



City of Seattle
Edward B. Murray, Mayor

Date: February 27, 2017
To: Bruce Harrell, Seattle City Council President
From: Samuel Assefa, OPCD Director; Kathy Nyland, DON Director; Steve Walker, OH Director; and Sara Maxana, HALA Citywide Project Manager
Subject: Housing Affordability and Livability Agenda (HALA) and Mandatory Housing Affordability (MHA) Implementation Update

Briefing Objective: Today we will provide an update and status report on implementation of the Housing Affordability and Livability (HALA) agenda with a focus on public engagement activities and ongoing steps to implement Mandatory Housing Affordability (MHA).

1. HALA Implementation Overview
2. Outreach and Engagement
3. MHA Program Development
4. 2017-2018 Timeline

1. HALA Implementation Overview

Background

In September 2014, Mayor Murray and City Council [launched](#) the Housing Affordability and Livability Agenda (HALA) Advisory Committee to develop a long-term plan to address Seattle’s growing need for more affordable housing choices for households across the income spectrum. Following ten months of deliberation, the HALA Advisory Committee [issued a report](#) in July 2015 that put forward over 60 recommendations to ensure Seattle has an adequate and affordable housing supply in vibrant and livable neighborhoods for current and future residents. Mayor Murray responded with an [Action Plan](#) calling for near-term implementation of the majority of the report’s recommendations in order to achieve the goal of creating 50,000 housing units—including 20,000 rent- and income-restricted units for households at 80% or below the area median income, requiring a three-fold increase in affordable housing production—in the next ten years.

In October 2015, City Council passed [Resolution 31622](#) that declared the Council’s intent to consider many of the HALA recommendations and requested the State legislature to adopt or modify policies to support

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affordable housing production and preservation. The resolution laid out a [two-year work plan](#) for robust community engagement and policy analysis to inform possible Council action on specific implementation actions to address housing affordability and livability.

Implementation

Implementation of the HALA work plan has involved collaboration across numerous City offices and departments, including the Office of Civil Rights, Office of Housing, Office of Planning and Community Development, Office of Sustainability and the Environment, Department of Construction and Inspections, Human Services Department, Department of Neighborhoods, and Department of Transportation. Over the last 16 months, these departments have worked with City Council and community stakeholders to complete eight of the 22 actions identified in the work plan. Highlights of implementation so far include:

- Renewed and expanded the Multi-Family Tax Exemption program to all commercial and multi-family zones in the City (November 2015);
- Participated in the Regional Equitable Development Initiative to fund affordable transit-oriented development; securing \$5 million in seed funding (December 2015);
- Strengthened tenant protections to prevent rent increases on units that do not meet residential standards and funded additional outreach to tenants and landlords on relocation assistance (June 2016);
- Renewed and doubled the Housing Levy to generate \$290 toward affordable housing production and preservation (August 2016);
- Prohibited discrimination against renters based on source of income through the Open Housing Ordinance (August 2016);
- Prioritized multiple publicly-owned surplus properties for affordable housing development (Multiple projects and dates, and ongoing).

Implementation is currently underway for an additional 14 actions identified in the work plan. Highlights of those activities include:

- Developing the Mandatory Housing Affordability Program in all urban villages and other commercial or multi-family zoned areas in order to require affordable housing contributions as Seattle grows;
- Requesting the state legislature enable new tools to fund affordable housing production and preservation, including a Preservation Tax Exemption and an expansion of the Real Estate Excise Tax;
- Increasing access to housing for people with criminal histories;
- Removing barriers to development of detached and attached accessory dwelling units;
- Enabling existing single-family homes to be converted into multiple housing units;
- Developing parking management strategies to optimize production and use of on and off street parking in areas served by frequent transit;
- Exploring opportunities for a local employers fund for affordable housing;
- Considering reforms to the design review and historic preservation review programs.

Attachment A provides a table that summarizes the status of Resolution 31622 Work Plan action items. *Attachment B* is a seven-page [HALA Update newsletter](#) from November 2016 that summarizes implementation activities and highlights opportunities for community engagement.

2. Outreach and Engagement

Overview of Activities

The HALA Advisory Committee was a stakeholder-driven process informed by 28 appointed Committee members, several working groups of 50+ additional topical experts, and community input through public meetings and online surveys. Because the Committee's community engagement was necessarily limited by its brief timeframe, the City Council ensured that HALA implementation would be a multi-year effort informed by robust outreach and engagement.

The Department of Neighborhood's commitment to engaging more of Seattle's traditionally underrepresented residents has brought a race and social justice lens to community engagement and has led to a multi-pronged approach of traditional and innovative engagement strategies. Engagement activities since January 2016 have included:

- Over 80 community "meet-ups" including presentations and discussions with existing community organizations, such as the Urban League and Latino Equity Network, as well as information tables at local community events, such as Farmer's Markets and Summer Streets;
- 12 citywide and online public open house meetings;
- A nine-month facilitated community focus group process with 160 community members, selected to achieve a demographic and neighborhood balance, who dedicated over 600 cumulative hours of volunteer time to inform development of the Mandatory Housing Affordability program;
- Ongoing online conversation at hala.consider.it that provides an interactive platform on which over 600 community members have generated several thousand comments discussing implementation options and making specific mapping recommendations, and where City staff may respond to questions from community members;
- Three "telephone town halls" that reached over 70,000 Seattle households at which the Mayor answered community questions related to HALA for an hour;
- A mailer sent to nearly 120,000 households inviting residents to public meetings to discuss possible MHA zoning changes, as well as other city programs underway in their communities;
- An email distribution list of over 3,000 for regular newsletters, program updates, and opportunities to get involved;
- The HALA Hotline, 206-743-6612, and HALAinfo@seattle.gov email account—both staffed during regular business hours to answer questions and document community comments.

In addition to these engagement events and opportunities, the Department of Neighborhoods, Office of Housing, and Office of Planning and Community Development have created materials to communicate

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implementation activities, benefits and impacts of policy choices, and opportunities to get involved. Some of these materials include:

- An interactive [online map](#) that allows Seattle residents to search by address to find existing zoning information and proposed changes under MHA;
- Visual [Guide to Housing Options](#) that shows images of the type and scale of development possible in different land use zones, and detailed diagrams that provide [examples of what new development](#) could look like with MHA;
- [Newsletters](#) that provide updates on implementation activities and opportunities for engagement;
- Iterative [Frequently Asked Questions](#) webpage, including a [HALA Myth versus Fact](#) one-pager;
- Implementation [dashboards](#) that track implementation progress on the many HALA moving pieces;
- Online video series including the “Weekly Wonk” tutorials on land use and housing topics, and “HALA Housing Stories” where community members tell personal housing stories.

In addition to carrying out the above engagement activities, department staff are also supporting the Council-led community workshop series, currently underway. At over 20 facilitated neighborhood-level community design workshops across the city, community members are working in small groups to provide comments on the draft MHA maps. Both department and Council staff are available to answer questions. These community workshops will engage an estimated 2,000 Seattle residents through these in-depth three-hour sessions.

How we are using community engagement

We have received written comments and held in-person conversations that number into the many thousands. While much of this community input has focused on MHA, it also includes engagement on the dozens of other policy proposals put forward by HALA. For example, the online [consider.it](#) interactive survey platform prompts conversations about parking policies, access to housing for people with criminal histories, as well as zoning changes proposed by MHA.

While some comments received, particularly regarding MHA, skew to the extremes of strongly support or strongly oppose, many of the engagement activities have been designed to encourage constructive feedback to help department staff shape the programs as they are being developed. For example, staff used community-generated guiding principles—detailed below and in Attachment D—to develop the first draft of the proposed MHA zoning changes. Similarly, feedback on those draft maps at citywide public meetings, community design workshops, and online at [consider.it](#) will be used to fine-tune the draft maps based on the knowledge and perspectives of residents from those communities.

A final summary of all the engagement activities, including what we have heard and how we used it to shape program development and implementation, will be produced in mid-2017. Ongoing engagement updates may be [found online](#).

3. MHA Program Development

Background

The MHA Program is a cornerstone of HALA and is expected to generate over 6,000 rent- and income-restricted homes affordable to households earning less than 60% of the area median income. MHA will require new commercial and multifamily residential development to contribute to affordable housing either by producing new affordable units or contributing to an affordable housing fund that may be leveraged to produce even more affordable housing throughout the city.

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, providing housing choices affordable to a range of incomes, and mitigating physical and economic displacement of Seattle residents.

Program Development and Implementation

As noted above and in *Attachment A*, major steps towards implementation of MHA have been completed, and several key steps are currently in progress. These implementation steps include:

- Council adoption of the MHA-Commercial implementation framework (Ordinance 125233, adopted November 2015; amended December 2016);
- Council adoption of the MHA-Residential implementation framework (Ordinance 125108, adopted August 2016);
- Community focus group process to develop guiding principles and implementation recommendations on MHA program development (March-December 2016);
- Draft citywide maps of proposed zoning changes to allow additional development capacity required by MHA program mechanism (October 2016);
- Council adoption of the U District rezone—marking the first community to fully implement the framework and zoning changes enact MHA (February 2017);
- Citywide public outreach and community engagement on the principles to develop the MHA program, the draft proposals, and their environmental review (January 2016-ongoing);
- Environmental Impact Statement process, including a comprehensive displacement analysis, on the citywide zoning changes pursuant to MHA (November 2016-ongoing).

Attachment C provides an overview of the MHA program, including information on affordability requirements, increases in development capacity, and a map showing where in Seattle MHA would apply.

Guiding Documents and Principles

There are several foundational documents that staff are using to guide MHA program development and implementation. They include the initial HALA recommendations, the statutory frameworks that authorize the

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MHA mechanism, and the “[Statement of Intent for Basic Framework for Mandatory Inclusionary Housing and Commercial Linkage Fee](#)” (i.e. the Grand Bargain). It is important to note that these documents serve as a starting point: The actual MHA proposals considered by City Council will have been shaped by nearly two years of additional public engagement, policy research, and economic analysis. To date, many important changes have been made to the MHA proposal since the Grand Bargain signing, including:

- Proposing multiple tiers of MHA affordability requirements such that rezones of greater value would be linked to higher performance and payment amounts, resulting in a range of performance requirements of 5% to 11% (up from 5% to 7% in the Grand Bargain) and an estimated increase in MHA affordable housing production of up to 300 units;
- Responding to Council and community concerns about existing displacement risks by shifting several communities (including Chinatown/International District, Central District, and portions of the Rainier Valley) with high risk of displacement that were on the boundary between two geographic areas into the geographic area with higher requirements; and
- Shifting from a “lump sum” to a full building “spread” method for calculating MHA requirements in Downtown and South Lake Union, resulting in higher fees expected from those two neighborhoods.

In addition to the foundational documents noted above, public engagement at community meetings, online surveys, and the Community Focus Group process produced community-generated principles to guide MHA program development—in particular, how additional development capacity would be applied to neighborhoods throughout the city. These community-generated principles shaped the draft citywide MHA maps released in October 2016. See *Attachment D* for more information on these Guiding Implementation Principles.

MHA and Displacement

Physical, economic, and cultural displacement is happening in Seattle. There have been many questions from Council members and community members on how MHA will impact displacement of Seattle residents.

MHA is an important tool against displacement. The greatest anti-displacement tool we have is to create more rent- and income-restricted homes throughout Seattle. MHA will harness new growth and build over 6,000 affordable units that would not otherwise be built. New housing choices—especially rent- and income-restricted created through MHA—are critical to reducing displacement.

The U District displacement analysis predicts, with MHA in place, an estimated 40-275 market-rate units will be demolished over the next 20 years. However, the analysis showed a greater number of units would be demolished without MHA because new housing demand would be dispersed across a larger geography. In addition, with MHA, the rezones will produce 610-920 new rent- and income-restricted units, in addition to new market rate housing.

Looking citywide, MHA has already been amended in response to community concerns about displacement in different parts of the city. As noted above, the tiered matrix approach for MHA requirements, [proposed in October 2016](#), was designed in part to respond to community concerns about displacement risks in rapidly growing neighborhoods. Shifting several communities (including Chinatown/International District, Central District, and portions of the Rainier Valley) at high displacement risk from “medium” to “high” areas in the MHA

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matrix should result in greater levels of affordable housing production as those communities grow. In addition, the M, M1, and M2 matrix approach will ensure that larger values of new development capacity are linked to greater production of rent- and income-restricted housing.

The EIS process for the citywide rezone will include a comprehensive displacement analysis that will assess direct (physical) displacement and affordable housing production and preservation as development occurs under MHA and non-MHA growth alternatives.

4. 2017-2018 Timeline

Legislation Timeline

Council adoption of the U District rezone legislation ([Ordinance 118914](#)) on February 21, 2017 marked the first full implementation of the framework and rezones necessary to enact MHA. Mayor Murray transmitted legislation for MHA rezones in Downtown and South Lake Union in November 2016 ([Council Bill 118885](#)), and Council began deliberations on that legislation in late February.

Later in 2017, Mayor Murray will transmit MHA rezone legislation for Chinatown/International District, the 23rd Avenue corridor in the Central Area, and the Uptown urban center. Following the completion of the citywide MHA EIS, expected in Summer 2017, Mayor Murray will transmit legislation for the rest of the city, including urban villages and all other areas zoned for commercial or multi-family land uses throughout the city.

In addition to legislation related to MHA implementation, Council will consider several other pieces of legislation related to HALA recommendations in 2017, including the Housing Levy Administration and Finance Plan, Fair Chance Housing legislation, and changes to the Design Review Program.

MHA Engagement Timeline

Community outreach and engagement on the MHA program development and implementation will extend from January 2016 through the consideration and possible action by City Council. Building on the engagement in 2016 described above, City departments will continue to engage and incorporate community input as the final program proposal is refined in 2017. Key engagement opportunities and dates include:

- *Community Design Workshops.* Council is still completing several community design workshops in February and March 2017;
- *Doorbellling.* The City will be going door to door in our Urban Villages to answer questions and leave information about ways to comment on the draft proposals. The doorbellling will take place in March 2017 and will focus on the single-family homes that will be changing to multifamily;
- *Citywide Meetings.* The City will host a series of in-person and online citywide meetings in late Spring as another opportunity to provide input on draft maps and proposals;
- *Citywide EIS.* The Citywide MHA rezone is currently undergoing environmental review. A draft EIS will be issued in late Spring 2017, followed by a 45-day comment period. The Final EIS will be issued in late Summer;

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- *Community Meetings.* Where possible, City department staff will continue to meet with community organizations and other stakeholders, with a focus on traditionally underrepresented communities, to gather input on MHA program development;
- *Ongoing online conversation.* [Hala.consider.it](http://hala.consider.it) will provide opportunity for community members to interact on implementation options, and a venue for City staff may respond to questions;
- *Phone and email.* The HALA Hotline, 206-743-6612, and HALAinfo@seattle.gov email account—both staffed during regular business hours to answer questions and document community comments.

The deadline for community input on the draft MHA maps and proposals will be June 30, 2017. After that date, department staff will work to finalize the EIS and incorporate the 18+ months of MHA community engagement into a final proposal. The Mayor expects to transmit citywide MHA legislation to City Council by Fall 2017. After that point, City department staff will continue to provide information and respond to questions from community members about MHA and the final citywide proposal; however, the purpose of the engagement will shift from gathering input on the draft proposals to providing information on the final proposal.

City Council is expected to begin its consideration of the citywide MHA legislation in early 2018. That process will likely include at least a dozen Council committee meetings and public hearings around the city. Final Council action on the citywide MHA legislation, likely in mid-2018, will culminate nearly four years of process—from the start of the HALA Advisory Committee to the adoption of rezones to enact MHA citywide—to develop and implement a mandatory inclusionary zoning program in Seattle.

Attachments

Attachment A: Resolution 31622 Work Plan Implementation Status Table

Attachment B: HALA Update Newsletter, November 2016

Attachment C: MHA Program Overview

Attachment D: MHA Guiding Implementation Principles