

MEMORANDUM

To: Councilmember Rob Johnson, Chair; Lisa Herbold, and Mike O'Brien – Planning Land Use and Zoning Committee
From: Ketil Freeman, Council Central Staff
Date: December 5, 2016
Subject: Council Bill 118854 – Potential Amendments

Planning, Land Use and Zoning Committee members are considering three amendments to Council Bill (CB) 118854. This memo sets out potential amendments under consideration. These amendments may be modified or abandoned based on committee discussion and ongoing internal review. A Full Council vote on CB 118854 is scheduled for December 16th.

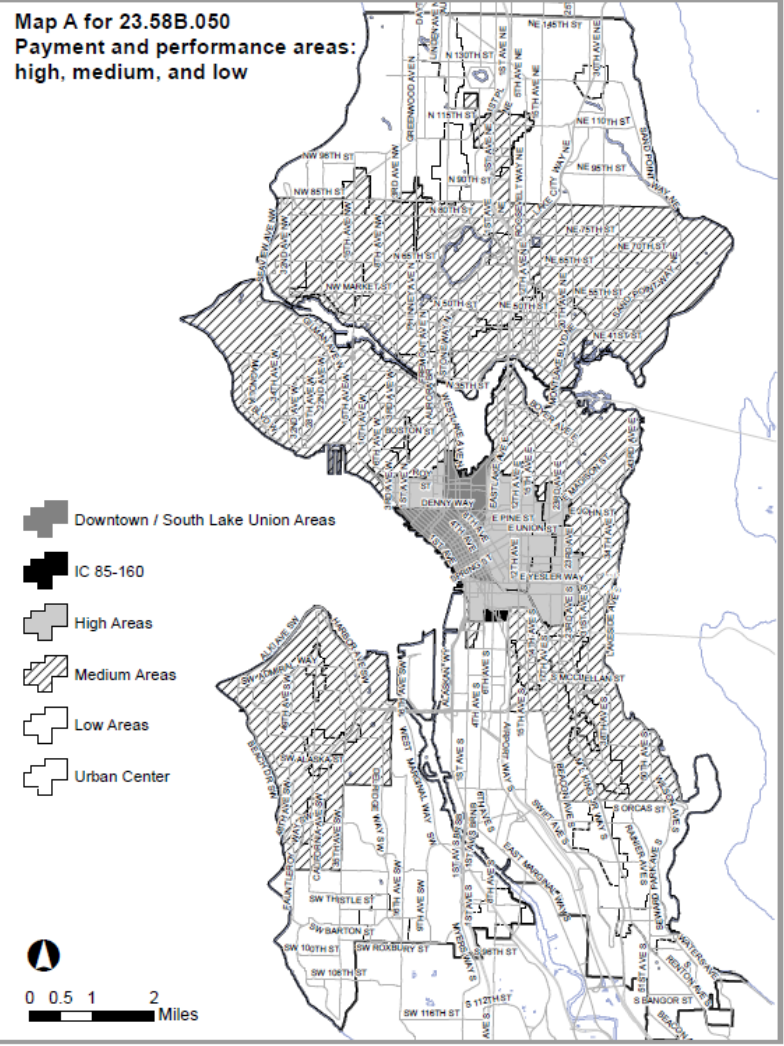
Background

Council Bill 118854 would revise the Mandatory Housing Affordability – Commercial (MHA-C) program to make procedural program requirements consistent with those in the Mandatory Housing Affordability – Residential (MHA-R) program. The MHA-C program was first implemented by [Ordinance 124895](#) in November 2015. In September 2016, the Council passed [Ordinance 125108](#), which established the MHA-R program. The MHA-C and MHA-R programs are proposed as part of the Mayor's [Housing Seattle: A Roadmap to an Affordable and Livable City](#), which is informed by the work of the Housing Affordability and Livability Action (HALA) Committee.

Together, both programs require that new commercial and residential development either build units affordable to lower income households (also known as “performance”) or make an in-lieu payment (payment) to the City. The programs would be implemented concurrently with future increases in commercial and residential development capacity. Legislative rezones for the University District, which are currently being considered by the Committee in [CB 118862](#), will likely be the first regulatory changes to implement the programs on an areawide basis.

Proposed Amendments

Proposed amendments would make changes to the bill to: (1) recite the Council's intent to continue exploring regulatory incentives to encourage the preservation of affordable commercial space for small businesses, (2) ensure ongoing applicability of the MHA-C program to contract rezones, and (3) change performance and payment requirements for the Downtown and South Lake Union Urban Centers to indicate that the program does not apply to those zones where no additional development capacity would be granted.

Discussion	Amendment
<p>1. In the course of PLUZ Committee discussion about legislative rezones in the University District, the Council has identified the vulnerability of legacy businesses to displacement.</p> <p>Councilmember Herbold proposes to add a recital establishing the Council’s ongoing intent to explore regulatory incentives and other options, including options to improve commercial affordability that could be implemented concurrently with MHA-C implementation. Proposed recital language is draft.</p>	<p>WHEREAS, the Council recognizes the vulnerability of legacy businesses to displacement by new commercial development and intends to explore regulatory incentives, such as those recommended in the <i>Seattle Commercial Affordability Advisory Committee Recommendations Report</i>, which include providing incentives for developers to provide lower rents or tenant improvements to qualifying small businesses;</p>
<p>2. As proposed, CB 118854 would eliminate a map showing the different geographies where the program applies and where program requirements differ.</p> <p>Removing the map is consistent with Council action on Ordinance 125108, which established the MHA-R program. At the time, the Council removed the map because the Office of Planning and Community Development (OPCD) and HALA stakeholders were contemplating changes to boundaries. However, an unintended consequence of removing the map is to make the MHA-C program no longer applicable to contract rezones. In November OPCD proposed new boundaries and geographies.</p> <p>The proposed amendment would maintain a map and substitute the existing map for one reflecting the new proposed geographies in Section 10 of the bill amending Seattle Municipal Code (SMC) Section 23.58B.050.</p>	 <p>Map A for 23.58B.050 Payment and performance areas: high, medium, and low</p> <ul style="list-style-type: none"> Downtown / South Lake Union Areas IC 85-160 High Areas Medium Areas Low Areas Urban Center <p>0 0.5 1 2 Miles</p>

3. The Council's intent, as stated in Ordinance 124895, is to only implement the MHA-C program where there are concurrent increases in development capacity. The [Mayor's proposed rezone to the Downtown and South Lake Union Urban Centers](#) will provide capacity increases in most locations but will maintain existing capacity in some others, such as the Pioneer Square Area.

The proposed amendment would clarify that the MHA-C program does not apply where the Mayor does not propose to increase development capacity by modifying Table A for SMC Section 23.58B.040 and Table A for SMC Section 23.58B.050.

In reviewing the Mayor's proposed bill to rezone Downtown and South Lake Union, the Council could revisit decisions about applicability of MHA-C to specific zones in Downtown and South Lake Union based on policy discussions at that time.

Table A for 23.58B.040 ((Cash contribution to be provided for affordable housing (payment requirement))) <u>Payment calculation amounts:</u> ((inside)) <u>In Downtown and ((South Lake Union Urban Centers)) SM-SLU zones</u>	
Zone	((Dollars per square foot of new chargeable floor area according to subsection 23.58B.020.B)) <u>Payment calculation amount per square foot</u>
((AH)) DH1/45 ((zones))	(((\$0.00)) Not applicable
DH2/55	(((\$14.25)) Not applicable
DH2/65	\$15.00
DH2/85	(((\$15.25)) Not applicable
DMC-65	\$8.25
DMC-85	\$8.00
DMC 85/65-150	\$11.75
DMC-125	\$10.00
DMC-160	\$8.00
DMC 240/290-400	\$10.00
DMC 340/290-400	\$12.50
DOC1 U/450/U	\$14.75
DOC2 500/300-500	\$14.25
DRC 85-150	\$13.50
DMR/C 65/65-85	\$9.75
DMR/C 65/65-150	\$9.75
DMR/C 85/65	\$17.50
DMR/C 125/65	\$17.50
DMR/C 240/125	\$14.25
DMR/R 85/65	\$14.00
DMR/R 125/65	\$16.00
DMR/R 240/65	\$16.00
All IDM zones	\$8.00
IDR 45/125-240	\$10.00
IDR 150	\$10.00
IDR/C 125/150-240	\$8.00

PMM-85	(((\$0.00)) Not applicable
<u>All PSM ((100/100-120</u>	<u>(((\$11.00)) Not applicable</u>
PSM 100/100-130	<u>(((\$11.00</u>
PSM 100/120-150	\$11.00
PSM 100	\$11.00
PSM 245	\$10.25
<u>PSM 85-120))</u>	<u>\$12.25))</u>
SM-SLU 85/65-125	\$8.00
SM-SLU 85/65-160	(((\$0.00)) Not applicable
SM-SLU 85-240	(((\$0.00)) Not applicable
SM-SLU 160/85-240	\$11.25
SM-SLU 240/125-400	\$10.00
SM-SLU/R 55/85	\$8.25
SM-85	\$8.00
SM-125	\$8.00
IC-45	\$8.00
IC-65	\$8.00
C2-40	\$0.00))

Table A for 23.58B.050

~~((Affordable housing to be provided (performance requirement)))~~ **Performance calculation amounts:**
~~((inside))~~ **In Downtown and ((South Lake Union Urban Centers)) SM-SLU zones**

Zone	((Percentage of new chargeable floor area according to subsection 23.58B.020.B)) Performance calculation amount per square foot
((All)) DH1/45 ((zones))	((0.0%)) Not applicable
DH2/55	<u>((8.6%)) Not applicable</u>
DH2/65	9.1%
DH2/85	<u>((9.2%)) Not applicable</u>
DMC-65	5.0%
DMC-85	5.0%
DMC 85/65-150	7.1%
DMC-125	6.1%

	DMC-160	5.0%
	DMC 240/290-400	6.1%
	DMC 340/290-400	7.6%
	DOC1 U/450/U	8.9%
	DOC2 500/300-500	8.6%
	DRC 85-150	8.2%
	DMR/C 65/65-85	5.9%
	DMR/C 65/65-150	5.9%
	DMR/C 85/65	10.6%
	DMR/C 125/65	10.6%
	DMR/C 240/125	8.6%
	DMR/R 85/65	8.5%
	DMR/R 125/65	9.7%
	DMR/R 240/65	9.7%
	All IDM zones	5.0%
	IDR 45/125-240	6.1%
	IDR 150	6.1%
	IDR/C 125/150-240	5.0%
	((All)) PMM-85 ((zones))	((0.0%)) Not applicable
	All PSM ((100/100-120	((6.7%)) Not applicable
	PSM 100/100-130	((6.7%
	PSM 100/120-150	6.7%
	PSM-100	6.7%
	PSM-245	6.2%
	PSM 85-120))	7.4%))
	SM-SLU 85/65-125	5.0%
	SM-SLU 85/65-160	((0.0%)) Not applicable
	SM-SLU 85-240	((0.0%)) Not applicable
	SM-SLU 160/85-240	6.8%
	SM-SLU 240/125-400	6.1%
	SM-SLU/R 55/85	5.0%
	SM-85	5.0%

	SM-125	5.0%
	(IC-45	5.0%
	IC-65	5.0%
	C2-40	0.0%))