

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

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- a. February 13, 2014 Workforce Housing Forum: a half-day forum featuring national experts discussing best practices in affordable housing production in growing urban centers like Seattle. Consultant reports and presentations discussed and reviewed at the forum included the “City of Seattle Housing Needs Data” by Council Central Staff, “Benchmarking and Best Practice Report” by Otak Inc., an additional presentation by Otak Inc., “Seattle Cornerstone Report” by Cornerstone Partnership, and the “Incentive Zoning Presentation” by Cornerstone Partnership. A panel presentation was then made addressing “New Strategies for Workforce Housing,” including presentations by the City of Minneapolis, the Urban Land Conservancy, and the Silicon Valley Leadership Group. A second panel presentation was made addressing “Best Practices for Incentive Zoning,” including presentations by the City of Denver, Citizens Housing and Planning Association Presentation, and Center for Housing Policy Presentation.
 - b. June 16, 2014 Workforce Housing Listening Session: a listening session to hear directly from residents who presented to the Council their experiences finding affordable housing in Seattle.
 - c. July 16, 2014 Offsite Committee Meeting and Public Comment: a meeting held in Ballard by the Housing Affordability, Human Services, and Economic Resiliency Committee, featuring presentations from the Office of Housing, the Tenants Union, and Ballard community members and receiving public comment.
 - d. July 21, 2014 Draft Recommendations Feedback Session: a presentation of draft recommendations by DRA and Cornerstone Partnership at an evening workshop with an opportunity for community feedback. DRA presented its “Economic Analysis Public Review Draft” and Cornerstone Partnership presented its “Draft Report on Best Practices and Policy Options.”
 - e. July 21, 2014 Council Deliberation: presentation to the Council of draft recommendations.
 - f. September 16, 2014 Council Deliberation: presentation by consultants of final recommendations to the Planning, Land Use, and Sustainability Committee.
 - g. September 30, 2014 and October 14, 2014 Committee Deliberation: discussions before the Planning, Land Use, and Sustainability Committee regarding incentive zoning and a proposed housing linkage fee to mitigate demand for affordable housing caused by development of new floor area.
6. In September 2014 the Council adopted Resolution 31546, in which the Council and Mayor proposed that a Seattle Housing Affordability and Livability Agenda (HALA) Advisory Committee be jointly convened by the Council and Mayor to evaluate potential housing strategies to support development and preservation of a diversity of housing types and rents for residents of the City over the next ten years. The HALA Advisory Committee was comprised of 28 stakeholders and interested persons.

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7. In October 2014 the Council adopted Resolution 31551, which established the Council's intent to adopt and implement a program to mitigate demand for affordable housing caused by new development, referred to as a "linkage fee" program.
8. On April 23, 2015, the Planning, Land Use and Sustainability Committee heard a presentation by the Department of Planning and Development on Detached Accessory Dwelling Units (DADUs), also known as mother-in-law apartments and backyard cottages. The presentation included historical production in Seattle of DADUs and Accessory Dwelling Units (ADUs), data regarding DADUs, opportunities in Seattle regarding DADU eligible lots, survey results from backyard cottage owners, and potential next steps. Staff from the City of Portland and the State of Oregon Department of Environmental Quality each presented on use of ADUs as a housing solution in Portland and Oregon. CAST Architecture made a presentation on designing such structures. A discussion was then held regarding expanding the use of DADUs and ADUs.
9. The Department of Planning and Development issued a Determination of Non-Significance (DNS) under SEPA, dated June 8, 2015, for the Affordable Housing Mitigation Program and Incentive Zoning Update and Comprehensive Plan Amendments Regarding Affordable Housing. The DNS was appealed but the appeal was withdrawn. The Council has considered the DNS and supporting documents related thereto.
10. On July 13, 2015, the HALA Advisory Committee issued final recommendations to the Mayor and City Council.
 - a. The HALA Advisory Committee recommended that the City boost market capacity by extensive Citywide upzoning of residential and commercial zones and, in connection with such upzones, implement a mandatory inclusionary housing program for new residential development and a commercial linkage fee program for development of new commercial floor area.
 - b. The HALA Advisory Committee recommended that the commercial program offer the alternatives of payment of a per-square-foot fee to fund preservation and production of affordable housing, or construction of affordable housing on-site or off-site, and that the commercial program be implemented upon approval of additional commercial development capacity through rezones of specified areas or Land Use Code changes.
11. On July 13, 2015, the Mayor, Councilmember O'Brien, the Co-Chairs of the HALA Advisory Committee and representatives of the non-profit and for-profit development communities signed the Statement of Intent for Basic Framework for Mandatory Inclusionary Housing and Commercial Linkage Fee ("Framework Agreement") that described two strategies to address the City's affordable housing needs. The Framework Agreement identifies mandatory inclusionary housing and commercial linkage fees as key to achieving a projected production level of no fewer than 6,000 affordable units for households with incomes no higher than 60 percent of area median income ("AMI") over 10 years, and states that if the projected production levels fall below the target, all parties agree to develop and consider options to achieve the agreed upon production target.

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12. In July, 2015 the Council established a Select Committee on Housing Affordability to work with the Mayor and members of the HALA Advisory Committee to increase housing affordability in the City.
13. The Select Committee on Housing Affordability met July 20, August 10 and August 17, 2015. During these meetings the Committee received public comment and received presentations from the Council Central Staff, the Mayor's Office, the Department of Planning and Development, and the Office of Housing to inform the Committee's consideration of the recommendations of the HALA Advisory Committee and how to move forward with programs to pursue the recommendations, including adoption of an affordable housing impact mitigation program for commercial development.
14. On September 9, 2015, the Select Committee on Housing Affordability held a public hearing on two resolutions including Resolution 31612 stating the Council's intent to make changes to zoning and land use regulations to implement a mandatory inclusionary affordable housing program for residential development and an affordable housing impact mitigation program for commercial development, as recommended by the HALA Advisory Committee and the Mayor, clarifying the scope of changes to be considered, establishing minimum outreach, planning, and implementation requirements, and requesting regular reporting; and Resolution 31609, stating the City Council's intent to consider strategies to increase the availability of affordable housing in the City, and requesting the State Legislature to adopt new policies or modify existing policies in order to provide additional opportunities for cities and counties to increase the availability of affordable housing.
15. On September 18, 2015, the Select Committee on Housing Affordability met and voted to recommend Resolution 31609 to the full Council. Public comment was heard.
16. The Select Committee on Housing Affordability also considered on September 18, 2015, Council Bill 118498, a proposed ordinance that, *inter alia*, adds a new Chapter 23.58B of the Seattle Municipal Code (SMC) to establish the framework for an Affordable Housing Impact Mitigation Program for commercial development. The Council considered, *inter alia*, the August 25, 2015 letter from the Mayor transmitting the proposed Council Bill, the Summary and Fiscal Note, the DPD Director's Report dated September 2015, a Central Staff Memo dated September 16, 2015 addressing Council Bill 118498 and Resolution 31612, proposed Resolution 31612, and the Seattle Non-Residential Affordable Housing Impact and Mitigation Study dated September 15, 2015 by DRA. The Council received a presentation from Chris Gregorich and Leslie Brinson Price of the Mayor's Office, Brennon Staley of the Department of Planning and Development, and Lindsay Masters of the Office of Housing. Public comment was heard. As set forth in the Director's Report, the Affordable Housing Impact Mitigation Program for commercial development is also referred to as Mandatory Housing Affordability through Commercial Development, or MHA-Commercial.
17. On September 28, 2015, the Full Council passed Resolution 31609. Public comment was heard. The Resolution passed unanimously.
18. On September 30, 2015, the Select Committee on Housing Affordability held a public hearing on Council Bill 118498.
19. On October 5, 2015, the Full Council passed Resolution 31622, which replaced Resolution 31609, and declared the City Council's intent to consider strategies to increase the availability of affordable housing in the City, and requested the State Legislature to adopt new policies or modify existing policies in order to provide

additional opportunities for cities and counties to increase the availability of affordable housing. Public comment was heard.

20. On October 5, 2015, the Select Committee on Housing Affordability again considered Council Bill 118498. The Select Committee also considered Resolution 31612.
21. On October 12, 2015, the Select Committee on Housing Affordability approved Council Bill 118498 with amendments and sent it to the Full Council. The Select Committee on Housing Affordability also approved Resolution 31612 with amendments and sent it to the Full Council.
22. To facilitate implementation of an affordable housing impact mitigation program for commercial development recommended by the HALA Advisory Committee, the Council deems it advisable to promptly adopt the governing framework for such a program.

Part 2 - Applicability

23. The Affordable Housing Impact Mitigation Program set forth in Council Bill 118498 (the “Program”) will apply to development of either a new structure or an addition to an existing structure that contains more than 4,000 square feet of new chargeable floor area that will be devoted to commercial use.
24. The following commercial uses in structures with at least 50 percent of above-grade floor area in residential use will be exempt from housing mitigation requirements under the Program:
 - a. up to 4,000 square feet of street-level floor area containing arts facilities, eating and drinking establishments, entertainment uses (other than adult cabarets, adult motion picture theaters, and adult panorams); and general sales and services;
 - b. street-level uses along a designated pedestrian street that are required to meet street-level use standards in Pedestrian zones; and
 - c. commercial uses within a low-income housing development, provided that a regulatory agreement or housing covenant limits the incomes and rents to no higher than 60 percent of AMI for at least 75 percent of the units for at least 50 years.
25. The first two exemptions from housing mitigation requirements are intended to acknowledge existing City priorities to activate street fronts. The third exemption exempts low-income housing developments with long term affordability restrictions because the low-income housing will adequately mitigate the affordable housing impacts of the development of the commercial space.
26. Consistent with the HALA Advisory Committee recommendations, the Affordable Housing Impact Mitigation Program will allow provision of affordable housing either 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 Asian households own their own homes and 52 percent of White households own their own homes.
34. Average rents for one-bedroom and even studio apartments in Seattle are unaffordable to individuals working in some of the region's most common occupations, such as medical assistants, retail salespeople, childcare workers, janitors, and nurse assistants, or those making minimum wage. Average rent for newer one-bedroom apartments is not even affordable to a household with two people making the new minimum wage, which for some employers will increase to \$15 per hour in 2017.

35. Affordable monthly rent for a person making a \$15 per hour wage is \$780. Affordable monthly rent for a household with two people who both work full-time at \$15 per hour is \$1,560. Dupre+Scott Apartment Advisors reported the following average monthly rents in their Spring 2015 Apartment Vacancy Report for the City of Seattle market area: Studios \$1,181 (all 20+ unit buildings); Studios \$1,386 (newer 20+ unit buildings only); One-bedroom/one bath \$1,443 (all 20+ unit buildings); One bedroom/one-bath \$1,789 (newer 20+ unit buildings only); Two-bedroom/one-bath \$1,651 (all 20+ unit buildings); Two bedroom/one bath \$2,129 (newer 20+ unit buildings only).
36. While a significant segment of Seattle is encountering challenges associated with lack of available affordable housing, these challenges are having a disproportionate impact on access to housing for households of certain races and ethnicities and those with incomes less than 60 percent AMI.

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

37. Presently there are estimated shortages of 23,500 affordable and available units for renter households with incomes of 0-30% of AMI, 25,000 affordable and available units for renter households with incomes of 0-50% of AMI, and 9,500 affordable and available units for renter households with incomes of 0-80% of AMI. Affordable and available means the housing is both affordable and not presently occupied by households in higher income categories.
38. The Affordable Housing Impact Mitigation Program is not designed to address the preexisting shortfall in affordable housing. Instead, a comprehensive strategy that includes existing and new approaches, separate from the Affordable Housing Impact Mitigation Program, will be employed to address this issue. New approaches to boosting preservation and production of rent- and income-restricted units may include: finding new funding sources for rental housing (for households whose income is 0-60 percent AMI); offering tax and other incentives; expanding and renewing the Seattle housing levy; considering use of surplus property revenue, County document recording fees, hotel/motel tax, and local option sales tax to fund housing; investigating federal equity investment in federal tax credits; and pursuing direct U.S. Department of Housing and Urban Development investment.
39. Efforts may also include addressing other barriers to access to affordable housing. Preliminary findings from the Seattle Office of Civil Rights 2014 Fair Housing Testing, which involves sending testers – including some protected by the Fair Housing Act – to seek housing on the private market, showed that rental practices continue to favor White households. Tests for discriminatory practices showed that 64 percent of tests generally favored White households over non-White households, and 67 percent of tests showed evidence of different treatment based on national origin.

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

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40. The Affordable Housing Impact Mitigation Program mitigates a portion of the impacts of development of new commercial floor area on the need for affordable housing in Seattle.
41. Seattle's population is projected to increase by another 120,000 people and the City is projected to add 70,000 additional housing units and 115,000 additional jobs by 2035. A significant portion of the additional households will be lower income.
42. Part of the demand for affordable housing is caused by commercial development.
43. Most population growth is job driven, and net job growth does not occur without construction of new buildings to accommodate workers.
44. Many of the employees associated with new commercial development are lower-income.
45. There is a significant existing shortage of housing affordable and available to lower-income households. New market-rate housing is generally not affordable to lower-income households.
46. The September 15, 2015, Seattle Non-Residential Affordable Housing Impact and Mitigation Study, prepared by DRA, identifies the impact that certain nonresidential development prototypes have on the need for affordable housing. The DRA prototypes reflect the range of commercial development to which the Program would apply.
47. The DRA study determines the amounts of mitigation fees that would be needed to address the identified impacts caused by commercial development on the need for affordable housing. The fee amounts in Council Bill 118498 are in all cases less than those determined by the study. The City finds that the fee amounts in Council Bill 118498 are intended to mitigate, and do mitigate, some but not all of the affordable housing impacts of the new commercial developments that would be subject to the Program.
48. The City also calculated the amounts of affordable housing, in terms of percentage of floor area, that would need to be provided through performance in order to address the identified impacts of the prototypes. The performance amounts in Council Bill 118498 are in all cases less than those amounts. The City finds that the performance percentages in Council Bill 118498 are intended to mitigate, and do mitigate, some but not all of the affordable housing impacts of the new commercial developments that would be subject to the Program.
49. To accommodate potentially unique characteristics of individual developments, the Council finds the need to include administrative remedies to allow the applicant for a commercial development to seek to reduce the payment or performance requirement if the applicant demonstrates that the required amount of mitigation exceeds the amount that would be needed to mitigate the actual demand for affordable housing created by the development.
50. Commercial development's affordable housing impacts fall disproportionately on persons of certain incomes and certain races and ethnicities. It is necessary to mitigate some of

the affordable housing impacts of new commercial development, particularly to ensure housing for those with incomes at or below 60 percent AMI.

51. Because affordable housing is in short supply in the City, lower-income employees associated with new commercial development may be forced to live in less than adequate housing within the City, pay a disproportionate share of their incomes to live in adequate housing in the City, or commute ever increasing distances to their jobs from housing located outside the City when they are unable to locate adequate housing within the City.
52. The Council also finds it important to continue to monitor the Program to ensure that the results are consistent with the goals of the legislation.
53. It is anticipated that the Affordable Housing Impact Mitigation Program will provide approximately 2,400 units of the 6,000 affordable housing unit production level identified in the Framework Agreement, to address a portion of the new affordable housing needed for low wage workers generated by the commercial developments over the next decade.

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

54. The City relies on a variety of sources to provide affordable housing, including payments and provision of affordable units by developers under bonus programs, provision of units by developers pursuant to tax exemptions, property tax revenues raised through voter-approved levies, and other sources.
55. The City has commercial and residential bonus programs in Downtown, South Lake Union, and limited other areas of the City. The programs allow developers to develop additional floor area, beyond what would otherwise be allowed, if they provide a variety of public benefits, including not only affordable housing (in most cases, via either performance or payment) but also, to a varying extent, childcare, open space, and other items. From 2001 through September, 2015, bonus programs raised \$83 million for affordable housing plus direct production of 116 affordable units by developers.
56. Since 1998, the City has administered a Multifamily Tax Exemption (MFTE) program that supports more than 2,000 affordable units in mixed income buildings throughout the City.
57. In 2009, Seattle voters approved, for the fifth time, a property tax levy to fund affordable housing for low income residents. The current levy is for \$145 million and runs through 2016. For over 30 years, the City has managed investments from the voter-approved Seattle Housing Levy plus state and federal sources to fund the preservation and production of affordable apartments and homes. The Office of Housing also develops policies and manages programs that support further affordable housing preservation and production. To date, nearly 12,000 affordable rental units have been produced and thousands of homes and apartments have been repaired or weatherized.
58. Existing programs, including the Seattle Housing Levy, Multifamily Tax Exemption, City bonus programs, and other City, state and federal programs, have proved insufficient to meet the demand for affordable housing, as demonstrated by existing shortages of affordable and available units for renter households.
59. The non-mandatory nature of the City's bonus programs limits the potential usefulness of this approach. The bonus programs allow development to a "base" level without the

provision of any affordable housing, via either performance or payment. Not all projects that are eligible to use bonuses may choose to do so, and under a bonus approach those that do not are not required to mitigate any of their affordable housing impacts. By contrast, the Affordable Housing Impact Mitigation Program will require developers to mitigate, to some extent, the affordable housing impacts of all new commercial floor area.

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

Part 4 – The City’s Responsibility For Managing Growth

61. In developing and adopting its comprehensive plan and implementing development regulations, the City must be guided by the goals of the Growth Management Act (GMA), Chapter 36.70A RCW, including the housing goal which encourages the availability of affordable housing to all economic segments of the population. The GMA also requires that the housing element of the City’s Comprehensive Plan include an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth, include a statement of goals, policies, objectives and mandatory provisions for the preservation, improvement, and development of housing, identify sufficient land for housing, and make adequate provision for existing and projected needs of all economic segments of the community.
62. WAC 365-196-410 recommends that the City prepare a housing inventory whose purpose is to gauge the availability of existing housing for all economic segments of the community and a housing needs analysis to estimate the type and densities of future housing needed to serve all economic segments of the community. The rule supports the desirability of evaluating progress towards achieving the goals and policies of the housing element.
63. The City originally adopted its Comprehensive Plan in 1994. The Comprehensive Plan has been amended annually since its adoption, most recently by Ordinances 124886, 124887, and 124888 in October, 2015. The process for the major update of Seattle’s 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.

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

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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.
78. The City has held a public hearing in order to establish that the 60% of AMI income level for rental housing set forth in Council Bill 118498 is consistent with RCW 36.70A.540(2)(b)(iii).
79. Average rents for apartments in Seattle are not affordable to households with incomes at the 30%, 60%, and (except for studios) 80% of AMI levels, and the gap is even greater for apartments in newer buildings.
80. Over 80% of Seattle renter households with incomes 0-80% of AMI are in the 0-30% of AMI and 30-60% of AMI categories, which supports the Council's decision to address affordable housing needs for rental housing up to the 60% of AMI level.
81. In 2009, the City of Seattle was recognized by the John D. and Catherine T. Macarthur Foundation for its strong track record of creating long-term low-income rental housing,

and awarded funding as part of a national preservation initiative. The Office of Housing has also proven its efficiency in aligning resources to maximize production, as demonstrated by its success in meeting and exceeding production goals established for its voter-approved affordable housing levies. The 2002 Housing Levy resulted in 2,215 affordable housing units over 7 years, compared to a goal of 1,718, while 2009 Levy Rental Housing and Production outcomes already reached nearly 2,000 units as of year 5, exceeding the 7-year program goal of 1,670.

82. The Office of Housing, which awards funding for preservation and production of low-income housing, has provided sufficient information to assure the Council that payments from commercial developments will achieve a result that is equal to or better than the provision of affordable housing on-site, based on the overall amount of affordable housing produced, the affordability of the housing produced, and the extent to which affordable housing funded by the City supports other community benefits.
83. In nearly all zones, the amount of payments received would ultimately yield a number of affordable housing units that exceeds the amount that would be produced on-site, if the payments support housing at the same income and rent levels (60% of AMI). This is largely due to the other public and private financing that these funds can leverage, a significant amount of which remains untapped by low-income housing developers.
84. Unlike with housing produced on-site, the investment of the payment funds allows the flexibility to create housing affordable at rents even lower than 60% of AMI. While this may create tradeoffs with the amount of housing produced, the City has in many cases made the policy choice to support housing for individuals and families with incomes lower than the maximum target income level, due to compelling cases that can be made for addressing the greatest needs.
85. Funds invested in affordable housing can result in a range of other community benefits. For instance, public investment can stimulate economic development in areas of the City that lack private investment; preserve historic buildings that would otherwise be lost to deterioration or demolition; and help stabilize rents in areas where residents are at risk of displacement. On the whole, funds can be strategically invested to maximize housing choice throughout the city. In addition to leveraging other investment in housing, public funds can also leverage investments in a range of non-residential spaces such as affordable childcare, small business space, and social service facilities. Finally, affordable housing projects often include resident service programs and other connections to social services that help individuals and families to thrive. These types of benefits are generally not achieved through new market rate commercial developments, many of which may have no residential component at all.

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

86. The City also has the authority, upon adoption of appropriate substantive SEPA policies, to impose the requirements of the Affordable Housing Impact Mitigation Program pursuant to the State Environmental Policy Act (SEPA), Chapter 43.21C RCW.
87. WAC 197-11-444 defines housing as an element of the environment.

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88. The Council deems it advisable to adopt amendments to the City's substantive SEPA policies to allow for mitigation of certain affordable housing impacts under SEPA.
89. The record demonstrates that development of new commercial floor area creates a need for affordable housing.
90. The City finds that for proposals to which the City's substantive SEPA housing policies, as amended, will apply, compliance with the Affordable Housing Impact Mitigation Program constitutes adequate mitigation under SEPA.