Scott Apartment Advisors reported the following average monthly rents
12 in their Spring 2015 Apartment Vacancy Report for the City of Seattle market area:
13 Studios \$1,181 (all 20+ unit buildings); Studios \$1,386 (newer 20+ unit buildings only);
14 One-bedroom/one bath \$1,443 (all 20+ unit buildings); One bedroom/one-bath \$1,789
15 (newer 20+ unit buildings only); Two-bedroom/one-bath \$1,651 (all 20+ unit buildings);
16 Two bedroom/one bath \$2,129 (newer 20+ unit buildings only).

17 36. While a significant segment of Seattle is encountering challenges associated with lack of
18 available affordable housing, these challenges are having a disproportionate impact on
19 access to housing for households of certain races and ethnicities and those with incomes
20 less than 60 percent AMI.

21 ***The City of Seattle is Taking a Number of Steps to Address Present Affordable Housing***
22 ***Shortfalls***

23 37. Presently there are estimated shortages of 23,500 affordable and available units for renter
24 households with incomes of 0-30% of AMI, 25,000 affordable and available units for
25 renter households with incomes of 0-50% of AMI, and 9,500 affordable and available
26 units for renter households with incomes of 0-80% of AMI. Affordable and available
27 means the housing is both affordable and not presently occupied by households in higher
28 income categories.

29 38. The Affordable Housing Impact Mitigation Program is not designed to address the
30 preexisting shortfall in affordable housing. Instead, a comprehensive strategy that
31 includes existing and new approaches, separate from the Affordable Housing Impact
32 Mitigation Program, will be employed to address this issue. New approaches to boosting
33 preservation and production of rent- and income-restricted units may include: finding
34 new funding sources for rental housing (for households whose income is 0-60 percent
35 AMI); offering tax and other incentives; expanding and renewing the Seattle housing
36 levy; considering use of surplus property revenue, County document recording fees,
37 hotel/motel tax, and local option sales tax to fund housing; investigating federal equity
38 investment in federal tax credits; and pursuing direct U.S. Department of Housing and
39 Urban Development investment.

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1 39. Efforts may also include addressing other barriers to access to affordable housing.
2 Preliminary findings from the Seattle Office of Civil Rights 2014 Fair Housing Testing,
3 which involves sending testers – including some protected by the Fair Housing Act – to
4 seek housing on the private market, showed that rental practices continue to favor White
5 households. Tests for discriminatory practices showed that 64 percent of tests generally
6 avored White households over non-White households, and 67 percent of tests showed
7 evidence of different treatment based on national origin.

8 *The Affordable Housing Impact Mitigation Program Mitigates Impacts of Commercial*
9 *Development.*

10 40. The Affordable Housing Impact Mitigation Program mitigates a portion of the impacts of
11 development of new commercial floor area on the need for affordable housing in Seattle.

12 41. Seattle's population is projected to increase by another 120,000 people and the City is
13 projected to add 70,000 additional housing units and 115,000 additional jobs by 2035. A
14 significant portion of the additional households will be lower income.

15 42. Part of the demand for affordable housing is caused by commercial development.

16 43. Most population growth is job driven, and net job growth does not occur without
17 construction of new buildings to accommodate workers.

18 44. Many of the employees associated with new commercial development are lower-income.

19 45. There is a significant existing shortage of housing affordable and available to lower-
20 income households. New market-rate housing is generally not affordable to lower-income
21 households.

22 46. The September 15, 2015, Seattle Non-Residential Affordable Housing Impact and
23 Mitigation Study, prepared by DRA, identifies the impact that certain nonresidential
24 development prototypes have on the need for affordable housing. The DRA prototypes
25 reflect the range of commercial development to which the Program would apply.

26 47. The DRA study determines the amounts of mitigation fees that would be needed to
27 address the identified impacts caused by commercial development on the need for
28 affordable housing. The fee amounts in Council Bill 118498 are in all cases less than
29 those determined by the study. The City finds that the fee amounts in Council Bill
30 118498 are intended to mitigate, and do mitigate, some but not all of the affordable
31 housing impacts of the new commercial developments that would be subject to the
32 Program.

33 48. The City also calculated the amounts of affordable housing, in terms of percentage of
34 floor area, that would need to be provided through performance in order to address the
35 identified impacts of the prototypes. The performance amounts in Council Bill 118498
36 are in all cases less than those amounts. The City finds that the performance percentages
37 in Council Bill 118498 are intended to mitigate, and do mitigate, some but not all of the

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1 affordable housing impacts of the new commercial developments that would be subject to
2 the Program.

3 49. To accommodate potentially unique characteristics of individual developments, the
4 Council finds the need to include administrative remedies to allow the applicant for a
5 commercial development to seek to reduce the payment or performance requirement if
6 the applicant demonstrates that the required amount of mitigation exceeds the amount
7 that would be needed to mitigate the actual demand for affordable housing created by the
8 development.

9 50. Commercial development's affordable housing impacts fall disproportionately on persons
10 of certain incomes and certain races and ethnicities. It is necessary to mitigate some of
11 the affordable housing impacts of new commercial development, particularly to ensure
12 housing for those with incomes at or below 60 percent AML.

13 51. Because affordable housing is in short supply in the City, lower-income employees
14 associated with new commercial development may be forced to live in less than adequate
15 housing within the City, pay a disproportionate share of their incomes to live in adequate
16 housing in the City, or commute ever increasing distances to their jobs from housing
17 located outside the City when they are unable to locate adequate housing within the City.

18 52. The Council also finds it important to continue to monitor the Program to ensure that the
19 results are consistent with the goals of the legislation.

20 53. It is anticipated that the Affordable Housing Impact Mitigation Program will provide
21 approximately 2,400 units of the 6,000 affordable housing unit production level identified
22 in the Framework Agreement, to address a portion of the new affordable housing needed
23 for low wage workers generated by the commercial developments over the next decade.

24 ***The City Relies on Numerous Sources to Provide Affordable Housing but Existing Programs***
25 ***Have Proved Insufficient***

26 54. The City relies on a variety of sources to provide affordable housing, including payments
27 and provision of affordable units by developers under bonus programs, provision of units
28 by developers pursuant to tax exemptions, property tax revenues raised through voter-
29 approved levies, and other sources.

30 55. The City has commercial and residential bonus programs in Downtown, South Lake
31 Union, and limited other areas of the City. The programs allow developers to develop
32 additional floor area, beyond what would otherwise be allowed, if they provide a variety
33 of public benefits, including not only affordable housing (in most cases, via either
34 performance or payment) but also, to a varying extent, childcare, open space, and other
35 items. From 2001 through September, 2015, bonus programs raised \$83 million for
36 affordable housing plus direct production of 116 affordable units by developers.

37 56. Since 1998, the City has administered a Multifamily Tax Exemption (MFTE) program
38 that supports more than 2,000 affordable units in mixed income buildings throughout the
39 City.

40 57. In 2009, Seattle voters approved, for the fifth time, a property tax levy to fund affordable
41 housing for low income residents. The current levy is for \$145 million and runs through

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1 2016. For over 30 years, the City has managed investments from the voter-approved
2 Seattle Housing Levy plus state and federal sources to fund the preservation and
3 production of affordable apartments and homes. The Office of Housing also develops
4 policies and manages programs that support further affordable housing preservation and
5 production. To date, nearly 12,000 affordable rental units have been produced and
6 thousands of homes and apartments have been repaired or weatherized.

7 58. Existing programs, including the Seattle Housing Levy, Multifamily Tax Exemption,
8 City bonus programs, and other City, state and federal programs, have proved insufficient
9 to meet the demand for affordable housing, as demonstrated by existing shortages of
10 affordable and available units for renter households.

11 59. The non-mandatory nature of the City's bonus programs limits the potential usefulness of
12 this approach. The bonus programs allow development to a "base" level without the
13 provision of any affordable housing, via either performance or payment. Not all projects
14 that are eligible to use bonuses may choose to do so, and under a bonus approach those
15 that do not are not required to mitigate any of their affordable housing impacts. By
16 contrast, the Affordable Housing Impact Mitigation Program will require developers to
17 mitigate, to some extent, the affordable housing impacts of all new commercial floor
18 area.

19 60. Every year the City loses some amount of affordable market-rate housing due to
20 demolition and redevelopment. Additional income- and rent-restricted housing is
21 sometimes lost through expiring use restrictions. The reality of ongoing displacement of
22 low-income households was a consistent theme in many HALA discussions and a major
23 concern raised in the public forums. The City is considering options for a preservation
24 and production strategy to reduce displacement and minimize loss of affordable housing,
25 in addition to its efforts to mitigate the impact of commercial development on the need
26 for affordable housing.

27 **Part 4 – The City's Responsibility For Managing Growth**

28 61. In developing and adopting its comprehensive plan and implementing development
29 regulations, the City must be guided by the goals of the Growth Management Act
30 (GMA), Chapter 36.70A RCW, including the housing goal which encourages the
31 availability of affordable housing to all economic segments of the population. The GMA
32 also requires that the housing element of the City's Comprehensive Plan include an
33 inventory and analysis of existing and projected housing needs that identifies the number
34 of housing units necessary to manage projected growth, include a statement of goals,
35 policies, objectives and mandatory provisions for the preservation, improvement, and
36 development of housing, identify sufficient land for housing, and make adequate
37 provision for existing and projected needs of all economic segments of the community.

38 62. WAC 365-196-410 recommends that the City prepare a housing inventory whose purpose
39 is to gauge the availability of existing housing for all economic segments of the
40 community and a housing needs analysis to estimate the type and densities of future
41 housing needed to serve all economic segments of the community. The rule supports the
42 desirability of evaluating progress towards achieving the goals and policies of the
43 housing element.

44 63. The City originally adopted its Comprehensive Plan in 1994. The Comprehensive Plan
45 has been amended annually since its adoption, most recently by Ordinances 124886,
46 124887, and 124888 in October, 2015. The process for the major update of Seattle's

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Comprehensive Plan, called Seattle 2035, is underway. A first draft of the Seattle 2035 Comprehensive Plan was released in July 2015 for public comment and Mayor Murray's proposed plan is anticipated for release in early 2016.

64. As amended by Ordinance 124886, Comprehensive Plan land use and housing goals and policies include the following:

a. LU5(2): Seek opportunities in rezones or changes in development regulations to require or encourage development of housing that is affordable for the longest term practical.

b. HG2: Maintain housing affordability over the life of this Plan.

c. HG2.5: Seek to reduce involuntary housing cost burden for households by supporting the creation and preservation of affordable housing.

d. H8: Consider using programs that require or encourage public agencies, private property owners, and developers to build housing that helps fulfill City policy objectives.

e. H8.5 Encourage a shared responsibility among the private and public sectors for addressing affordable housing needs.

f. H9.5 When using federal, state, local, and private resources to preserve, rehabilitate or redevelop properties for affordable housing, consider access to transit service and estimated household transportation costs.

g. H29.4: Consider requiring that new development provide housing affordable to low-income households. Consider adopting such an approach either with or without rezones or changes in development standards that increase development capacity.

h. H29.8 Recognize that the provision of housing affordable to low-income households can help provide low-income households with access to education, employment, and social opportunities; support the creation of a more inclusive city; and reduce displacement of households from their neighborhoods or the city as a whole.

65. Ordinance 124887 updated the Comprehensive Plan to adopt new growth estimates of 70,000 additional housing units and 115,000 additional jobs. This is the City's share of the region's projected housing and employment growth between 2015 and 2035, identified through the countywide process conducted by the Growth Management Planning Council.

66. A substantial portion of the additional households addressed by the new growth estimates will have incomes under 80 percent of AMI, and substantial portions will have incomes under 60 percent of AMI and under 30 percent of AMI. Addressing the housing needs of these households will require that tens of thousands of housing units affordable to lower-income households be produced.

67. The City has the prerogative and duty to control and regulate the use of land within the City of Seattle.

68. The City has determined that the Affordable Housing Impact Mitigation Program is in the best interest of the citizens of Seattle and is consistent with its Comprehensive Plan.

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Part 5 – The City's Police Power

69. Council Bill 118498 is adopted pursuant to the City's police power authority to protect the public health, safety, and welfare.

70. The purpose of Council Bill 118498 is, through regulation, to mitigate a portion of the impact of development of new commercial floor area on the need for affordable housing, recognizing that the new lower-wage workers associated with new commercial development increase demand for affordable housing.

71. Housing is necessary to the public health and general welfare. The City has a strong governmental interest in the pursuit of housing for all its citizens, including for households with low incomes. Through Council Bill 118498, the City pursues its goal of creating more affordable housing to meet the substantiated need for affordable housing caused by commercial development. A failure by the City to act to provide and promote affordable housing for its citizens under current circumstances would result in great harm.

72. The provisions of Council Bill 118498 will substantially advance the City's legitimate interest in ensuring low-income households' access to affordable housing dispersed throughout Seattle.

73. The City has considered various alternatives, has taken into account the needs and viewpoints of stakeholders and citizens, has considered the economic impact of the proposed mitigation program on developers of commercial projects, and has set performance and payment amounts well below the level that would be required to fully mitigate the impact of new commercial floor area on the need for affordable housing.

74. The Affordable Housing Impact Mitigation Program is part of a comprehensive legislative strategy that spreads the burden of addressing affordable housing needs in a fair manner. The City has determined that Council Bill 118498 represents a reasonable approach to mitigate impacts of new commercial development on the need for affordable housing in the City.

Part 6 – The Growth Management Act's Authorization of Affordable Housing Incentive Programs

75. The Affordable Housing Impact Mitigation Program may also be adopted pursuant to the Growth Management Act, RCW 36.70A.540, as an affordable housing incentive program.

76. As proposed by Council Bill 118498, the Program would not become effective in any given area or zone of the City until reference is made to Chapter 23.58B in the provisions of the zone. Council Bill 118498 expresses the Council's intent that references to Chapter 23.58B be made in conjunction with Land Use Code or Land Use Map amendments increasing commercial development capacity. Implementation conditioned on commercial development capacity increases may allow for authorization under RCW 36.70A.540. However, the Affordable Housing Impact Mitigation Program is also authorized under separate legal authority and could be implemented absent any development capacity increases.

77. The Program establishes standards for affordable housing, including affordability guidelines and income limits consistent with local housing needs.

Amend Council Bill 118498 to add a new section and attachment with findings of fact.

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1 78. The City has held a public hearing in order to establish that the 60% of AMI income level
2 for rental housing set forth in Council Bill 118498 is consistent with RCW
3 36.70A.540(2)(b)(iii).

4 79. Average rents for apartments in Seattle are not affordable to households with incomes at
5 the 30%, 60%, and (except for studios) 80% of AMI levels, and the gap is even greater
6 for apartments in newer buildings.

7 80. Over 80% of Seattle renter households with incomes 0-80% of AMI are in the 0-30% of
8 AMI and 30-60% of AMI categories, which supports the Council's decision to address
9 affordable housing needs for rental housing up to the 60% of AMI level.

10 81. In 2009, the City of Seattle was recognized by the John D. and Catherine T. Macarthur
11 Foundation for its strong track record of creating long-term low-income rental housing,
12 and awarded funding as part of a national preservation initiative. The Office of Housing
13 has also proven its efficiency in aligning resources to maximize production,
14 as demonstrated by its success in meeting and exceeding production goals established for
15 its voter-approved affordable housing levies. The 2002 Housing Levy resulted in 2,215
16 affordable housing units over 7 years, compared to a goal of 1,718, while 2009 Levy
17 Rental Housing and Production outcomes already reached nearly 2,000 units as of year 5,
18 exceeding the 7-year program goal of 1,670.

19 82. The Office of Housing, which awards funding for preservation and production of low-
20 income housing, has provided sufficient information to assure the Council that payments
21 from commercial developments will achieve a result that is equal to or better than the
22 provision of affordable housing on-site, based on the overall amount of affordable
23 housing produced, the affordability of the housing produced, and the extent to which
24 affordable housing funded by the City supports other community benefits.

25 83. In nearly all zones, the amount of payments received would ultimately yield a number of
26 affordable housing units that exceeds the amount that would be produced on-site, if the
27 payments support housing at the same income and rent levels (60% of AMI). This is
28 largely due to the other public and private financing that these funds can leverage, a
29 significant amount of which remains untapped by low-income housing developers.

30 84. Unlike with housing produced on-site, the investment of the payment funds allows the
31 flexibility to create housing affordable at rents even lower than 60% of AMI. While this
32 may create tradeoffs with the amount of housing produced, the City has in many cases
33 made the policy choice to support housing for individuals and families with incomes
34 lower than the maximum target income level, due to compelling cases that can be made
35 for addressing the greatest needs.

36 85. Funds invested in affordable housing can result in a range of other community benefits.
37 For instance, public investment can stimulate economic development in areas of the City
38 that lack private investment; preserve historic buildings that would otherwise be lost to
39 deterioration or demolition; and help stabilize rents in areas where residents are at risk of
40 displacement. On the whole, funds can be strategically invested to maximize housing
41 choice throughout the city. In addition to leveraging other investment in housing, public

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1 funds can also leverage investments in a range of non-residential spaces such as
2 affordable childcare, small business space, and social service facilities. Finally,
3 affordable housing projects often include resident service programs and other connections
4 to social services that help individuals and families to thrive. These types of benefits are
5 generally not achieved through new market rate commercial developments, many of
6 which may have no residential component at all.

7 **Part 7 – The City’s Authority under the State Environmental Policy Act**

8 86. The City also has the authority, upon adoption of appropriate substantive SEPA policies,
9 to impose the requirements of the Affordable Housing Impact Mitigation Program
10 pursuant to the State Environmental Policy Act (SEPA), Chapter 43.21C RCW.

11 87. WAC 197-11-444 defines housing as an element of the environment.

12 88. The Council deems it advisable to adopt amendments to the City’s substantive SEPA
13 policies to allow for mitigation of certain affordable housing impacts under SEPA.

14 89. The record demonstrates that development of new commercial floor area creates a need
15 for affordable housing.

16 90. The City finds that for proposals to which the City’s substantive SEPA housing policies,
17 as amended, will apply, compliance with the Affordable Housing Impact Mitigation
18 Program constitutes adequate mitigation under SEPA.

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