

# Mandatory Housing Affordability (MHA)

*A bold strategy for creating affordable housing as Seattle grows*

## City's Commitment

The City's Comprehensive Plan (Seattle 2035) includes a goal to help meet current and projected regional housing needs of all economic and demographic groups by increasing Seattle's housing choices. To help achieve that goal, Seattle's Housing Affordability and Livability Agenda (HALA) strives to create 50,000 homes by 2025, including 20,000 affordable homes. Critical to this overall vision, Mandatory Housing Affordability (MHA) will provide at least 6,300 of the 20,000 net new rent-restricted homes for households with incomes no higher than 60 percent of the area median income. In 2016, 60 percent of the area median income is about \$38,000 for an individual and \$54,000 for a family of four.



## How MHA works

MHA will expand rent-restricted affordable housing as Seattle grows by requiring new commercial and multifamily residential development to contribute to affordable housing. MHA requirements will take effect in zones where new height and/or floor area limits are adopted to increase development capacity. Enacting affordable housing requirements and development capacity increases simultaneously is consistent with a state-approved approach used in other cities to help increase the creation of rent-restricted and market-rate housing. This strategy is an important tool for slowing rent increases and providing a wider array of housing choices.

## Development Capacity

The amount of additional height and/or floor area granted would vary by zone to account for the size of buildings currently allowed, as well as specific design considerations. In most zones, a typical change would allow one additional story of development. However, to increase housing choices in urban villages, close to public transit, and near other urban amenities, some proposed zoning changes could allow development beyond the typical one-story increase. A limited number of areas, such as designated historic districts, will not have development capacity increases and therefore will be exempt from MHA requirements. Draft maps showing proposed zoning changes in urban centers and villages outside of Downtown and South Lake Union are available online at [HALA.Consider.it](https://www.seattle.gov/housing/housing-affordability-and-livability-agenda).

## MHA Requirements

Developers will be able to comply with MHA by providing affordable housing (performance option) or paying into a fund that Seattle’s Office of Housing uses to support the development of affordable housing throughout Seattle (payment option). Both options offer unique benefits and are equally important to the success of MHA. With the performance option, a specified percentage of homes in new multifamily residential buildings will be reserved for income-eligible households and have restricted rents. These affordable homes will be comparable to market-rate units (e.g., size, number of bedrooms, and lease terms). With the payment option, developer contributions enable the Office of Housing to leverage other funds to produce more affordable housing overall. In addition, affordable housing funded with MHA payments advances other City goals, such as expanding housing opportunity in all neighborhoods, addressing displacement, providing housing for families with children, and building in locations near transit and other amenities.

MHA requirements are proposed to vary based on the geographic area of the city and the scale of the zoning change. A draft map showing low, medium, and high MHA areas is available at the end of this document. Variation in requirements will be indicated by an (M), (M1), or (M2) suffix at the end of the zone title. The MHA suffix will be determined as follows:

1. Existing zones are grouped into categories based on their relative development capacity.
2. Proposed MHA zones that result in a change from a lower zone category to a higher zone category will be subject to higher MHA requirements.

### Zone Categories

Category 1	Single Family, Residential Small Lot
Category 2	Lowrise 1, Lowrise 2
Category 3	Lowrise 3, Neighborhood Commercial 40, Neighborhood Commercial 55
Category 4	Zones with height limits greater than 55 feet and equal to or less than 95 feet
Category 5+	Zones with heights greater than 95 feet (requires individual assessment)

Suffixes will be assigned as follows:

**Standard (M) suffix:** If a zoning change results in a zone in the same category, the new zone will have an (M) suffix. For example, an NC2-40 zone changes to NC2-55 to allow for one additional story of development, so properties there will be zoned NC2-55 (M).

**Zones with an (M1) suffix:** If a zoning change results in a zone in the next highest category, the new zone will have an (M1) suffix. For example, a Lowrise 1 zone (Category 2) changes to Lowrise 3 (Category 3), so properties there will be zoned LR3 (M1).

**Zones with an (M2) suffix:** If a zoning change results in a zone in a category two or more categories higher, the new zone will have an (M2) suffix. For example, a Single Family zone (Category 1) in an urban village changes to Lowrise 3 (Category 3), so properties there will be zoned LR3 (M2).

Proposed MHA requirements are shown below. The multifamily performance requirement is the percent of residential units that must be provided as affordable housing, and the payment requirement is a dollar amount per square foot.

<i>Proposed requirements for residential and highrise commercial</i>		Low Area		Medium Area		High Area	
		%	\$	%	\$	%	\$
Scale of Zoning Change	Zones with (M) suffix	5%	\$7.00	6%	\$13.25	7%	\$20.75
	Zones with (M1) suffix	8%	\$11.25	9%	\$20.00	10%	\$29.75
	Zones with (M2) suffix	9%	\$12.50	10%	\$22.25	11%	\$32.75

<i>Proposed requirements for non-highrise commercial (up to 95 feet)</i>		Low Area		Medium Area		High Area	
		%	\$	%	\$	%	\$
Scale of Zoning Change	Zones with (M) suffix	5%	\$5.00	5%	\$7.00	5%	\$8.00
	Zones with (M1) suffix	8%	\$8.00	8%	\$11.25	8%	\$12.75
	Zones with (M2) suffix	9%	\$9.00	9%	\$12.50	9%	\$14.50


## Implementation

The City Council has adopted legislation establishing frameworks for how MHA will apply to commercial and residential development. However, the MHA requirements included in the frameworks do not take effect until the City adopts zoning changes that increase development capacity and tie MHA requirements to those specific zones. MHA implementing legislation is proposed for Seattle City Council consideration in the following order:

- University District (November and December 2016);
- Downtown and South Lake Union (early 2017);
- Areas where planning efforts have been underway for several years, e.g., Uptown, 23rd and Union–Jackson (mid-2017); and
- Citywide multifamily, commercial, and mixed-use zones for remaining areas (third quarter of 2017, following a year-long public outreach and engagement process).



# Where would MHA apply?

-  New development must contribute to affordable housing
-  No affordable housing contribution
-  Urban Center or Village
-  Potential Urban Village Expansion Area  
MHA requirements apply.
-  Manufacturing and Industrial Area  
MHA does not apply except for commercial development in IC zones.

