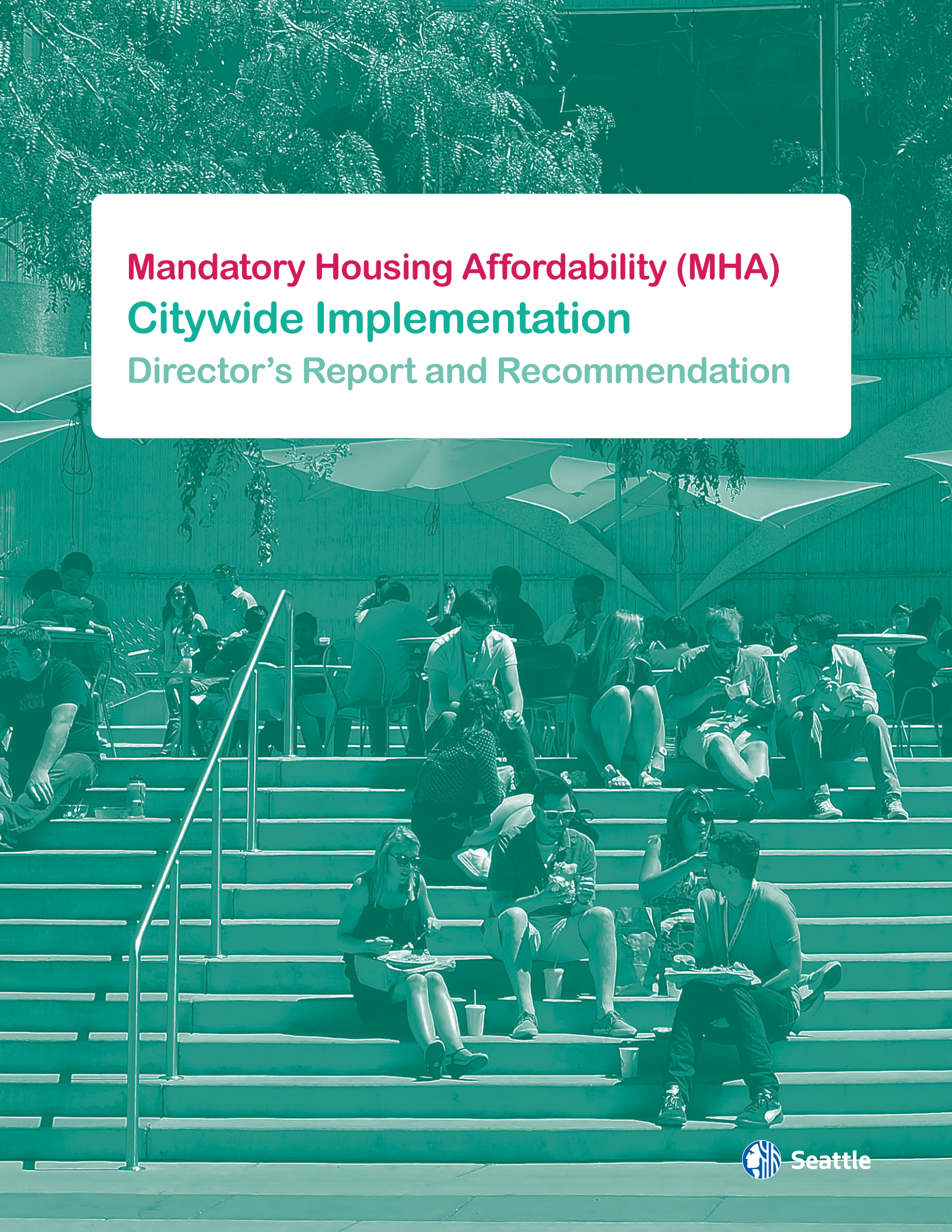

Mandatory Housing Affordability (MHA)

Citywide Implementation

Director's Report and Recommendation

Seattle

Dear City Councilmembers and Seattle neighbors,

This report provides an overview of the Mandatory Housing Affordability (MHA) legislation prepared by the Office of Planning and Community Development, Office of Housing, Department of Neighborhoods, and the Seattle Department of Construction and Inspections in collaboration with the Mayor's Office. MHA is just one of many strategies identified in the Housing Affordability and Livability Agenda (See HALA website) to address the need for affordable housing in our high-cost city. In 2015, the Council expanded the voluntary Multifamily Tax Exemption that provides an incentive for private developers to create income-restricted, rent-restricted homes, including family-sized homes. The next year, voters doubled the Seattle Housing Levy to fund the construction and preservation of 2,150 more affordable homes. The city will continue to explore more strategies to respond to the high demand for housing generated by our strong job market and attractive natural and cultural amenities.

MHA would require new development to contribute to affordable housing by either including rent-and income-restricted housing on-site or making an in-lieu payment to support the construction of affordable housing. To date, the city has taken important strides with the Council's unanimous approval of MHA in Downtown, South Lake Union, University District, Uptown, Chinatown/ International District, and areas along 23rd Avenue. This proposal would apply MHA requirements to 27 urban villages and other commercial- and multifamily- zoned areas throughout the city.

The proposed MHA legislation is large in scope and complex. Some readers will seek more basic reader-friendly explanations, while others will be interested in even greater levels of detail. In addition to this document, we also invite those interested to review the videos, FAQs, technical documents, and other resources, which are available on the HALA website.

We believe the proposed legislation to implement MHA citywide is a thoughtful and balanced approach that was shaped by input heard during community engagement. Nearly three years of extensive community engagement was conducted around MHA, and we heard that our community broadly supports actions to address housing affordability and curb displacement of current residents. The legislation will help mitigate residential displacement by increasing the number of affordable homes available for low-income households.

We also heard that many residents feel strongly that investments in livability and mobility must accompany our city's rapid growth. While MHA focuses primarily on housing opportunity, the city is simultaneously working to deliver a range of other investments to support the health and everyday lives of our residents – including transit service, transportation infrastructure, and parks improvements. Under Mayor Durkan's leadership, we are striving to achieve the city's vision for livable growth. Some of the companion strategies to that end are described in our Growth and Livability report and embodied in the Equitable Development Initiative.

Please don't hesitate to contact staff with questions or further discussion.

Sincerely,

Sam Assefa, Director
Office of Planning and Community Development

Kathy Nyland, Director
Department of Neighborhoods

Steve Walker, Director
Office of Housing

Nathan Torgelson, Director
Seattle Department of Construction and Inspections

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1. Introduction

Mandatory Housing Affordability (MHA) ensures that new commercial and multifamily residential development contributes to affordable housing. The City has set a goal for MHA to at least 6,000 new rent- and income-restricted homes for low-income people by 2025.

MHA is one of many actions the City to address housing affordability. The City is also pursuing many other actions and strategies to address non-housing issues. A companion Resolution is proposed for adoption in parallel with this legislation to implement MHA. The companion Resolution will document the City's intent to pursue or continue pursuing actions to advance livability, racial equity, and investments to support growth. Many actions would take steps to address concerns that community members have raised the context of the proposed MHA legislation.

MHA requirements take effect when the City Council adopts new zoning that adds development capacity. By enacting affordable housing requirements and increasing development capacity at the same time, MHA is consistent with a state-approved approach used in other Washington cities. After putting MHA in place in six Seattle neighborhoods in 2017, the City is currently proposing to implement MHA throughout the city in urban villages designated in the Seattle 2035 Comprehensive Plan, certain urban village expansion areas near frequent transit hubs, and other areas with commercial and multifamily zoning. In total, this proposal would implement MHA in 27 urban villages and adjacent areas, as shown in the map on page 5..

The proposed legislation would increase overall housing production to help meet continuing high demand and would leverage private development to create income-restricted affordable housing. As seen in figures 1.1 and 1.2, it is estimated that the proposed legislation could increase overall housing production in the study area over 20 years by approximately 38 percent and result in more than 5,600 more rent- and income-restricted homes from development in the study area than if the City does not implement the proposed legislation. Other areas previously rezoned to implement MHA would make up the balance towards the city's overall production goal for MHA.

Figure 1.1 Estimated Total Housing Production in Area of Proposed Legislation, 20 Years

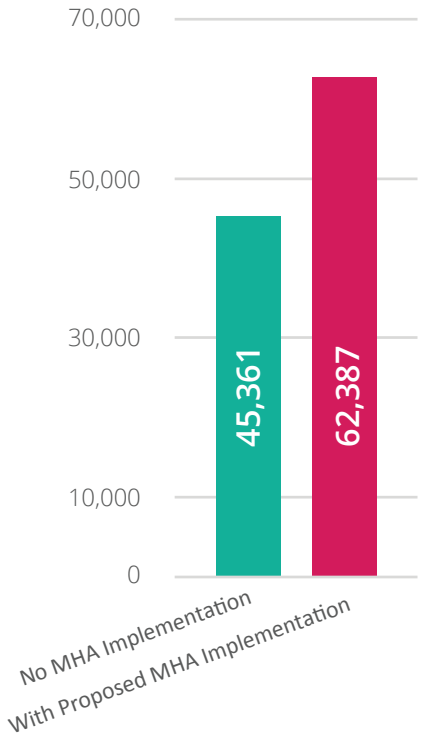


Figure 1.2 Estimated Rent- and Income-Restricted Housing From New Development in Area of Proposed Legislation, 20 Years

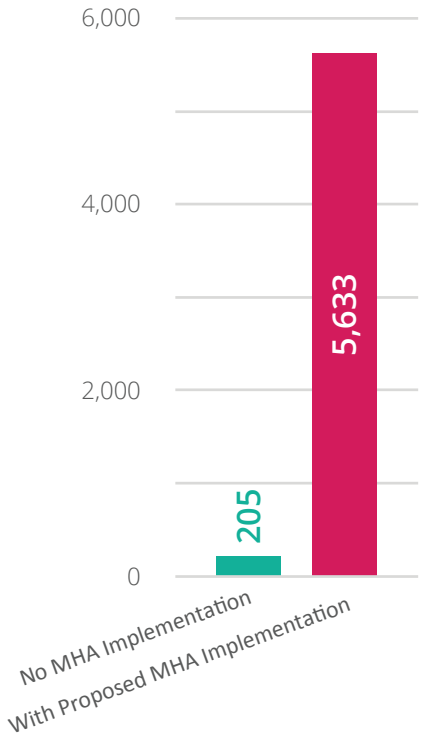
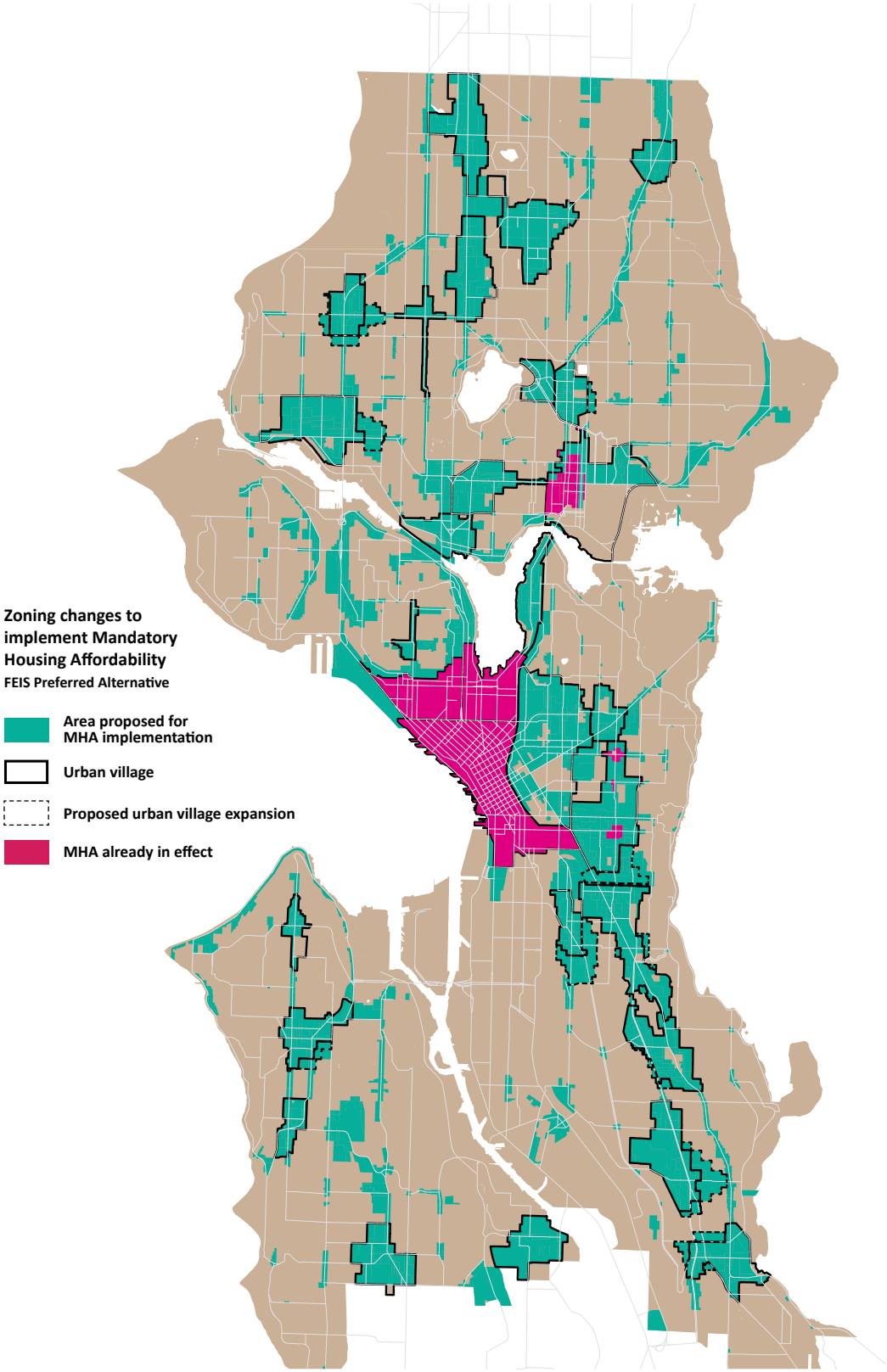


Figure 1.3 Proposed MHA Implementation Area



2. Background

Need for Affordable Housing

Seattle's pressing need for affordable housing is well documented and measurable in many ways. More than 45,000 Seattle households, or about one in seven, currently pay more than half their income on housing, a condition described as severe cost burden. Average rent for a one-bedroom apartment has increased by more than 35 percent over the last five years, which is unaffordable without the equivalent of two full-time jobs paying at least the $15 minimum wage. Affordable housing is further out of reach for certain populations. Approximately 35 percent of Black/African American renter households in Seattle pay more than half of their income on housing, compared to about 19 percent of White renter households.

Analysis in the Seattle 2035 Comprehensive Plan Housing Appendix found that meeting affordable housing needs associated with the 20-year growth estimate would require an increase of roughly 27,500 to 36,500 units affordable at or below 80 percent of area median income (AMI). The 27,500 to 36,500 estimate does not account for existing unmet affordable housing needs. That analysis found especially large existing shortages of affordable units at 30% of AMI and 50% of AMI, as well as smaller, but still substantial, shortages at 80% of AMI. Implementation of MHA with this proposed legislation is anticipated to generate over 5,600 rent and income-restricted units, but is just one of many strategies required in order to address the shortage of affordable housing available to households with limited incomes in our high cost city. (For more demographic information on affordable housing needs, see EIS Chapter 3 or the City's 2017 Assessment of Fair Housing.)

Need for More Housing Generally

In recent years job and population growth in Settle has been very rapid and is occurring at a faster rate than was anticipated. Seattle's population increased by 15.7%, from 608,659 in July 2010 to 704,352 in July of 2016. This was one of the fastest population growth rates of all large cities in the United States over this time. Seattle is also experiencing rapid job growth. Between 2010 and 2015 Seattle added nearly 90,000 jobs according to the City's report on covered employment, an increase from 462,180 to 551,990 jobs. Covered jobs are those covered by the Washington state Unemployment Insurance Act and typically comprise about 85 to 90 percent of the total employment in an area.

There has been strong production in the housing market in response to these factors. According to the City's residential permit activity report at the time of this writing over 15,000 housing units have been added since 2015 towards Seattle's 2035 adopted Comprehensive Plan goal of 70,000 units, progress of 22%. And more than 22,000 housing units have been permitted but not completed at the time of this report.

As discussed in Appendix G of the EIS, it is expected that increasing development capacity as a part of the proposed legislation will increase housing production to some extent. By increasing development capacity in areas where current zoning constrains supply of new housing, this proposal will increase total housing production. The rate at which increased zoning capacity translates to new housing growth varies based on many factors including market strength of different neighborhoods. Increased production is expected to have a positive impact on

More than 45,000 Seattle households pay more than half of their income on housing.

Average rent for a one bedroom apartment has increased 35 percent over the last 5 years.

affordability as discussed in Appendix I of the EIS, by moderating the rate of rent increases. In these ways, more residential development generally will assist in achieving local growth management and housing policies.

Housing Affordability and Livability Agenda (HALA)

In September 2014, the Mayor and City Council gathered Seattle leaders to develop an agenda for increasing the affordability and availability of housing. The City convened a Housing Affordability and Livability Agenda (HALA) Advisory Committee composed of renters and homeowners, for-profit and non-profit developers, and other local housing experts. After months of deliberation, the committee reached consensus and published a report with 65 recommendations to consider. The HALA recommendations include the goal articulated by Mayor Murray of creating 50,000 new homes over the next decade, including 20,000 new homes for low- and moderate-income people. The goal of 20,000 new homes for low- and moderate-income people would roughly triple the historical annual rate of production of rent- and income-restricted homes. MHA would account for 6,000 of the 20,000 new homes for low- and moderate-income people.

In October 2015, the Council passed Resolution 31622, declaring its intent to consider many HALA recommendations. The resolution established a two-year work plan for community engagement and policy analysis to inform possible Council action on specific implementation steps to address housing affordability and livability.

MHA Commercial and Residential Framework Legislation

In November 2015 and August 2016, the City Council passed legislation establishing regulatory frameworks for how MHA would apply to commercial and residential development, respectively, creating Chapters 23.58B and 23.58C in the Land Use Code. The codes establish many basic program parameters, such as the income qualification and duration of affordable housing term. However, MHA does not apply anywhere unless and until the City Council adopts legislation for zoning changes to increase development capacity.

Implementation in Other Locations

MHA requirements are in effect in other areas of Seattle where planning projects were already underway. MHA was first implemented in the University District (March 2017 – Ordinance 125267). This was followed by Downtown and South Lake Union (April 2017 – Ordinance 125291), Chinatown/International District (August 2017 – Ordinance 125371), 23rd Avenue Corridor (August 2017 – Ordinances 125359, 125360, and 125361), and Uptown (October 2017 – Ordinance 125432). The City is also proposing to implement MHA for the Northgate station area through separate legislation. Citywide legislation described in this document would put MHA into effect in all remaining areas proposed for implementation.

3. Overview of MHA Requirements

Where MHA requirements apply, new multifamily and commercial developments will be required to contribute to affordable housing by including affordable units in new development (performance option) or paying into a fund used to support development and preservation of affordable units (payment option). Specific standards for the payment and performance options are in Seattle Municipal Code Chapter 23.58B for commercial development and Chapter 23.58C for residential development. We estimate that the proposed MHA requirements would result in the creation of 6,000 new affordable homes by 2025 citywide. About half of these homes would be generated from development in the area affected by this proposal.

Performance and Payment Amounts

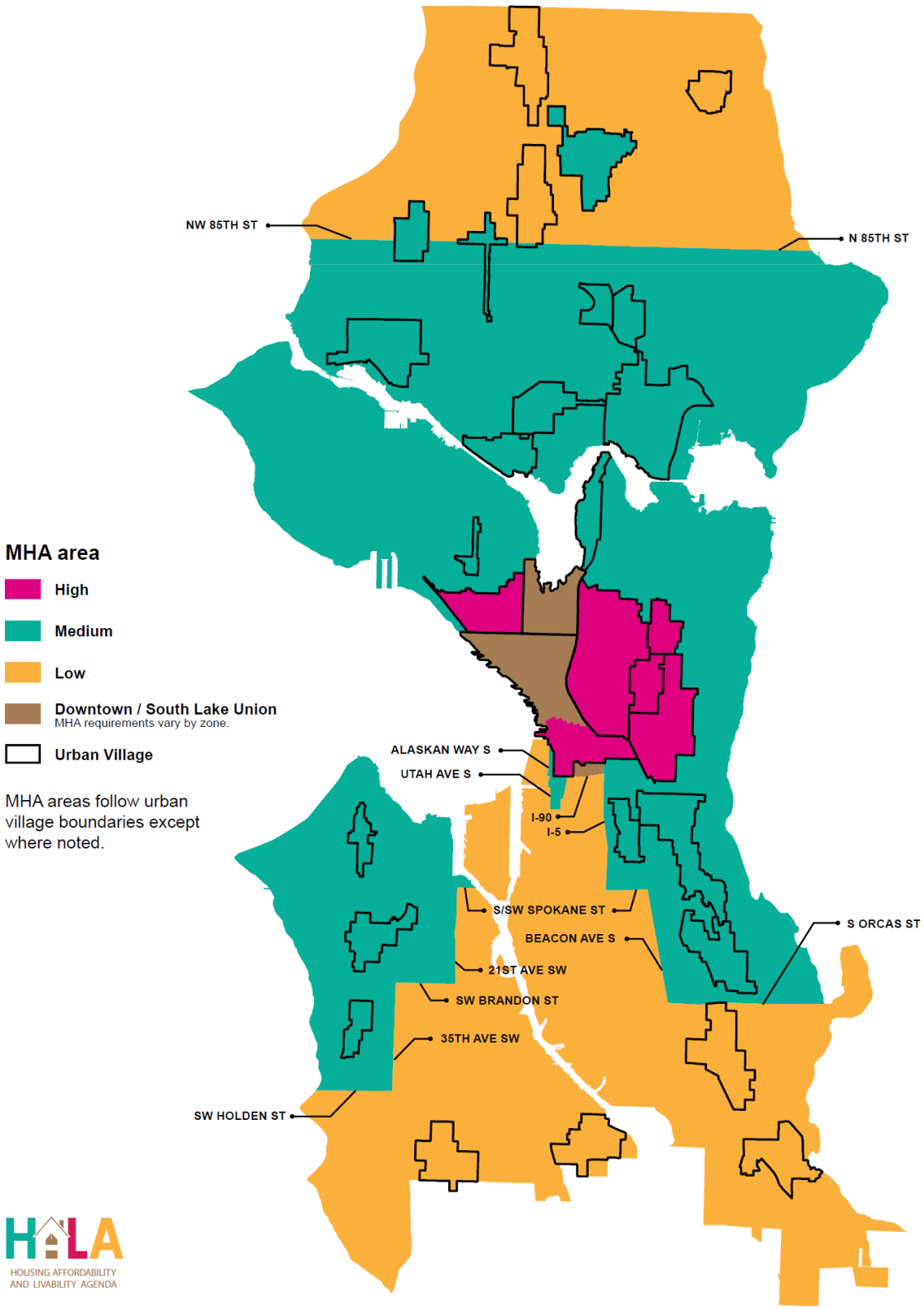
Figure 3.1 shows the proposed performance and payment amounts. Requirements would vary by geographic area (low, medium, or high) and by the scale of the zoning change as indicated by the (M), (M1), or (M2) suffix. Figure 3.2 is a map showing low, medium, and high areas.

Figure 3.1 Payment and Performance Amounts

Proposed requirements for residential (and highrise commercial)		**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

Proposed requirements for non-highrise commercial (up to 95 feet)		**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

Figure 3.2: Low, Medium and High Areas



Under the performance option, requirements for restricted affordable housing are calculated for residential development as a percentage of total units and for commercial development as a percentage of gross floor area. Payment amounts would be caculated by multiplying dollars per gross square foot of residential and commercial development, excluding portions of buildings that are underground as well as commercial area exempted from floor area ratio (FAR) calculations such as certain ground floor retail. Payment amounts will adjust automatically on an annual basis in proportion to changes in the Consumer Price Index (CPI).

Establishing the Performance and Payment Amounts

The proposed payment and performance amounts reflect input from many sources, including affordable housing providers, market-rate developers, and others, and are aimed at balancing many goals and principles, including the critical need for affordable housing generally, the importance of additional housing supply in limiting future increases in housing cost, integration with existing voluntary incentive zoning, Seattle's Comprehensive Plan goals and growth management objectives, and implementation issues.

For residential development, payment amounts were established so they generally equaled the cost of performance plus a 10 percent adjustment to account for the time delay and administrative costs associated with managing the funds. The intent of this approach is to achieve a mix of projects using the performance and payment options since both have important benefits. The performance option creates mixed-income buildings with affordable homes that open at the same time as market-rate development. The payment option allows the City to leverage non-City funds to build two to three times as many affordable homes and support other goals like locating housing near transit or in areas with high risk of displacement.

Performance and payment amounts were evaluated to understand whether strong housing production would continue after MHA requirements and development capacity increases are implemented. The City commissioned independent economic analysis by Community Attributes. to understand the impact of MHA implementation on the viability of various construction types. Community Attributes prepared a report that studied development in Residential Small Lot zones, Lowrise multifamily zones, and Commercial and Neighborhood Commercial zones. In another report, Community Attributes reviewed zones that allow highrise construction. We also considered the proposed MHA amounts in the context of studies prepared by that evaluate the relationship between development and the need for affordable housing it creates. The relationship between payment and performance amounts is further explained in Appendix A.

Requirements for the Performance Option

Projects using the performance option will be subject to the following standards. Area Median Income (AMI) income and rent limits can be found here.

Eligible households

- For a rental unit with a net area of 400 square feet or less, the affordable housing may serve only households with incomes no greater than 40 percent of AMI at initial certification and no greater than 60 percent of AMI at annual recertification;
- For a rental unit with a net area greater than 400 square feet, the affordable housing may serve only households with incomes no greater than 60 percent of AMI at initial certification and no greater than 80 percent of AMI at annual recertification;
- For an ownership unit, the affordable housing may be sold only to households with incomes no greater than 80 percent of AMI at initial occupancy and that meet a reasonable limit on assets as defined by the Director of Housing.

Rent limits for rental projects

- Rent levels: Monthly rent (including a utility allowance and any recurring fees required as a condition of tenancy) may not exceed 30 percent of the income limit for an eligible household.
- Annual income certification. Owners must recertify tenant incomes and household sizes annually. Owners must attempt to obtain third-party verification whenever possible.
- Over-income households: If a tenant of an affordable housing unit is determined, upon recertification, to no longer be an "eligible household," the owner of the development must provide a comparable substitute affordable home as soon as one becomes available. In addition, the owner of the development must provide at least six months' notice of any rent increases to over-income tenant households once the unit substitution has occurred.

Price limits for affordable ownership housing

- Affordable sale price: The initial sale price for affordable ownership housing will be calculated so that ongoing housing costs do not exceed 35 percent of the monthly income for a household at 65 percent of AMI. Establishing an initial sale price based on 65 percent of AMI rather than 80 percent of AMI allows for equity growth for individual homeowners while maintaining affordability for future buyers. Office of Housing will establish by rule the method for calculating the initial sale price including standard assumptions for determining upfront housing costs, including the down payment, and the ongoing housing costs, which shall include mortgage principal and interest payments, homeowner's insurance payments, homeowner or condominium association dues and assessments, and real estate taxes and other charges in county tax billings. Office of Housing may establish a maximum down payment amount for eligible households at initial sale of an affordable ownership unit.
- Affordable resale price: The sales price after the initial sale will be calculated to allow modest growth in homeowner equity while maintaining long-term affordability for future buyers.

Location: For residential development, the affordable housing must be located on the same site as the development being permitted. For commercial development, the affordable housing may be located on the same site or may be produced offsite within the same urban center or village or within one mile of the development if the development is not in an urban center or urban village.

Duration of affordability: Rental housing provided through the performance option must remain affordable for 75 years.

Distribution: Affordable housing units must be generally distributed throughout each structure within the development containing residential units.

Comparability to other units: Affordable housing units must be comparable to market-rate units in terms of number of bedrooms and bathrooms and size. The units must also have substantially the same functionality as other units and households occupying affordable housing must be allowed the same access to development amenities as other tenants. Tenants of affordable units must also be offered lease terms comparable to those of market-rate tenants.

Minimum number of units: At least two affordable housing units are required, except that the minimum would be reduced to one unit if it is family-sized with three or more bedrooms.

Public subsidy: An applicant for a permit may seek public subsidies, such as the Multifamily Property Tax Exemption (MFTE), for its development, but the affordable housing units provided to satisfy MHA requirements must be in addition to those provided as a condition of such subsidy or incentive.

Occupancy requirement for ownership units: Owners must occupy the units as their principal residence and may not lease their unit unless the Office of Housing approves an exception on a short-term basis. Owners must also comply with MHA requirements to maintain the long-term viability of their unit, including rules to maintain the physical condition of the unit and reduce financial risks to owners that could result in a loss of an affordable unit by foreclosure.

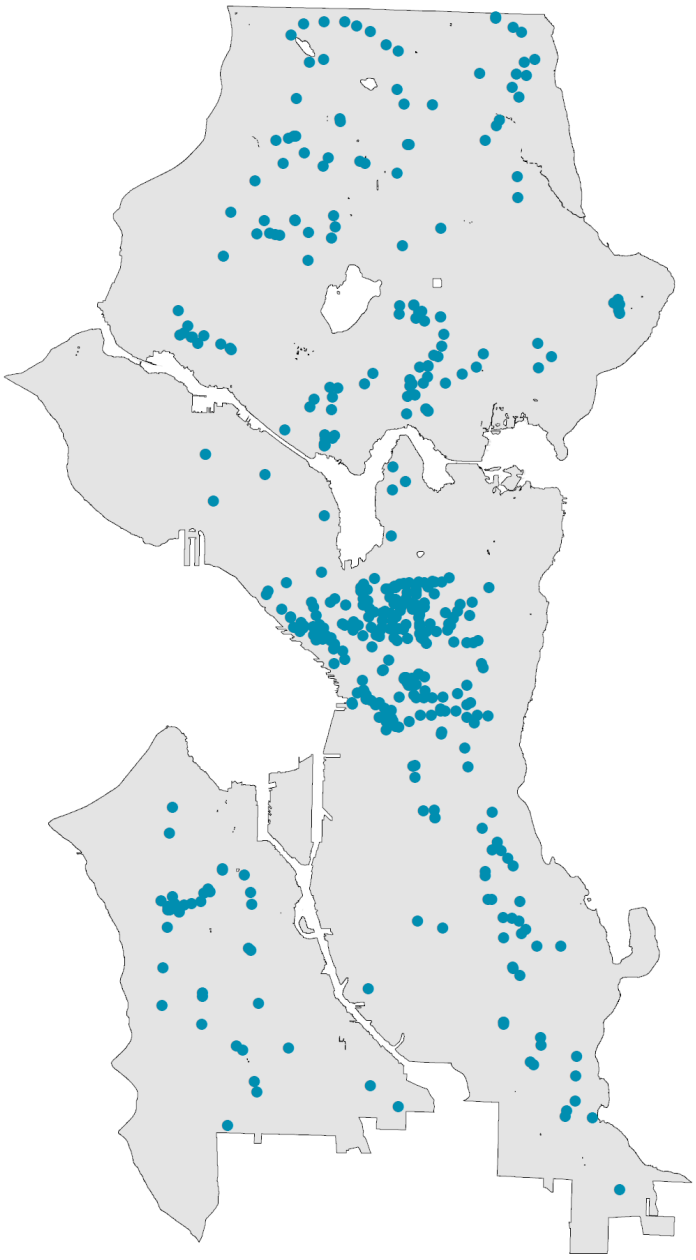
Requirements for the Payment Option

Developers choosing the payment option would be required to provide a cash contribution to the City that would be used to develop, or in some cases preserve, affordable housing. The Office of Housing will deposit all cash contributions into a special account established solely for the purpose of supporting housing for renter households with incomes at or below 60 percent of AMI, or owner households with incomes at or below 80 percent of AMI.

The Office of Housing will invest funds strategically in long-term affordable housing across the city. Map 3.3 shows the location of past investments. In making investment decisions, the City will consider the extent to which the affordable housing advances the following factors:

- Affirmatively furthering fair housing choice;
- Locating within an urban center or urban village;
- Locating in proximity to frequent bus service or current or planned light rail or streetcar stops;
- Furthering City policies to promote economic opportunity and community development and addressing the needs of communities vulnerable to displacement and;
- Locating near developments that generate cash contributions.

Figure 3.3: Location of Affordable Housing



- **Seattle Office of Housing**
  Rent- and Income-Restricted Housing Locations

Below are some recent examples of affordable housing by the Office of Housing.

Abora Court
Sponsor: Bellwether Housing
Opening in Spring 2018

133 affordable studios, one, two and three-bedrooms for households from 0 to 60% area median income. Close to major transit routes, a future University District light rail station, high-quality public schools. Support for families transitioning out of homelessness will be provided by Compass Housing Alliance. Ground-floor commercial space prioritized for nonprofit use. The development was made possible by the University Christian Church.

Credit: Michael Walmsley

The Marion West (University District)
Sponsor: Low Income Housing Institute
Opened in 2016

20 affordable apartments for homeless young adults (age 18 to 24) and 29 apartments for low-wage workers who are entering the workforce. New and larger space for the University District Food Bank is located on the first floor.

Filipino Community Village
Sponsor: Human Good/Filipino Community Center
Funded in December 2017

The Filipino Community Village of Seattle is a first of its kind project that will provide 68-units of affordable, low-income housing to seniors as well as an expanded science-technology-engineering-arts-math (STEAM) program to youth. The Village will be an expansion of the current Filipino Community Center of Seattle (FCS) that has been providing health and social services since 1935.

Mercy Othello Plaza Apartments
Sponsor: Mercy Housing NW
Opened in 2017

In addition to 108 affordable apartment homes with 1, 2 and 3-bedroom floor plans, Mercy Othello Plaza includes a large community center, courtyard and commercial space available on the ground-floor, and promises to become a hub for the Rainier Valley's growing Othello neighborhood. Residents enjoy well-designed, flexible spaces and large, light-filled rooms that connect each apartment to its surroundings. On-site activities and programming are provided for both children and adults.

Credit: William Wright Photography

Plymouth on First Hill
Sponsor: Plymouth Housing Group
Opened in 2017

80 studio apartments for chronically homeless individuals (includes 3 units for live-in staff). The site is adjacent to the downtown core and close to the major medical centers located on First Hill. Follows the Housing First program, providing a range of supportive services for substance abuse and/or mental illness.

Belmont Avenue (Capitol Hill)
Sponsor: Pioneer Human Services
Funded in December 2017

90 units of permanent affordable housing for individuals exiting homelessness and/or incarceration as well as persons with disabilities. The first level will also include a community room, lobby, laundry facilities and mail room, on-site case manager offices, and a staff break room.

4. Developing the Proposal

Key Principles

During the summer of 2015, community input helped inform a series of principles to guide MHA implementation. The principles established a foundation for MHA implementation and set clear parameters for the City's overall policy intent. These principles included the MHA affordable housing production goals, the intent to evaluate MHA implementation with a racial and social equity lens, and an expectation of allowing diverse housing types in existing single-family-zoned areas in urban villages.

Principles generated from community engagement helped tailor MHA implementation in neighborhoods through zoning map changes and development capacity increases. These community-generated principles included concepts like removing designated national register historic districts from the MHA implementation area, encouraging a variety of housing types including family-friendly housing, and creating gradual transitions between higher- and lower-scale areas. Community-generated principles were refined through extensive public input using the Consider.it online dialogue.

The MHA Implementation Principles are available online. These principles informed the current proposal and are reflected in the zoning changes and development capacity increases.

Community Engagement

The City informed and engaged the community through an extensive outreach program about MHA over a multi-year period. Engagement included in-person and online community input, including more than 180 meetings in a variety of formats and locations.

The Summary of Community Input describes the MHA community engagement program in detail. It documents the major themes heard from residents across the city and details how the final proposal for MHA implementation incorporates specific suggestions from community members in each urban village.

The engagement program differed from many past community involvement programs. Seeking to reach traditionally under-represented groups and communities, as these people are disproportionately impacted by housing affordability challenges. Community engagement activities included:

- Translation of key informational materials to six languages: Chinese, Somali, Korean, Spanish, Tagalog, and Vietnamese
- More than 180 community engagement meetings, including citywide public open houses, in-depth community design workshops, and neighborhood meet-ups
- Information mailing sent to more than 88,800 urban village residents
- Door-to-door canvassing to more than 10,000 households in urban villages
- Regular newsletter updates to more than 4,200 recipients
- Ongoing online dialogue with more than 1,100 registered users (at hala.consider.it)
- Reddit Ask-Me-Anything (AMA) events with more than 600 comments
- Website with more than 5,000 monthly page views
- Telephone Townhalls that reached more than 70,000 Seattle households
- Nine-month community focus group process that included over 600 volunteer hours from community members
- Hundreds of questions answered on the HALA hotline (206) 743-6612 and halainfo@seattle.gov

To ensure thorough review of MHA implementation proposals, we published a Neighborhood Character and Urban Design Study in June 2016, which included a series of zone-by-zone prototypes and renderings illustrating the MHA development capacity increases. To solicit input on the specific mapping changes in each urban village, we released a set of draft MHA implementation maps for public comment in October 2016. The final proposal for MHA implementation reflects community input received through each phase of outreach.

Environmental Impact Statement

Potential adverse environmental impacts of the proposal were evaluated in an Environmental Impact Statement (EIS) pursuant to the State Environmental Policy Act (SEPA). The EIS process was used to provide additional information for the final proposal, and included community input through scoping comments and comments on the Draft EIS.

In June 2017, a Draft EIS (DEIS) was issued with an initial 45-day comment period. A DEIS open house and public hearing was held on June 29. In response to a large number of requests, the comment period was extended 15 more days to August 7. The Final EIS (FEIS) was issued on November 9, 2017. The FEIS evaluated potential impacts of a preferred alternative that is very similar to the proposed legislation.

The FEIS considers four alternatives. Alternative 1 was the no action scenario. Alternative 2, Alternative 3, and the Preferred Alternative all assume implementation of MHA to achieve the objective of producing at least 6,200 affordable homes built in the study area by the year 2035. Alternative 2, Alternative 3, and the Preferred Alternative differ in the intensity and location of development capacity increases and the patterns and amounts of housing growth across the city that could result.

The EIS considered a 20-year time horizon and allows for a comparison with and without MHA. The recently completed Seattle 2035 Comprehensive Plan is incorporated as a baseline for analysis. The EIS considers the possibility for an increased amount of housing and job growth over the 20 year time horizon with MHA implementation. Action alternatives were assumed to result in approximately 95,000 new households over the next 20 years compared to approximately 76,000 under no action.

Each action alternative would generate approximately 7,400 rent- and income-restricted housing units from development in the study area over 20 years. In the Housing and Socioeconomics chapter, the EIS discusses the relative housing benefits of implementing MHA.

Growth brings numerous benefits to a city, including environmental benefits associated with people living closer to jobs and transit. The EIS describes and discloses potential adverse environmental impacts. Impacts evaluated include potential for significant impacts in areas such as land use and parks and open space. Where it identifies impacts, the EIS discusses mitigation measures the City could employ to decrease or eliminate the degree of impact. A companion resolution that the City Council is considering concurrently with this legislation signals the City's intent to pursue many of the mitigation measures.

Growth and Equity Analysis

As a companion document to the Seattle 2035 Comprehensive Plan EIS, the City prepared a *Growth and Equity Analysis* to identify how growth could benefit or burden marginalized populations. The Growth and Equity Analysis examined demographic, economic, and physical factors to evaluate the risk of displacement and access to opportunity for marginalized populations across Seattle neighborhoods.

In September 2016, the City Council passed Resolution 31577, renewing the emphasis on race and social equity in the Comprehensive Plan update and other City actions. The resolution called for reducing racial and social disparities through the City's capital and program investments, achieving equity through growth, and conducting equity analyses when taking policy actions. MHA implementation seeks to achieve these goals by integrating aspects of the Growth and Equity Analysis directly into the proposal for the MHA zoning changes and development capacity increases.

The *Growth and Equity Analysis* considered data about both people and places and used a Race and Social Justice Initiative (RSJI) lens. The findings are expressed in the Displacement Risk Index and the Access to Opportunity Index. The Displacement Risk Index identifies areas of Seattle where displacement of marginalized populations may be more likely. The Access to Opportunity Index identifies populations' access to certain key factors affecting social, economic, and physical well-being. Together, these indices show that displacement risk varies across Seattle neighborhoods, and key determinants of well-being are not equitably distributed, leaving many marginalized populations without access to factors necessary to succeed and thrive in life.

Together, these indices characterize whether an urban village has relatively high or low displacement risk and high or low access to opportunity. Viewed as a matrix, the indices create a typology of urban villages according to their relative levels of displacement risk and access to opportunity. The Growth and Equity Analysis identifies four categories of urban villages. The categories help identify the potential impacts of future growth and suggest which mitigation measures could address needs and opportunities in different urban villages. The recommended approach to MHA implementation references this displacement risk and access to opportunity typology.

Displacement Analysis

The City also conducted a detailed displacement analysis related to implementation of MHA. The Housing and Socioeconomics chapter of the EIS discussed different kinds of displacement and evaluated how each alternative might affect the likelihood of displacement for low-income households. Three different kinds of displacement are occurring in Seattle. Physical displacement is the result of eviction due to repair, rehabilitation, or demolition of property, or the expiration of covenants on rent- and income-restricted housing. Economic displacement occurs when residents can no longer afford rising rents or costs of homeownership like property taxes. Cultural displacement occurs when residents are compelled to move because the people and institutions that make up their cultural community have left the area.

Overall, this proposal to implement MHA citywide is likely to address displacement – and its disproportionate impact on low-income households and communities of color – by creating new income-restricted affordable homes and by increasing the number of housing choices to help meet rising demand.

Physical Displacement

To analyze potential impacts on physical displacement in the EIS, we estimated the amount of housing and job growth that would occur over 20 years for each alternative and then identified the parcels most likely to redevelop as that growth unfolds. The number of existing housing units on those specific parcels served as one estimate of potential demolitions that could occur for each alternative.

Another method for estimating demolitions reflected the historical ratio of new housing units to demolished units based on actual permit data for 2010-2016 in each zone. We applied these ratios to the housing and job growth estimates for each urban village in each alternative to produce another estimate of potential demolitions. Our analysis found that:

- For every demolished housing unit, 16 new housing units would be created if MHA is implemented as proposed.
- If MHA were not implemented, only 10 new housing units would be created for every demolished housing unit.

The ratio of new housing to demolished housing is greater with MHA because a given piece of land would be able to accommodate more new housing if MHA were implemented.

Drawing on data from the City's Tenant Relocation Assistance Ordinance (TRAO), we then estimated how many low-income households could be physically displaced as a result of the estimated number of demolitions. We compared this number of households to the net new housing units and income-restricted affordable units that would be created in the study area, recognizing that MHA is already in effect in a few urban centers. We found that:

- For every low-income household physically displaced due to demolition, 13 new income-restricted affordable homes would be created with MHA implementation as proposed.
- If MHA were not implemented in the study area, only six new income-restricted affordable homes would be created for each low-income household physically displaced due to demolition.

Economic Displacement

We also evaluated how MHA implementation could affect economic displacement as Seattle grows. Citywide, new development is critical for reducing our housing shortage and the competition for housing that drives up housing costs. Overall, new development tends to reduce economic displacement by providing more housing to accommodate our growing population and reducing competition for existing housing units. Growth can also expand the types of housing options available and help produce income-restricted affordable homes. However, at a neighborhood scale, new development can lead to changes that attract higher-income households or precipitate other demographic changes.

To understand these complex effects, we looked at the historical relationships between housing growth and demographic changes at the census tract level. Through a statistical analysis, we examined whether correlations exist between housing development on one hand and changes in the number of households of various income levels on the other hand for the period of 2000 to 2014. This historical analysis indicated that new housing production has not been associated with losses in low-income households at a neighborhood scale. In general, census tracts that received more housing production were more likely to see increases in both low- and middle-income households. This finding held true when we controlled for subsidized housing production, which could otherwise affect changes in the number of low-income households.

While other factors could also be at work, overall the analysis suggests that the production of new housing

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was not associated with losses in low-income households from 2000 to 2014. By allowing more housing production and supporting income-restricted affordable housing, the proposal is likely to reduce economic displacement more than if MHA were not implemented.

Cultural Displacement

The EIS also considered that people of color, immigrants, and refugees have faced additional barriers to accessing housing in Seattle. Challenges to accessing housing due to segregation and discrimination often mirror challenges to accessing other opportunities, such as jobs and education for these communities. As a result, social networks within racial and ethnic communities may take on a greater importance than for other populations.

Measuring cultural displacement is difficult since no systematic survey of households exists that asks why they have chosen to relocate. However, some indicators of cultural displacement can be measured at the neighborhood scale. One limitation of the correlation analysis described above as an indicator of economic displacement is that it can overlook or obscure changes in racial and ethnic minority populations. For example, a neighborhood that loses some households with incomes at 0–80 percent of AMI and gains others at the same income level could experience cultural change and displacement even if no aggregate change in the number of low-income households occurred.

To explore whether a potential relationship between new development and cultural displacement could exist, we also analyzed the historical correlation between housing production and change in racial and ethnic minority populations. Overall, the analysis found no significant correlation for changes in the Black/African American and Hispanic/Latino populations, while housing production was moderately correlated with changes in the non-Hispanic White population. Still, anecdotal information gathered from community comments and stories suggests losses in racial minority populations could be more significant than available data demonstrate. Factors other than new housing production are likely contributing to cultural displacement in ways that are distinct from displacement of low-income households.

Decision Making Process for the Final Recommendation

To arrive at a final recommendation for the MHA zoning map changes, city staff convened an interdepartmental workgroup during the summer of 2017. The workgroup consisted of representatives from Department of Neighborhoods, Office of Planning and Community Development and Office of Housing. For each urban village area, an assigned staff lead reviewed all the records from completed community engagement, reviewed environmental information, and made a site visit to walk the area. The staff lead presented a MHA map recommendation for the urban village to the rest of the workgroup. Consensus among the workgroup was required before a map recommendation on each urban village was completed. This process ensured detailed review of each urban village including the record of community input. It also ensured consistency of approach for the many urban villages in the study area.

5. Rezones to Implement MHA

The complete MHA rezone proposal is available online through our interactive web map. This section provides an overview of the proposal.

Approach to MHA Rezone Mapping

Numerous options were explored for specific zoning map changes in different neighborhoods. Map variations reflect specific conditions in local areas, respond to community preferences, and are intended to achieve planning principles and objectives.

To allow tailoring of the rezone proposal to specific areas while also applying zoning choices equitably and consistently, the following themes guided our development of the final recommendation:

- Apply affordable housing requirements in all multifamily and commercial zones, and all urban villages, consistent with the Seattle 2035 Comprehensive Plan adopted by the City Council.
- Increase housing choices throughout Seattle, with more housing in areas with low risk of displacement and high access to opportunity (transit, parks, jobs and other critical resources).
- In areas with high risk of displacement of low-income people and communities of color, focus increased housing choices and jobs within a 5-minute walk of frequent transit.
- Expand urban villages with access to high frequency transit to provide more housing options within a full 10-minute walk of frequent transit.
- Minimize impacts in environmentally sensitive areas and propose less intensive changes within 500 feet of major freeways.
- Do not apply MHA zoning changes in designated historic districts.

The MHA rezones target more housing development to communities where existing residents are less vulnerable to displacement and where more assets exist to provide for a growing population, like parks and transit. MHA also targets more housing development near transit to provide greater access to jobs and services.

Distribution of the MHA Rezones

Locations proposed for larger zoning change will have a higher affordable housing requirement, indicated by an (M1) or (M2) suffix in the after zone name. (See also Section 3 above and our technical summary of how MHA works.)

- (M): Applies when a zone changes to a zone in the same category.
- (M1): Applies when a zone changes to a zone in the next highest category.
- (M2): Applies when a zone changes to a zone two or more categories higher.

Since a higher MHA tier indicates a greater magnitude of zoning change, the location and distribution of the MHA tier rezones is one way to summarize the distribution of zoning changes throughout the study area. The map in Figure 5.2 shows the location of the MHA tier zoning changes in the proposal. Darker pink areas have (M1) and (M2) rezones that correspond with larger changes to zoning, while lighter pink areas are (M) rezones that reflect smaller zoning changes.

Figure 5.1 Percentage of Redevelopable Land by MHA Tier in the Proposed Rezone Area

(M) Tier	78%
(M1) Tier	20%
(M2) Tier	2%

As seen on the map and in the figure 5.1 most zoning changes (78%) are (M) rezones, most of which are the minimum necessary to put the MHA affordable housing requirement in place. (M) rezones amount to roughly one story of additional development capacity compared to what could be built under today's zoning. Twenty percent of the zoning changes would be (M1) rezones, and just two percent of rezone area has the highest (M2) tier.

Figure 5.2: Map of (M), (M1), (M2) MHA Tier Areas

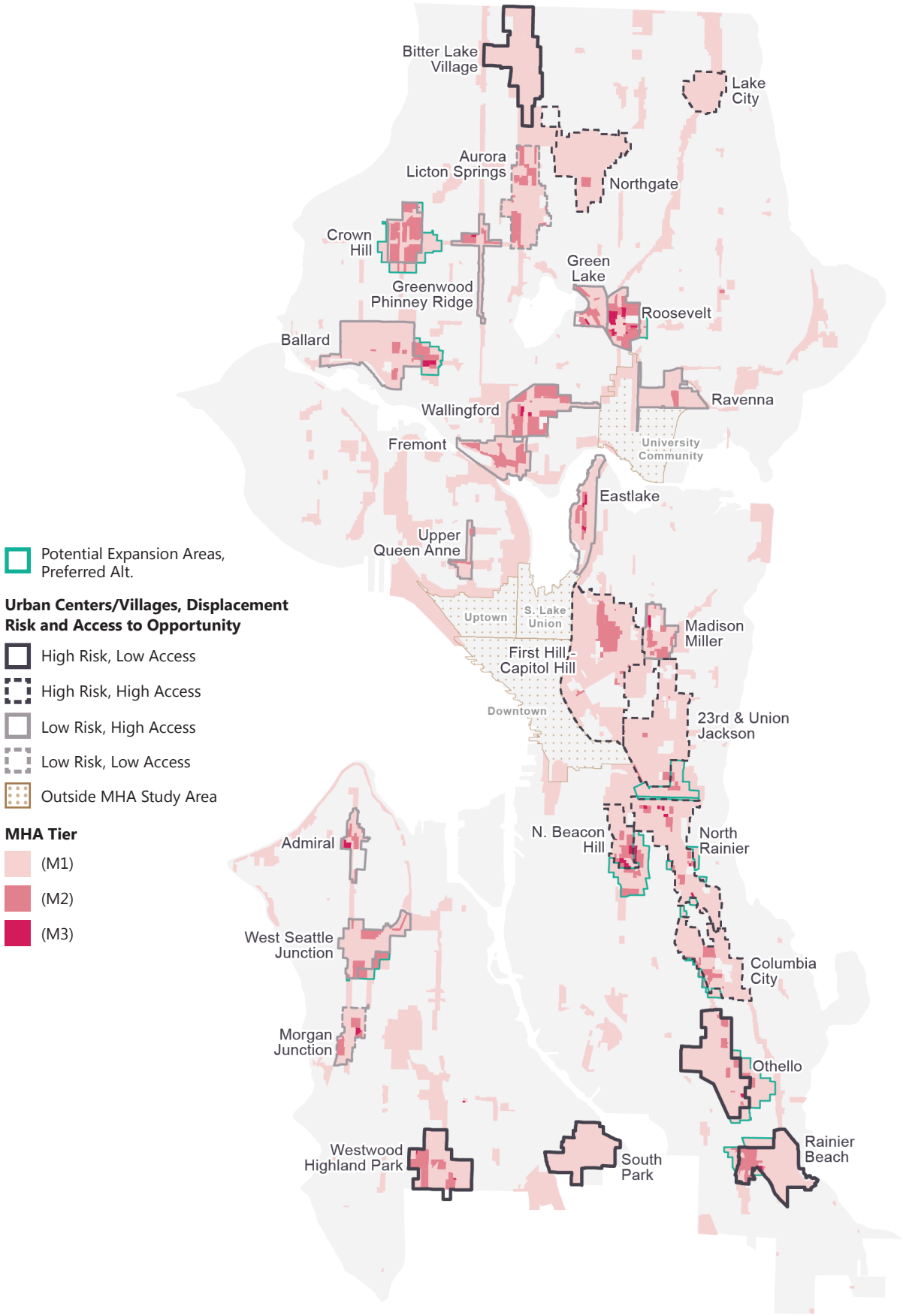


Figure 5.3 Approach to MHA Development Capacity Increases

Displacement Risk and Access to Opportunity	Intensity of Development Capacity Increases and Expansion of Urban Village Boundaries	Urban Villages
High Displacement Risk and Low Access to Opportunity	Primarily (M) development capacity increases throughout the urban village, except some (M1) and very limited (M2) capacity increases within a 5-minute walk to frequent transit nodes.**	• Rainier Beach* • Othello* • Westwood–Highland Park • South Park • Bitter Lake
Low Displacement Risk and High Access to Opportunity	Many (M1) capacity increases and some (M2) capacity increases throughout the urban village and especially in close proximity to frequent transit nodes, along with some (M) designations.	• Green Lake • Roosevelt* • Wallingford • Upper Queen Anne • Fremont • Ballard* • Madison–Miller • Greenwood–Phinney Ridge • Eastlake • Admiral • West Seattle Junction* • Crown Hill* • Ravenna
High Displacement Risk and High Access to Opportunity	Mostly (M) development capacity increases throughout the urban village, except some (M1) and (M2) capacity increases in areas within a 5-minute walk to frequent transit nodes.**	• Columbia City* • Lake City • Northgate • First Hill–Capitol Hill • North Beacon Hill* • North Rainier* • 23rd & Union–Jackson*
Low Displacement Risk and Low Access to Opportunity	A mix of (M) and (M1) capacity increases throughout the urban village, with very limited (M2) capacity increases.	• Aurora–Licton Springs • Morgan Junction
All Urban Villages	Apply urban village boundary expansions to a full 10-minute walkshed from the frequent transit station for areas studied in the Seattle 2035 Comprehensive Plan. Moderate development capacity increases in areas with environmental constraints. Apply (M1) or (M2) development capacity increases to sites under the purview of non-profit affordable housing entities.	

* Includes a proposed urban village expansion.

** There are two small exception areas where greater than (M) tier capacity increases are included outside of the 5-minute walkshed.

MHA Rezones in Areas of Opportunity and Displacement Risk

The City's Growth and Equity Analysis is a key factor in forming the distribution of the MHA rezones. Relatively larger development capacity increases are proposed in high-opportunity urban villages, which offer good access to assets and infrastructure like transit and parks. Likewise, relatively smaller development capacity increases are proposed for areas with high displacement risk. In all urban villages, regardless of displacement risk or access to opportunity, we proposed relatively larger capacity increases close to light rail stations or frequent transit hubs. Overall, this approach recognizes the need to increase housing supply and encourages development near amenities and infrastructure, while minimizing the potential for increasing physical or cultural displacement in areas with vulnerable populations. Figure 5.3 summarizes the implications of this approach for each urban village.

As a result of the mapping approach, the proportion of land rezoned with an (M), (M1), and (M2) tier varies in each urban village according to its relative level of displacement risk and access to opportunity, as shown in figures 5.4 - 5.7 below. In urban villages with low displacement risk and high access to opportunity, 51 percent of redevelopable lands have an (M1) or (M2) rezone, while in urban villages with high displacement risk and low access to opportunity only 13 percent of redevelopable lands have an (M1) or (M2) rezone.

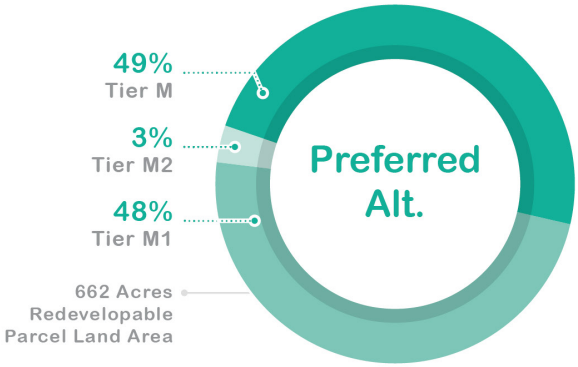


Figure 5.4

Low Displacement Risk & High Access to Opportunity Areas Redevelopable Parcel Land Area by MHA Tier

Green Lake, Roosevelt, Wallingford, Upper Queen Anne, Fremont, Ballard, Madison-Miller, Greenwood-Phinney Ridge, Eastlake, Admiral, West Seattle Junction, Crown Hill, Ravenna

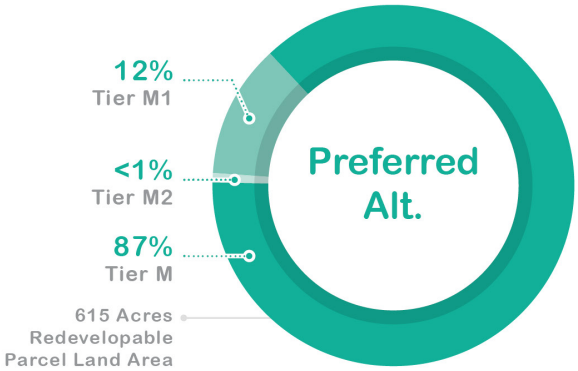


Figure 5.5

High Displacement Risk & Low Access to Opportunity Areas Redevelopable Parcel Land Area by MHA Tier

Rainier Beach, Othello, Westwood-Highland Park, South Park, Bitter Lake Village

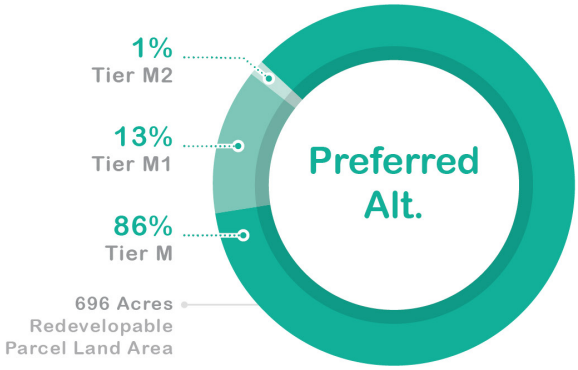


Figure 5.6

High Displacement Risk & High Access to Opportunity Areas Redevelopable Parcel Land Area by MHA Tier

Columbia City, Lake City, Northgate, First Hill-Capitol Hill, North Beacon Hill, North Rainier, 23rd & Union-Jackson

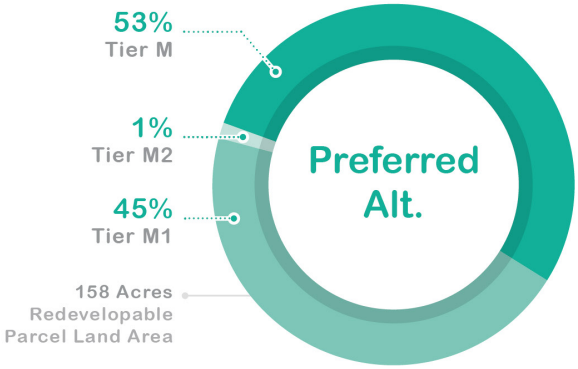


Figure 5.7

Low Displacement Risk & Low Access to Opportunity Areas Redevelopable Parcel Land Area by MHA Tier

Aurora-Licton Springs, Morgan Junction

Example Map in a Low Displacement Risk / High Access to Opportunity Area

Figures 5.8 & 5.9 are the proposed MHA rezone maps for the Roosevelt Urban Village, an example of the proposal in an urban village with low displacement risk and high access to opportunity. In 2021, a light rail station will open near the center of the urban village at the intersection of NE 65th St and 12th Ave NE. The urban village would be expanded to include an approximate 10-minute walkshed from the station, bringing a few blocks east of 15th Ave NE into the urban village boundary. Throughout the urban village, blocks at the edges of the neighborhood's commercial core are proposed for MHA implementation with an (M1) designation. These areas are currently zoned single-family and would have Lowrise 1 or 2 multifamily zoning. In addition, (M2) rezones are proposed for a few specific blocks, including areas of existing single-family zoning that would become a Lowrise 3 or Midrise multifamily zone. Areas furthest from light rail would become Residential Small Lot (RSL), a zone similar in scale to existing single-family zones that provides a transition in density and scale to areas outside the urban village. Areas in Roosevelt's commercial core were rezoned recently and would not receive large zoning increases as part of MHA implementation.

Example Map in a High Displacement Risk / Low Access to Opportunity Area

Figures 5.10 & 5.11 shows the MHA rezone proposal for Othello, an urban village with high displacement risk and low access to opportunity. A light rail station is located near the center of the urban village at the intersection of Martin Luther King Jr Way S and S Othello St. Like Roosevelt, the proposal would expand the Othello Urban Village to an approximate 10-minute walkshed, which would add several blocks at the east edge of the urban village. Unlike Roosevelt, the proposal for Othello features few instances of (M1) rezones in blocks at the edges of the existing commercial core. The (M1) rezones are limited to the area within a 5-minute walk of the light rail station. We proposed no (M2) rezones in Othello. Most existing single-family-zoned land in the urban village would be changed to RSL with an (M) designation.

A complete illustrative set of maps for rezone mapping can be seen in an interactive web map that allows zooming in to specific parcels can be found here.

Seattle's Urban Villages

In 1994, Seattle implemented an urban village strategy to guide growth and investments to designated communities across the city. The Seattle 2035 Comprehensive Plan's Growth and Equity Analysis examined demographic, economic, and physical factors to understand current displacement risk and access to opportunity in Seattle's urban villages.

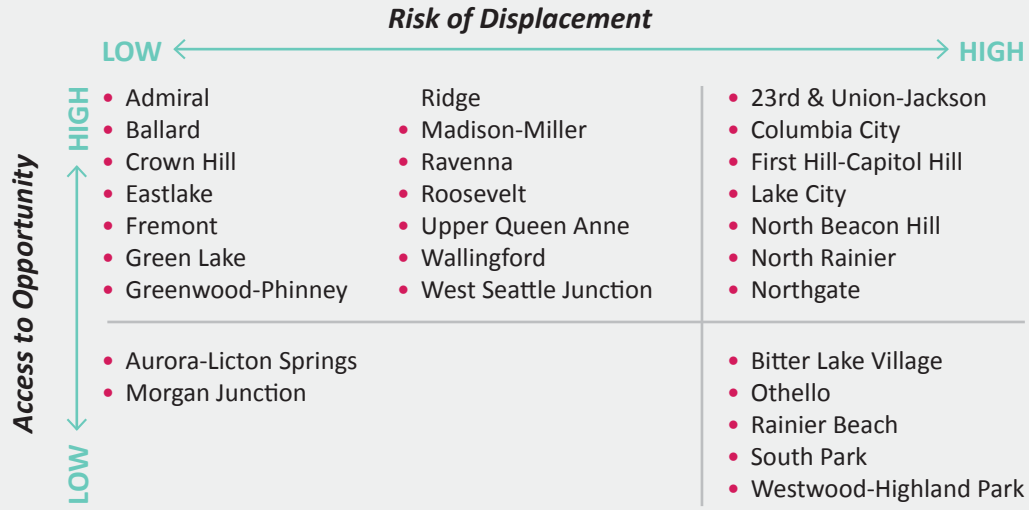


Figure 5.8 Proposed MHA Tiers, Roosevelt

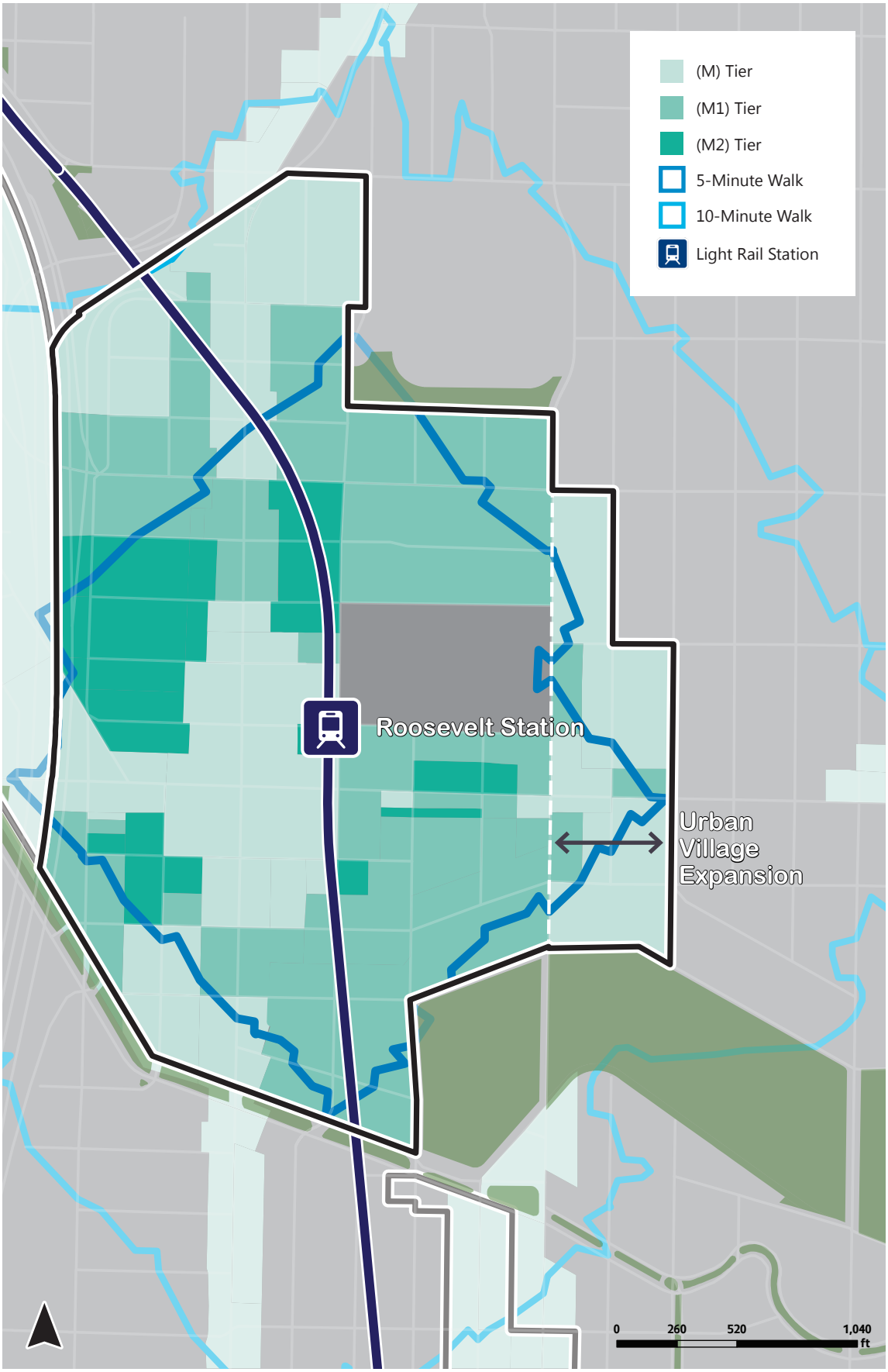


Figure 5.9 Proposed Zoning, Roosevelt

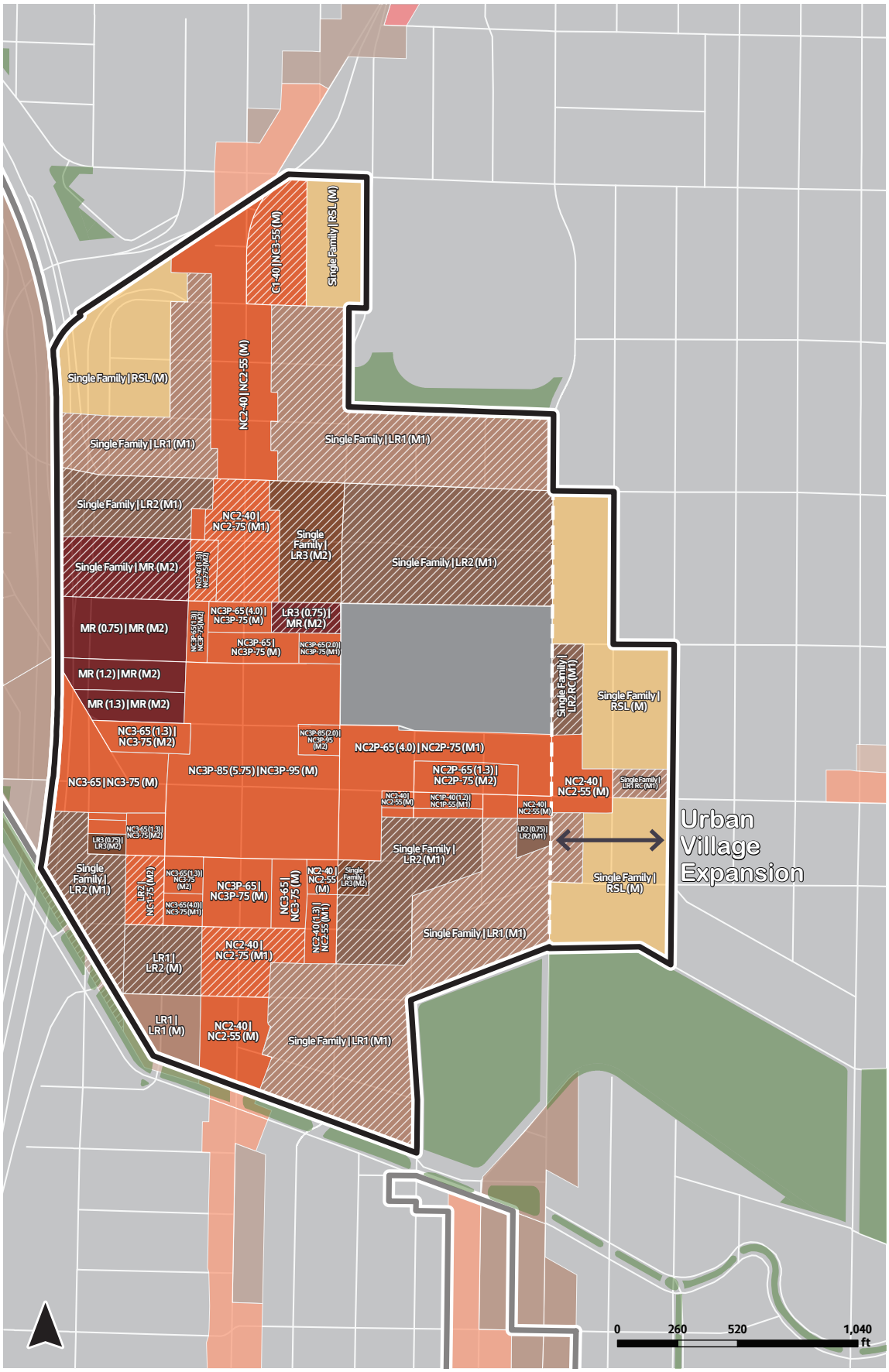


Figure 5.10 Proposed MHA Tiers, Othello

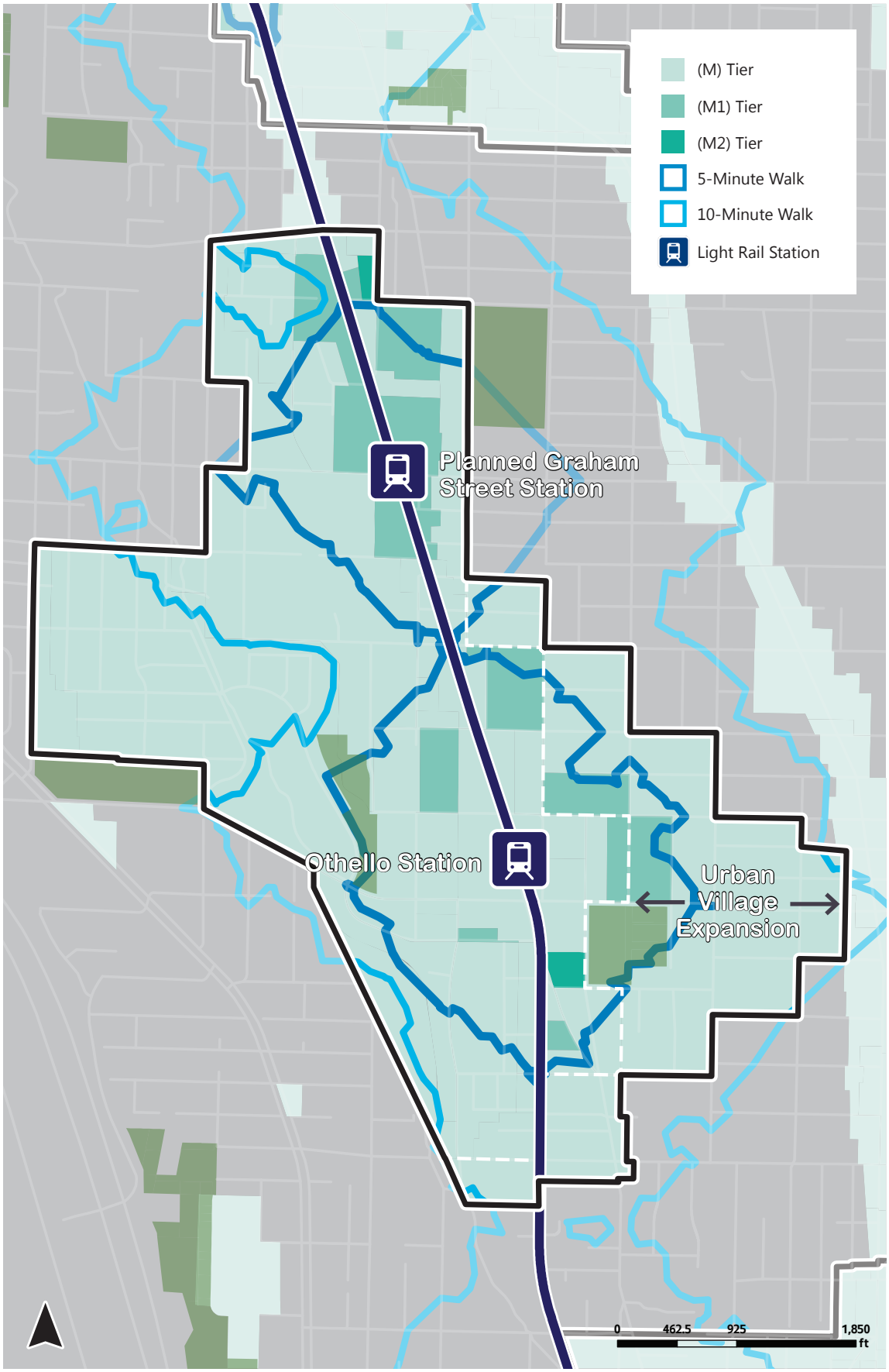
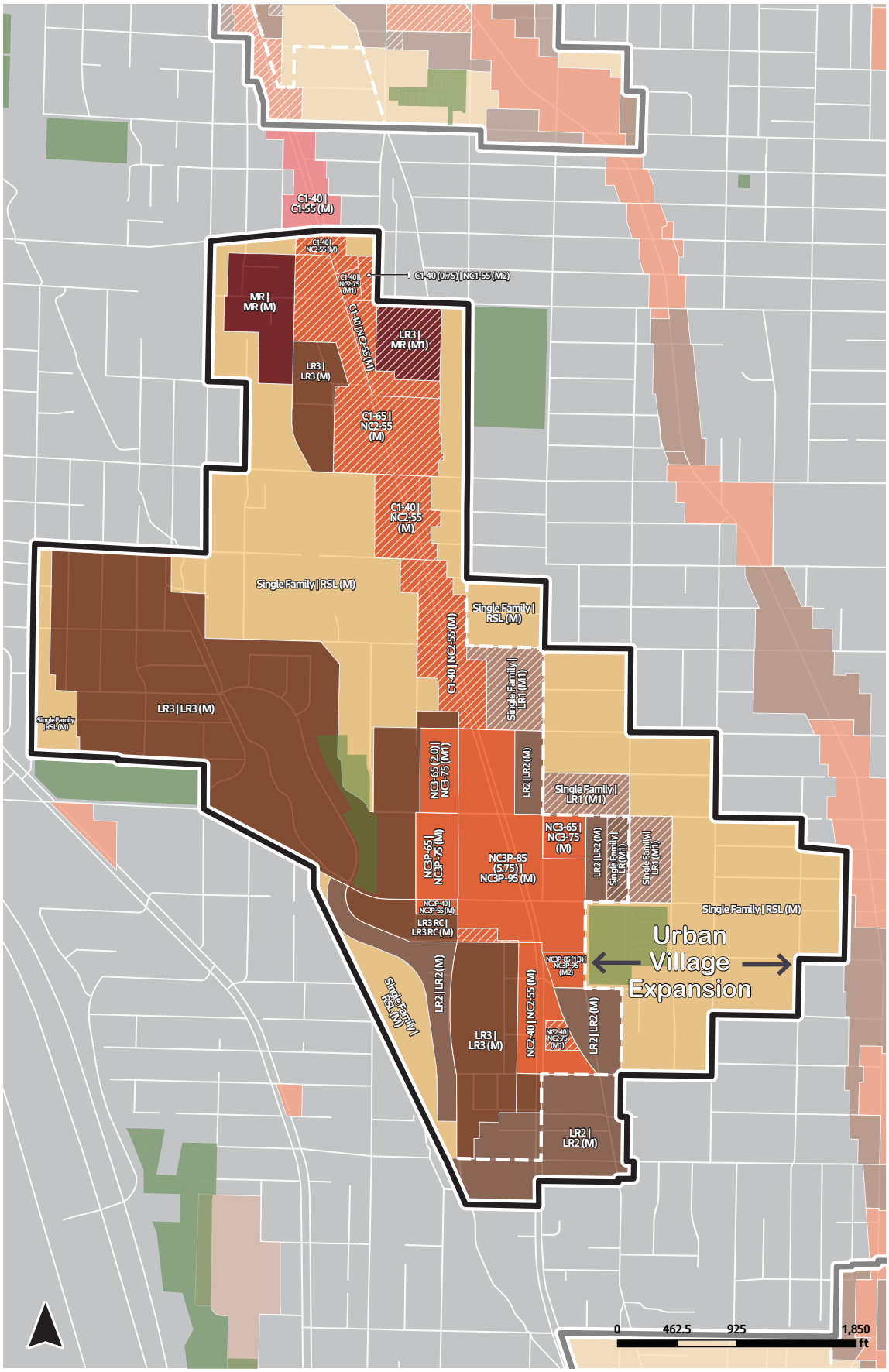


Figure 5.11 Proposed Zoning, Othello



Housing and Job Growth Estimates

MHA could increase housing and job growth in coming years compared to a scenario in which the City does not implement MHA. While it is very difficult to project the amount and location of future development over a large area where economic conditions vary, analysis included one estimate based on several assumptions, detailed in Appendix G of the EIS. Most additional growth attributable to MHA would be located on the same or similar parcels as would redevelop without MHA. However, since those sites could be developed with slightly more height or floor area, more total housing or commercial space could result.

Figure 5.12 displays estimates for housing and job growth in each urban village over a 20-year period with and without MHA. The approach to the MHA capacity increases in urban villages with differing Access to Opportunity and Displacement Risk results in differing amounts of estimated growth. As a group, urban villages with low displacement risk and high access to opportunity could see increases in housing growth of 40 percent compared to a scenario where MHA is not implemented. In urban villages with high displacement risk and low access to opportunity, we expect an overall increase in housing growth of 26 percent.

Affordable Housing Estimates

From our estimates of housing and job growth, it is possible to estimate the expected amount of income-restricted affordable housing generated through MHA. It is assumed that half of developments would elect to build affordable housing on-site and half would elect to make payments. The City would pool MHA payments from development in the study area with funds received through MHA elsewhere in Seattle, and we assumed this funding would be then leveraged with tax credits and other housing resources.

The analysis finds that, over 20 years, 5,633 MHA affordable housing units would be generated from development in the area of the proposed legislation. Due to combination of the MHA payments in this area with those generated from other urban centers including downtown, even more rent- and income-restricted housing units (7,418) would be built in the area of the proposed legislation over 20 years. These amounts far exceed the 205 rent-restricted units that would be generated from the study area without the proposed action, since very few places in the study area offer extra floor area for development that provides affordable housing through incentive zoning.

Figure 5.12 Residential and Commercial Growth Estimates

RESIDENTIAL AND COMMERCIAL 20-YEAR GROWTH ESTIMATES								
Urban Village	**Baseline (2015)**		**No Action**		**Proposed Legislation**		**% Increase**	
	housing	jobs	housing	jobs	housing	jobs	housing	jobs
Outside Proposed Legislation Area								
Downtown	24,347	165,416	13,600	37,100	14,109	37,100		
South Lake Union	4,536	40,482	8,500	15,900	8,818	15,900		
Uptown	7,483	15,092	3,751	2,800	3,811	2,800		
U District (1)	8,181	33,701	5,533	5,000	5,546	5,000		
High Displacement Risk & Low Access to Opportunity							**26%**	**5%**
Rainier Beach	1,520	1,130	500	500	637	561	27%	8%
Othello	2,836	1,439	900	800	1,079	800	20%	4%
Westwood-Highland Park	2,150	1,572	600	100	865	113	44%	5%
South Park	1,292	1,355	400	300	561	313	40%	4%
Bitter Lake Village	3,257	4,605	1,300	2,300	1,502	2,404	16%	4%
Low Displacement Risk & High Access to Opportunity							**40%**	**13%**
Green Lake	2,605	1,814	600	150	1,087	215	81%	41%
Roosevelt	1,616	1,762	867	500	1,195	549	38%	10%
Wallingford	3,222	3,119	1,000	150	1,947	172	95%	20%
Upper Queen Anne	1,724	1,882	500	30	644	43	29%	37%
Fremont	3,200	8,882	1,300	843	2,003	843	54%	0%
Ballard	9,168	7,861	4,000	3,900	5,724	4,372	43%	13%
Madison-Miller	2,781	1,475	800	500	1,533	702	92%	36%
Greenwood-Phinney Ridge	1,757	2,067	500	500	610	554	22%	12%
Eastlake	3,829	5,774	800	170	1,110	170	39%	0%
West Seattle Junction	3,880	3,488	2,300	1,700	3,133	1,815	45%	36%
Admiral	1,131	1,468	300	50	435	60	36%	7%
Crown Hill	1,307	850	700	100	1,455	145	108%	59%
Ravenna (2)	1,621	3,559	1,361	3,234	1,716	3,765	24%	13%
High Displacement Risk & High Access to Opportunity							**37%**	**23%**
Columbia City	2,683	2,672	800	800	1,114	870	39%	9%
Lake City	2,546	1,533	1,000	800	1,150	830	15%	4%
Northgate	4,535	12,898	3,000	6,000	4,450	8,336	48%	39%
First Hill-Capitol Hill	29,619	39,987	6,000	3,000	8,097	4,218	35%	14%
North Beacon Hill	1,474	593	400	300	651	330	63%	3%
North Rainier	2,454	6,136	1,000	3,100	1,248	3,559	25%	16%
23rd & Union-Jackson	5,451	4,851	1,600	1,000	2,174	1,140	36%	13%
Low Displacement Risk & Low Access to Opportunity							**49%**	**14%**
Aurora-Licton Springs	3,454	2,319	1,000	600	1,239	640	24%	10%
Morgan Junction	1,342	579	400	30	849	38	112%	91%
outside villages	188,122	85,478	11,433	20,277	14,179	22,852	24%	13%
Manufacturing & Industrial Centers (outside EIS study area)								
Ballard-Interbay-Northend (3)	660	18,173	0	3,000	0	3,000		
Greater Duwamish	405	65,761	0	6,000	0	6,000		
IN PROPOSED LEGISLATION AREA							38%	17%
MHA affordable homes								
Generated in study area	-	-	205		5,633			
Built in study area			2,993		7,418			
TOTAL	**232,981**	**223,877**	**45,361**	**51,734**	**62,387**	**60,410**		
CITYWIDE								
MHA affordable homes			5,272		10,954			
TOTAL	**336,188**	**549,773**	**76,746**	**121,534**	**94,671**	**130,210**		

6. Development Capacity Increases

This section summarizes the development capacity increases that are proposed to implement MHA. In some cases, development capacity increases are implemented through a change in the zone designation (e.g., a property zoned NC2-40 that is rezoned to NC2-55). In other cases, changes to the development standards for a zone increase its capacity (e.g., a property zoned LR2 remains LR2, but the development standards for LR2 zones change). Some properties may be affected by both types of changes. The proposed changes to development standards vary by zone and generally include increases in the maximum height and the floor area ratio (FAR) limits. In some zones, the proposal would modify other development standards in order to provide additional development capacity or achieve urban design objectives.

Figures 6.1 - 6.5 on the following pages summarize how the proposal modifies key development standards for each zone to increase capacity. The tables contain the maximum height, density, and FAR limits under existing regulations and specify how they increase under the proposal.

Following these tables, this section then describes the character, housing types, and aesthetic qualities of development likely to occur in the modified zones. A series of prototypes are illustrated for development under the proposed MHA zone standards. The prototypes for each zone are intended to reflect realistic development scenarios. The prototypes vary by:

- Site sizes and shape
- Neighborhood context
- Housing formats (e.g., townhouses vs. apartments)
- Design and massing choices

The prototypes show the scale and form of development that we can be expected in most zones after MHA implementation and how they relate to the context of existing structures.

This report focuses on the zone changes most prevalent in the study area after MHA implementation, including the Residential Small Lot (RSL) zone, Multifamily Residential zones (LR, MR, HR), Neighborhood Commercial (NC), and Commercial (C) zones.

We included a draft of this material in the MHA Urban Design and Neighborhood Character Study, originally published in the fall 2016. Based on community input, we made a number of changes to development standards between issuing that report and transmitting the proposed legislation. Where the development capacity increases have been updated, this Director's Report shows updated depictions and models consistent with the proposed legislation.

SUMMARY OF LAND USE CODE DEVELOPMENT CAPACITY INCREASES

Figure 6.1 Standard MHA Development Capacity Increases in the Residential Small Lot (RSL) Zone

ZONING			DENSITY LIMIT		FAR LIMIT		HEIGHT LIMIT*	
Existing	**Proposed**	**Housing Type**	**Existing**	**Proposed**	**Existing**	**Proposed**	**Existing**	**Proposed**
Residential Small Lot (RSL, RSL/T, RSL/C)	Residential Small Lot (RSL)	**RSL** **Tandem RSL/T** **Cottage RSL/C**	1 / 2,500 ft² 1 / 2,500 ft² 1 / 1,600 ft²	1 / 2,000 ft² *(all housing types)*	None	0.75	25’ 18’ 18’	30’ *(all housing types)*

** Allowances for 5 feet of additional height for roof pitch are included in all existing and proposed cases.*

Figure 6.2 Standard MHA Development Capacity Increases in Lowrise Zones: Height and FAR Limits

ZONING			FAR LIMIT*		HEIGHT LIMIT	
Existing	**Proposed**	**Housing Type**	**Existing**	**Proposed**	**Existing**	**Proposed**
Lowrise 1 (LR1)	Lowrise 1 (LR1)	**Cottage Housing**	1.1	1.3	18’ + 7’ pitched roof	22’+ 5’ pitched roof
		Townhouse	1.2	1.3	30’ + 5’ pitched roof	30’ + 5’ pitched roof
		Rowhouse	1.1	1.3		
		Apartment	1.0	1.3		
Lowrise 2 (LR2)	Lowrise 2 (LR2)	**Cottage Housing**	1.1	1.4	18’+ 7’ pitched roof	22’+ 5’ pitched roof
		Townhouse	1.3	1.4	30’ + 5’ pitched roof	40’ + 5’ pitched roof
		Rowhouse	1.2	1.4		
		Apartment	1.3	1.4–1.6		
Lowrise 3 (LR3) Outside of urban village, center, or station areas	Lowrise 3 (LR3) Outside of urban village, center, or station areas	**Cottage Housing**	1.1	1.8	18’+ 7’ pitched roof	22’ + 5’ pitched roof
		Townhouse	1.4	1.8	30’ + 5’ pitched roof	40’ + 5’ pitched roof
		Rowhouse	1.3	1.8		
		Apartment	1.5	1.8		
Lowrise 3 (LR3) Inside of urban village, center, or station areas	Lowrise 3 (LR3) Inside of urban village, center, or station areas	**Cottage Housing**	1.1	2.3	18’+ 7’ pitched roof	22’ + 5’ pitched roof
		Townhouse	1.4	2.3	40’ + 5’ pitched roof	50’ + 5’ pitched roof
		Rowhouse	1.4	2.3		
		Apartment	2.0	2.3		

** To achieve the maximum FAR limit under existing regulations, a builder must meet standards for the location and configuration of parking and achieve green building performance. Under proposed regulations, builders would only have to achieve green building performance standard.*

Figure 6.3 Standard MHA Development Capacity Increases in Lowrise Zones: Density Limits

ZONING			DENSITY LIMIT	
Existing	**Proposed**	**Housing Type**	**Existing***	**Proposed**
Lowrise 1 (LR1)	Lowrise 1 (LR1)	**Cottage Housing**	1 Unit / 1,600 ft²	No Limit**
		Townhouse	1 Unit / 1,600 ft²	1 Unit / 1,350 ft²
		Rowhouse	1 Unit / 1,600 ft²	1 Unit / 1,350 ft²
		Apartment	1 Unit / 2,000 ft²	No Limit**
Lowrise 2 (LR2)	Lowrise 2 (LR2)	**Cottage Housing**	1 Unit / 1,600 ft²	No Limit
		Townhouse	No Limit	
		Rowhouse	No Limit	
		Apartment	No Limit	
Lowrise 3 (LR3)	Lowrise 3 (LR3)	**Cottage Housing**	1 Unit / 1,600 ft²	No Limit
		Townhouse	No Limit	
		Rowhouse	No Limit	
		Apartment	No Limit	

* To achieve the maximum density limit under existing regulations, a builder must meet standards for the location and configuration of parking and achieve green building performance. Under the proposal, builders must achieve green building performance standard.

** A family-sized housing requirement applies.

Figure 6.4 Standard MHA Development Capacity Increases Midrise and Highrise Zones

ZONING		FAR LIMIT*		HEIGHT LIMIT	
Existing	**Proposed**	**Existing**	**Proposed**	**Existing**	**Proposed**
Midrise (MR)	Midrise (MR)	3.2 base 4.25 bonus	4.5 *(no base or bonus)*	60' base 75' bonus	80' *(no base or bonus)*
Highrise (HR)	Highrise (HR)	13 (with bonuses) for buildings 240' and less 14 (with bonuses) for buildings over 240'	15 (with bonuses)	300'	440'

* To achieve the maximum FAR limit under existing regulations a builder must meet standards for the location and configuration of parking and achieve green building performance. Builders would continue to have to meet these standards under the proposed legislation.

Figure 6.5 Standard MHA Development Capacity Increases in Commercial and Neighborhood Commercial Zones

ZONING		FAR LIMIT		HEIGHT LIMIT	
Existing	**Proposed**	**Existing**	**Proposed**	**Existing**	**Proposed**
NC-30 C-30	NC-40 C-40	2.25 single use 2.5 all uses	3.0 *(no single-use limit)*	30' *+ 4' or 7' for ground floor commercial space features*	40' *+ 4' or 7' for ground floor commercial space features*
NC-40 C-40	NC-55 C-55	3.0 single use 3.25 all uses	3.75 *(no single-use limit)*	40' *+ 4' or 7' for ground floor commercial space features*	55'
NC-65 C-65	NC-75 C-75	4.25 single use 4.75 all uses	5.5 *(no single-use limit)*	65'	75'
NC-85 C-85	NC-95 C-95	4.5 single use 6.0 all uses	6.25 *(no single-use limit)*	85'	95'
NC-125	NC-145	5.0 single use 6.0 all uses	7.0 *(no single-use limit)*	125'	145'
NC-160	NC-200	5.0 single use 7.0 all uses	8.25 *(no single-use limit)*	160'	200'
IC-45	~~IC-55~~ IC-65	2.5	2.75	*45'*	*65'*
IC-65	IC-65	2.5	2.75	*65'*	*65'*

Other Development Capacity Increases

The zone designations summarized above represent most land affected by the proposed legislation. Several other zones not summarized above would receive similar development capacity increases. The end of Section 6 has a summary of development standard increases for zones that apply in limited locations and overlay zones.

Modified Development Standards for Urban Design & Livability

The proposed legislation includes new and modified development standards to improve urban design outcomes, respond to community input, and enhance livability as Seattle grows. Some of these standards would also mitigate the potential impact of the larger-scale buildings that could result following MHA implementation. Section 7 summarizes modified standards not directly related to increasing development capacity.

Residential Small Lot (RSL)

Standards

Maximum lot coverage	50%
Maximum FAR*	0.75
Height limit	30 feet
Density limit	1 unit per 2,000 square feet of lot area
Setbacks	
Front	10 feet
Rear	10 feet
Sides	5 feet
Minimum parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service
Maximum dwelling unit size*	2,200 square feet
Tree planting requirement	Point system designed to encourage preservation of existing trees and planting of larger trees
Preservation incentive	50% of floor area in a preserved existing single-family home is exempt from FAR

* Section 7 discusses development standard that would improve livability.

Capacity Increases

Historically, the RSL zone has been applied only sparingly in a three-block area of the Madison-Miller Urban Village. MHA implementation would substantially expand the RSL zone to cover more than 767 acres citywide.

All areas converted to RSL under the proposed legislation are areas currently zoned Single-family 5000 or Single-family 7200. These single-family zones allow only one principal dwelling unit on a lot with a minimum lot size of 5,000 square feet or 7,200 square feet, respectively. Therefore, the primary development capacity increase for conversion to the RSL zone is to allow one or more additional dwelling units on a lot. This is achieved by lowering the density limit to one dwelling unit for every 2,000 square feet of lot area. In most cases, this change increases the maximum number of housing units on a lot by a factor of 2 to 2.5 in most cases.

Development capacity also increases through increased flexibility. Front and rear setbacks of 10 feet for lots zoned RSL are smaller than the 15-foot setbacks required in single-family zones. A lot in an RSL zone can have attached or stacked principal dwelling units, which is not allowed in single-family zones.

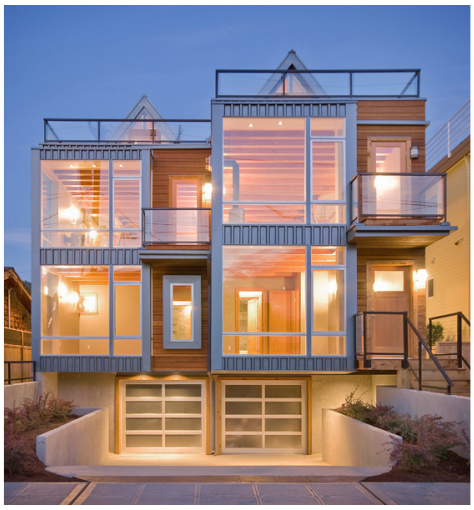
The RSL zone increased flexibility would broaden the range of housing types available through new construction and conversion of existing home structures to multi-dwellings.

The Land Use Code current requires that the RSL zone be applied with a suffix (e.g., "T" for tandem) specifying a single type of housing allowed. The proposed RSL zone would be more flexible, allowing a broad range of housing types within an overarching set of development standards.

Character and Location

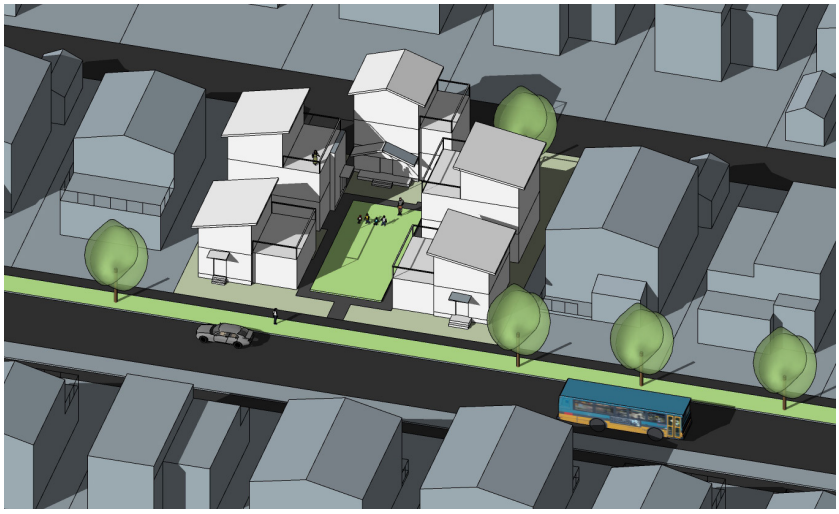
The RSL zone would allow for a range of new and remodeled homes that would be compatible in scale and character with existing houses. A maximum height of 30 feet limits structures in RSL to the same height currently allowed in single-family zones. Adding a new maximum FAR limit of 0.75 would ensure development is similar in scale to many single-family zoned areas . There is currently no FAR limit in the RSL zone or other single family zones. This would result in structures smaller than could be built in single-family zones. A lot coverage limit of 50 percent and front, side, and rear setback requirements would together require new development to include various open space, yards, and planted areas.

These images illustrate the building qualities we expect in the RSL zone.



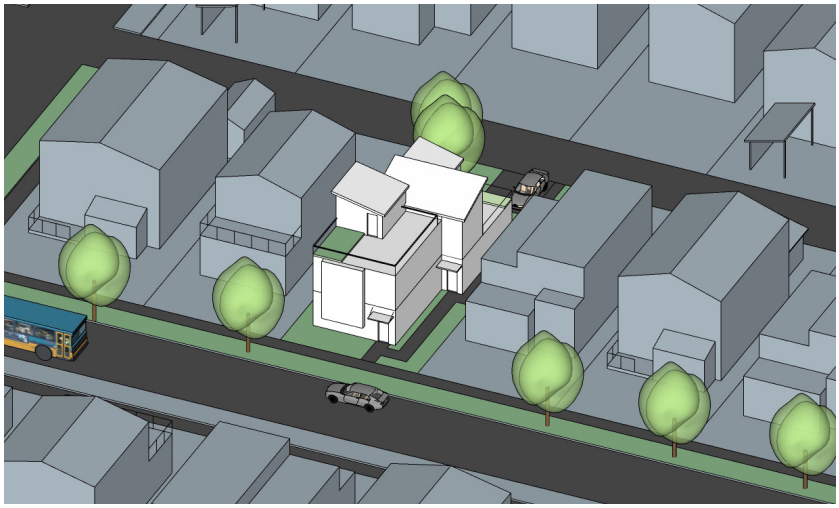
A. Two stacked housing units. B. Older single-family structures converted to multiple dwelling units.
C. Cottage style housing. D. Multiple attached dwelling units.

Figure 6.6 RSL example - cottage style housing



5 stand-alone cottage style homes are on a 10,000-square-foot lot. The context is an area formerly zoned single-family with various existing single-family homes. New homes range in size from 1,050 to 1,800 square feet. Parking is provided on site for three of the units in the rear of the site with access from the alley. Shared open space is provided.

Figure 6.7 RSL example - attached housing



Two attached homes are arranged back-to-back on a 4,000-square-foot lot. The context is an area formerly zoned single-family with a variety of existing single-family homes. The new homes are about 1,600 and 1,400 square feet in size. One parking space for each unit is provided at the rear of the site with access from the alley. Most of the floor area is on two stories, with a small third story in one of the homes.

Figure 6.8 RSL example - stacked flats

A single structure in the scale and character of an older single-family house contains three units, with one home on each of three floors. The lot is 6,000 square feet in size. Each unit is approximately 1,400 square feet. Parking is provided for three cars in a garage at the rear of the lot and in a driveway. This prototype could also represent the conversion of an existing single-family house into three dwelling units without altering the exterior appearance.

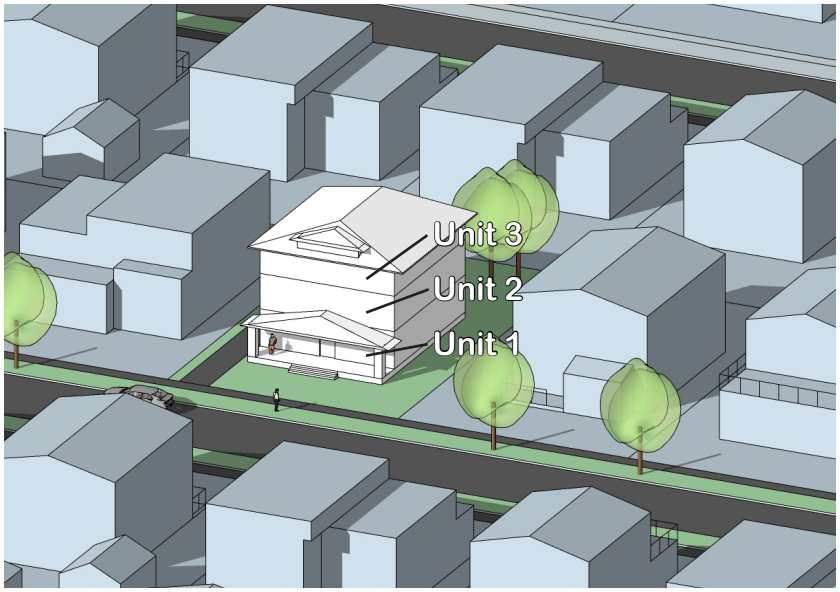
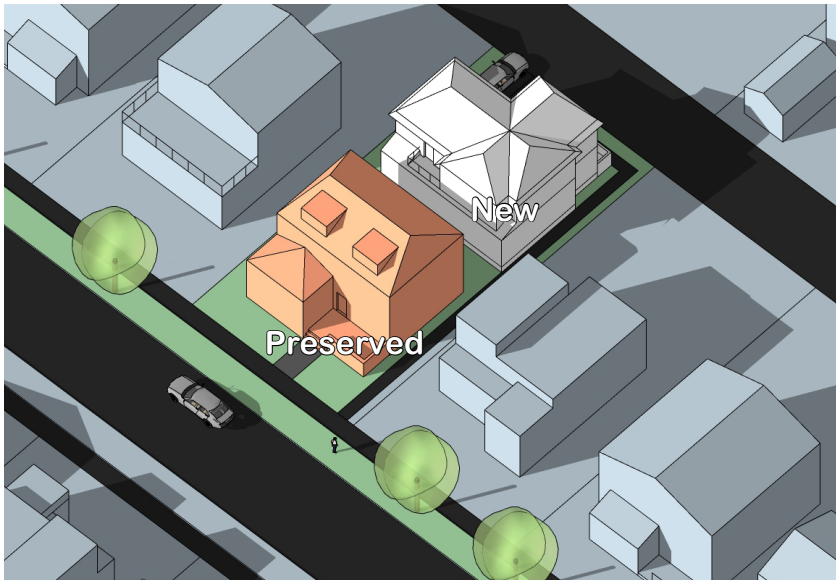


Figure 6.9 RSL example - preserved single-family home

An existing single-family home (orange) is retained on a 5,000-square-foot lot, and a new single-family home (white) is added at the rear of the lot. The existing single-family home contains 1,900 square feet, and the new home contains 2,200 square feet. Since 50 percent of the floor area in the preserved home is exempt from the maximum FAR limit, the lot can have slightly more total floor area than would be allowed if the existing home were not preserved. The new home at the rear of the lot is the maximum size allowed for a principal dwelling unit (2,200 square feet). Two parking spaces are provided on site, accessed from the alley.



Examples of Development in Context

In our analysis of the proposed development standards we reviewed likely infill development in a neighborhood context. We placed prototype development models into areas typical of existing conditions in neighborhoods. These models show the relationship of potential development to neighboring buildings and streetscapes. For comparison, we also included models of development that could occur under existing conditions in a single-family zone or other current zoning.

While this report can include only a few perspectives, members of the public were able to "enter" these models using virtual reality headsets at community meetings, experiencing the scale of new development as if they were there in person.

Figures 6.10 and 6.11 compare infill development in an RSL zone with infill development under existing single-family zoning. Similar models of development in context are included for other development prototypes on following pages.

Figure 6.10 - Infill development single-family zoning

Infill development (purple) in a single-family zone under existing regulation. Provided for comparison.

Figure 6.11 - Infill development Residential Small Lot (RSL)

Infill development under RSL zoning (gold) in an existing single-family context.

Lowrise 1 (LR1)

Standards

Maximum FAR	1.3
Height limit	30 feet
Density limit	
Townhouse	1 Unit / 1,350 square feet
Rowhouse	1 Unit / 1,350 square feet
Apartments	No limit (family-sized requirement*)
Setbacks	
Front	5 feet minimum 7 feet average
Rear	5 feet minimum 7 feet average
Sides	5 feet minimum 7 feet average
Family-sized housing requirement*	1 family-sized unit required for every four smaller apartment units built
Design standards	Front and side facades must be modulated*
Minimum parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

* Development standards that would improve livability, discussed in further detail in Section 7.

Note: Cottage housing would have an FAR limit of 1.3 and a height limit of 22 feet. We include the development standards for this housing type but do not expect it to be significant share of the development in the LR1 zone.

Capacity Increases

About 94 percent (271 acres) of areas currently zoned LR1 would retain an LR1 zoning designation and receive a development capacity increase through the new development standards. In addition, about 297 acres of land currently zoned single-family would be converted to the proposed LR1 zone. As a result, the proposed legislation would more than double the amount of land zoned LR1, which accommodates "missing middle" housing types like rowhouses and townhouses. This discussion of development capacity increases pertains to existing LR1 areas that receive a capacity increase through changes to development standards.

The proposal would increase maximum FAR limits in the LR1 zone to 1.3 for all housing types. Currently, FAR limits vary by housing type from 1.0 to 1.2. Depending on housing type, this change increases allowed floor area by about 8-30 percent.

The proposal also modifies density limits to allow more homes on a given lot. Density limits for rowhouses and townhouses decrease from one unit per 1,600 square feet of lot area to one unit per 1,350 square feet of lot area. For apartments, the density limit is removed entirely. These changes increase development capacity by allowing more principal units, particularly for stacked apartment or condominium buildings. However, a new family-sized housing requirement would apply to ensure a mix of unit sizes (see Section 7).

Other code changes increase development flexibility, primarily the removal of prescriptive design standards related to the location of parking.

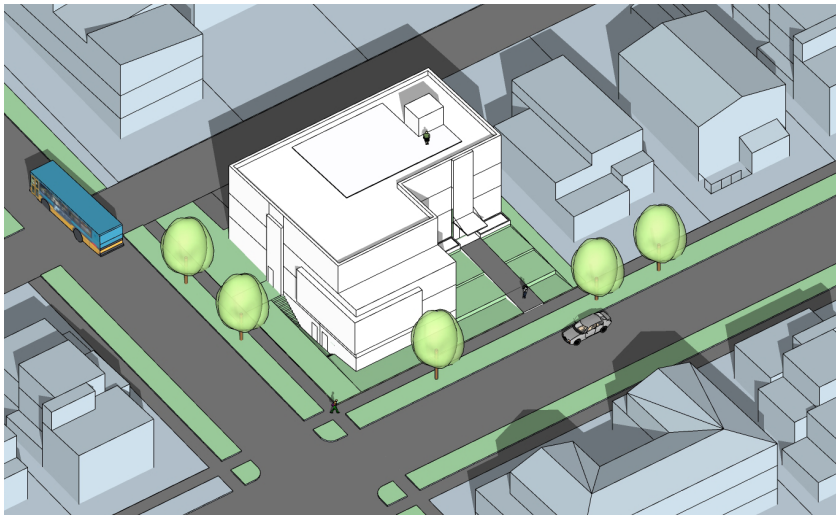
Character and Location

The LR1 zone would continue to encourage townhouses and rowhouses. We also expect some small apartment buildings to be constructed. Development would be compatible in scale and character to existing LR1-zoned areas, since the height limit and setbacks would not change. We expect a range of home sizes as well as a mix of rental and ownership options. Development in LR1 areas would be similar to, but incrementally greater in scale than, areas with single-family zoning today. New buildings would generally be three stories or fewer.

Viewed from neighboring properties or the public right-of-way, new housing in the proposed LR1 zone would not appear dramatically different from housing constructed in the LR1 zone today. We propose new urban design standards for privacy and design interest at side facades (see Section 7). Images below are illustrate the building qualities anticipated in the LR1 zone.

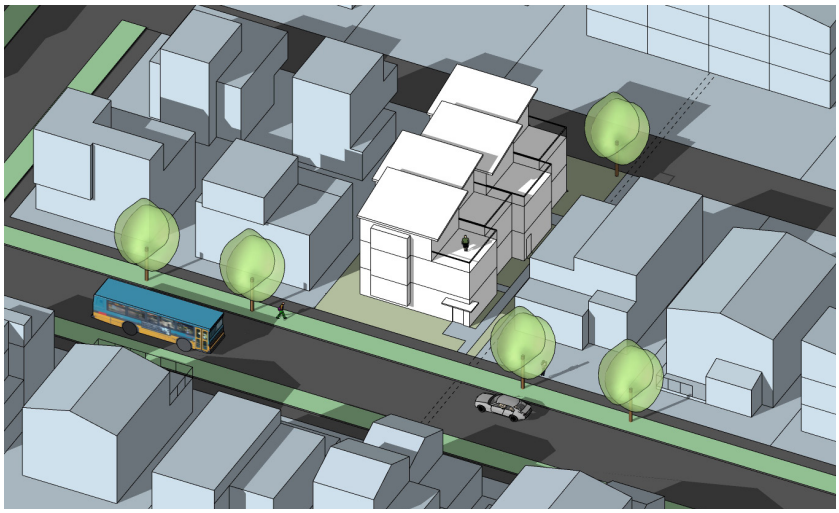
A. Groups of three-story townhouses or rowhouses attached side-by-side would remain common in the LR1 zone.
B. The new LR1 zone would also encouraged three-story stacked apartments.

Figure 6.12 Lowrise 1 example – apartment



An apartment building with 20 homes is constructed on a 10,000-square-foot lot. Sixteen units are 550-square-foot one-bedroom units. Four units are two- and three-bedroom family-sized units of 850 square feet due to the family-sized housing requirement. Three stories are above grade, and some additional residential floor area is in a partially below-grade story. The example includes 11 parking spaces, accessed from the alley. The context is a mix of existing apartment structures, townhouses and rowhouses. The height of the new building resembles existing structures since the 30-foot height limit is the same as the existing LR1 zone.

Figure 6.13 Lowrise 1 example – townhouse



Four townhouse units are constructed on a 5,300-square-foot lot. Each three-story townhouse is about 1,725 square feet in size. The lower density limit allows one more townhouse than could be built on the lot under current LR1 rules. The example includes three parking spaces at grade, accessed from the alley at the rear of the site. The context is a mix of existing townhouses and rowhouses in the LR1 zone. New homes are similar in height to other existing structures since we propose no change to the current 30-foot height limit for LR1 zones.

Figure 6.14 - Infill development in the Lowrise 1 zone.

Infill development (gold) in a Lowrise 1 zone. The left side of the street is an existing single-family-zoned context. The right side of the street is an existing Lowrise 1 zone context.

Lowrise 2 (LR2)

Standards

Maximum FAR	
Townhouse / Rowhouse	1.4
Apartment	1.4 (base) 1.6 (if 35% of lot is open space)
Height limit	40 feet
Density limit	No limit
Setbacks	
Front	5 feet minimum 7 feet average
Rear	5 feet minimum 7 feet average
Sides	5 feet minimum 7 feet average
Design standards	Modulation required for front and side facades*
Upper-level setback	12 feet for front facades taller than 40 feet
Minimum parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

Note: Cottage housing would have an FAR limit of 1.3 and a height limit of 22 feet. We include the development standards for this housing type but do not expect it to be significant share of the development in the LR2 zone.

Capacity Increases

About 84 precent (231 acres) of areas currently zoned LR2 would retain an LR2 zoning designation and receive development capacity increases through the new development standards. In addition, about 152 acres of land with single-family zoning and nine acres of land with Lowrise 1 zoning would also be converted to the proposed LR2 zone. As a result, the total amount of land citywide with LR2 zoning, which encourages a mix of "missing middle" housing types, would increase more than 70 percent under the proposal.

The proposal would increase maximum FAR limits in the LR2 zone by 0.2 for all rowhouse and townhouse development types to 1.4, increasing allowed floor area by 8-17 percent. FAR limits for apartments would increase by 0.3 to a maximum of 1.6, an increase of 23 percent. An apartment building could achieve the maximum FAR of 1.6 if 35 percent of lot area is provided as common open space (a new development standard). This allowance encourages designs that reserve more open space at ground level.

The height limit in the LR2 zone would increase from 30 feet to 40 feet. Compared to current zoning, this increase would allow buildings with an additional story and/or taller floor-to-floor heights. The higher height limit would allow four-story multifamily structures instead of predominantly three-story structures. The height increase would accommodate apartment structures that typically have an elevator. For walk-up townhouse and rowhouse structures, the height increase provides additional flexibility for taller floor-to-floor heights.

Other code changes would increase development flexibility, including the removal of prescriptive design standards concerning the location of parking.

Character and Location

The LR2 zone would continue to encourage a mix of townhouses, rowhousess, and three- and four-story apartment buildings. New development would be incrementally larger than existing buildings in LR2 zones since the proposal would allow a fourth story. We expect various housing unit sizes and a mix of rental and ownership options. The new zone would encourage more small apartment buildings compared to current LR2 zoning, with a new standard encouraging open space at ground level for apartment buildings. We propose new urban design standards for privacy and design interest at side facades (see Section 7).

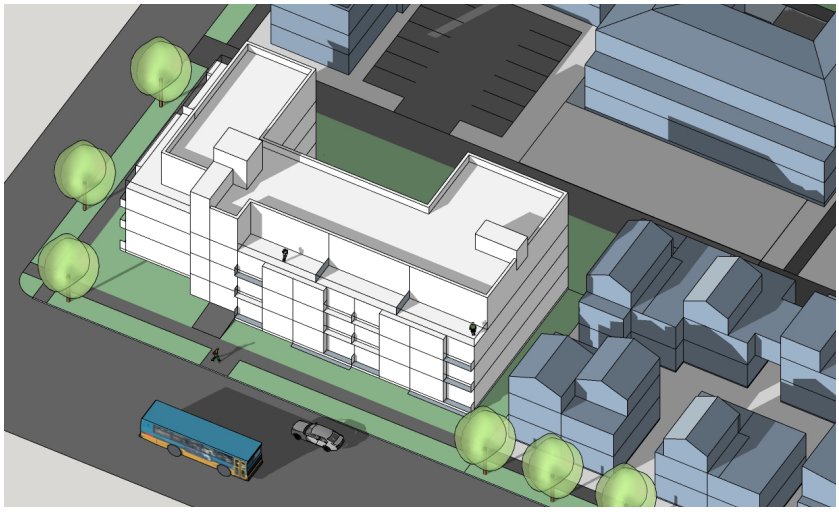
Images below illustrate the building qualities anticipated in the LR2 zone.

A. We expect groups of three-story townhouses and rowhouses attached side-by-side to continue to be built in the LR2 zone.
B. The new LR2 zone would encourage four-story stacked apartments.
C. Three-story walk-up structures with taller floor-to-floor heights could be more common in the new LR2 zone.

Figure 6.15 Lowrise 2 example – townhouse / rowhouse

Eight townhouses are constructed on a 10,000-square-foot lot in four structures. Half of the structures have a partial fourth story that takes advantage of the new 40-foot height limit, while the rest are built to three stories. One parking space for each unit is provided on site at the alley or in a shared woonerf-style court on the site. The townhouse units range from 1,500 to 2,000 square feet. In total, the development contains the maximum floor area allowed based on the 1.4 FAR limit for this housing type.

Figure 6.16 Lowrise 2 example – apartment



A four-story apartment building is constructed on a large 150,000-square-foot lot. The building contains 29 housing units and uses the maximum 1.6 FAR available for apartment buildings that reserve 35 percent of the site as common open space. The open space is located in the courtyard at the rear of the site. In an urban village this example could be built with no on-site parking, or it could include parking below-grade for about 24 vehicles on a single parking level. The building is one story taller than neighboring apartment buildings and townhouses built under existing LR2 zoning standards.

Figure 6.17 - Infill development in the Lowrise 2 zone.

Infill development (gold) in the proposed Lowrise 2 zone across the street from an open space.

Figure 6.18 - Infill development in the Lowrise 1 and Lowrise 2 zones.

Infill development (gold) in the proposed Lowrise 2 zone (right side of street). Infill development (gold) in a proposed Lowrise 1 zone (left side of street) within an existing single-family context.

Lowrise 3 (LR3)

Standards

Maximum FAR

Outside urban villages (all housing types)	1.8
Inside urban village (all housing types)	2.3

Maximum height limit

Outside urban villages	40 feet
Inside urban village	50 feet
Density limit	No limit

Setbacks (All areas)

Front	5 feet minimum 7 feet average
Rear	5 feet minimum 7 feet average
Sides	5 feet minimum 7 feet average
Design Standards	Modulation required for front and side facades*
Upper-level Setback	12 feet for front facades taller than 40 feet
Minimum Parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

Note: Cottage housing would have an FAR limit of 1.3 and a height limit of 22 feet. We include the development standards for this housing type but do not expect it to be significant share of the development in the LR3 zone.

Capacity Increases

About 84 percent (223 acres) of areas currently zoned LR3 would retain an LR3 zoning designation and receive development capacity increases through the new development standards. About 23 acres of land with single-family zoning, eight acres of land with Lowrise 1 zoning, and 38 acres of land with Lowrise 2 zoning would also be converted to the proposed LR3 zone. Overall the amount of LR3-zoned land citywide would increase by about 10 percent.

Standards for the LR3 zone vary for sites in and outside urban villages. Outside urban villages, the proposed FAR limits is 1.8 for all building types, which represents an increase of 0.5 (38 percent) for townhouses, 0.4 (29 percent) for rowhouses, and 0.3 (20 percent) for apartment buildings. The height limit would increase from 30 feet to 40 feet, allowing four stories where current rules allow only three.

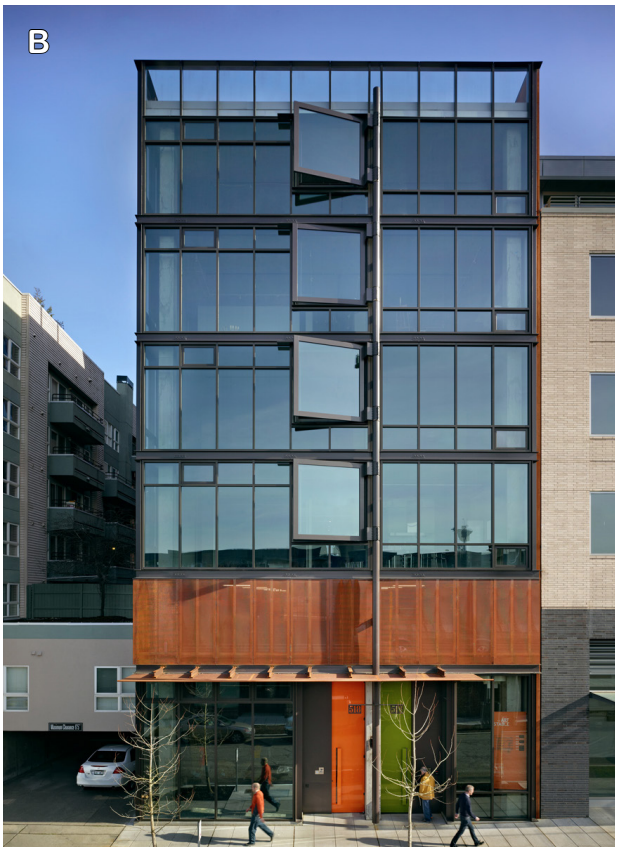
In urban villages, the proposal would increase FAR limits to 2.3, an increase of 0.9 (64 percent) for townhouses and rowhouses and 0.3 (15 percent) for apartment buildings. An increase in the height limit from 40 to 50 would allow five stories, one more than current zoning allows.

The height and FAR increases in the LR3 zone would tend to encourage four- and five-story structures, likely to be stacked rental apartment or condominium housing in most cases. Other code changes would increase development flexibility, including the removal of prescriptive design standards concerning the location of parking.

Character and Location

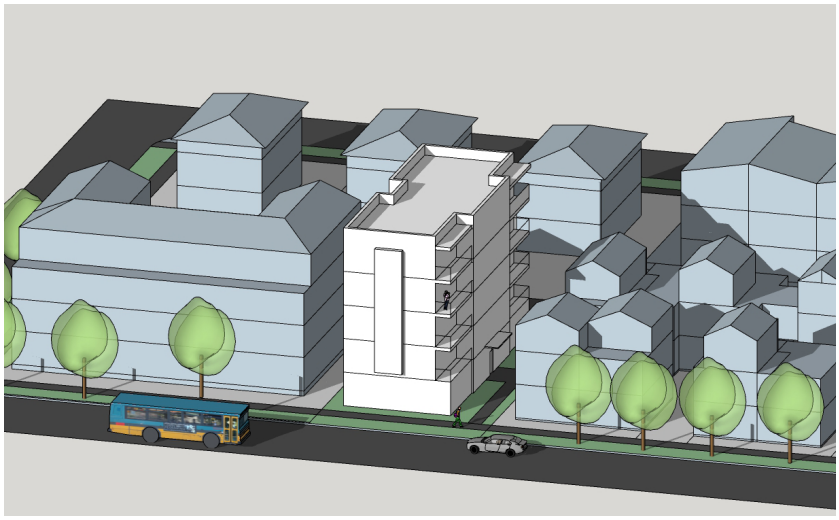
The LR3 zone would allow various multifamily buildings but would tend to encourage stacked apartments or condominiums. LR3 zones are primarily located in urban villages close to frequent transit, amenities, and neighborhood business districts. Outside urban villages, LR3 zones are located on arterial roadways and transit-served corridors. Development in LR3 zones would provide infill housing at medium to high densities, expanding housing choices in appropriate locations.

The images below illustrate the buidling qualities anticipated in the LR3 zone.



A. Design standards for features such as residential entries, Green Factor landscaping, and setbacks would continue to apply in the LR3 zone.
B. Apartment or condominium buildings with five stories, or potentially six stories on sites with grade, would result in the proposed LR3 zone.

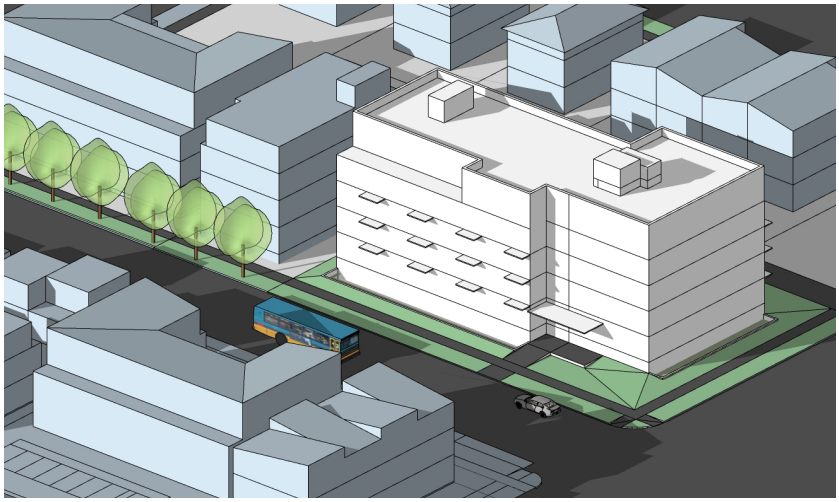
Figure 6.19 LR3 example – apartments on a small site



This example of an apartment or condominium building with 15 homes, each about 600 sq. ft., is constructed on a 5,000-square-foot lot in an urban village. The five-story building takes advantage of the greater maximum height limit and maximizes the FAR limit of 2.3. No on-site parking is provided.

The building would be approximately two stories taller than existing townhouse development in the area and one story taller than existing apartment structures built under current LR3 zoning.

Figure 6.20 LR3 example – apartments on a large site



An apartment building with 53 units, each approximately 650 square feet, is constructed on a larger 15,000-square-foot lot. 10 units are located in a partially below-grade story. 12 parking spaces are provided at grade with access from the alley. The building has five above-grade stories, taking advantage of the new 50-foot height limit.

Figure 6.21 - Infill development in the Lowrise 2 and Lowrise 3 zones.

Infill development (gold) in the proposed Lowrise 2 zone (left side of the street) and proposed Lowrise 3 zone (right side of the street).

Commercial / Neighborhood Commercial 40

Standards

Since the same key development capacity standards apply in Commercial and Neighborhood Commercial 40 (C-40 and NC-40) zones, this table and discussion pertains to both.

Maximum FAR	3.0
Height limit	40 feet
Density limit	No limit
Setbacks	
Front	First-floor dwellings must be located at least 4 feet above street level or set back 10 feet from the street property line
Side and Rear	Setbacks required above 13 feet in height if next to a residential zone; setbacks vary by height but are a minimum of 10 feet.
Facade Modulation*	Building breaks required for buildings with a width of 250 feet or greater
Minimum Parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

Capacity Increases

About 86 percent (67 acres) of area currently zoned NC-30 would be converted to the new NC-40 zone. Only a few other small areas of single-family and Lowrise zoning of less than three acres total would be converted to this zone.

For properties rezoned from NC-30 to the new NC-40 zone, the FAR limit would increase from 2.5 to 3.0, an increase of 20 percent, and the height limit would increase one story from 30 feet to 40 feet.

The proposal would remove the existing FAR maximum of 2.25 for a single-use development in the current NC-30 zone. This provides additional flexibility and development capacity, as builders could achieve the maximum allowed floor area without including a combination of residential and commercial uses. This could also have the effect of increasing the prevalence of residential development at street level and decreasing sometimes underused ground-floor commercial space.

The standards for the new NC-40 zone with MHA requirements would differ slightly from the NC-40 zone in the existing land use code.

Character and Location

The NC-40 zone would encourage four-story mixed-use buildings. The new NC-40 zone would be located in urban villages, along some arterial roadways, and in neighborhood commercial nodes outside urban villages. At four stories, the scale of development in the NC-40 zone would be incrementally larger than existing three-story development in the NC-30 zone. However, we expect new development with more variation in building massing and features like partial upper-level stories and building setbacks since the FAR increase would not allow the additional fourth story to cover the entire site.

The images below illustrate the building qualities anticipated in the NC-40 zone.

A. Mixed-use buildings with four or sometimes five stories with commercial uses at ground floor and residential uses above would be common in the new NC-40 zone.
B. We expect more buildings with ground-floor residential use in the proposed NC-40 zone compared to existing NC-30 zones.

Figure 6.22 C-40 or NC-40 example - large site

In this example, an apartment or condominium building with 41 units, each approximately 825 square feet, is constructed on a 16,000 square-foot lot. The location could be in or outside an urban village. The building has four stories above grade, taking advantage of the taller height limit, and uses all allowed floor area based on the FAR limit of 3.0. On-site parking is provided below grade.

The building would be approximately one story taller than existing mixed-use development in the area.

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Commercial / Neighborhood Commercial 55

Standards

Since the same key development capacity standards apply in Commercial and Neighborhood Commercial 55 (C-55 and NC-55) zones, this table and discussion pertains to both.

Maximum FAR	3.75
Height limit	55 feet
Density limit	No limit
Setbacks	
Front	First-floor dwellings must be located at least 4 feet above street level or set back 10 feet from the street property line
Side and rear	Setbacks required above 13 feet in height if next to a residential zone; setbacks vary by height but are a minimum of 10 feet.
Facade modulation*	Building breaks required for buildings with a width of 250 feet or greater
Minimum parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

* See also Section 7 Design and Livability Standards.

Capacity Increases

About 82 percent (395 acres) of area currently zoned NC-40 would be converted to the new NC-55 zone. Some areas of Commercial zoning and a few small areas of Lowrise or single-family zoning would also be converted to NC-55. The existing NC-40 zone covers the largest area of any Commercial zone in the project area. Under the proposal, the NC-55 zone would comprise 476 acres in total, becoming the most widely mapped commercial zone in the project area.

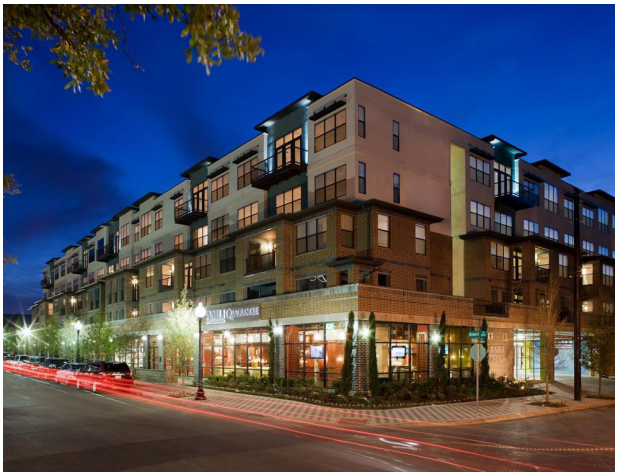
For properties rezoned from NC-30 to the new NC-40 zone, the FAR limit would increase from 3.25 to 3.75, an increase of 15 percent, and the height limit would increase one story from 40 fee to 55 feet.

The proposal would remove the FAR limit for a single-use building. This provides flexibility and development capacity, as builders could achieve the maximum allowed floor area without including a mix of residential and commercial uses. While the height limit is increased by 15 feet, the effective increase is about 10 feet, because allowances for additional height at the ground floor for certain select uses are being removed.

Character and Location

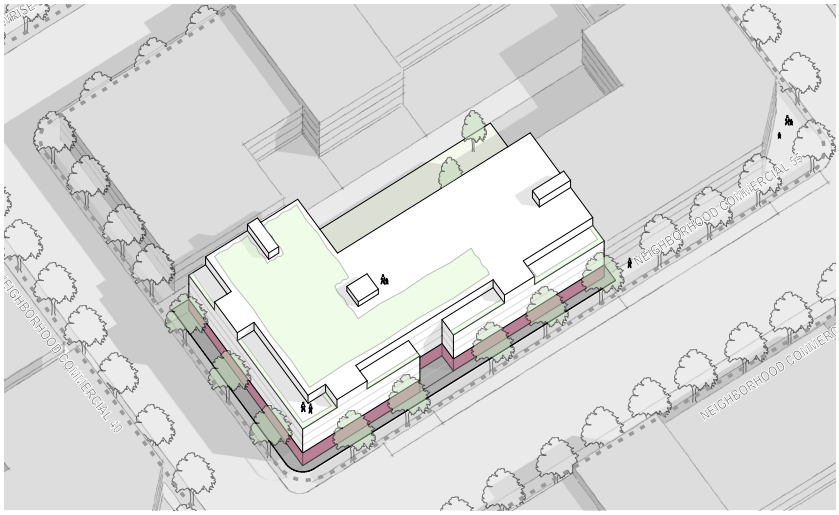
The NC-55 zone would encourage five-story mixed-use buildings. The new NC-55 zone would be located primarily in urban villages, along some arterial roadways, and in neighborhood commercial nodes outside urban villages. The scale of development in the NC-55 zone would be incrementally larger than the existing NC-40 zone due to the allowance of a fifth story. However, we expect new development with more variation in building massing and features like partial upper-level stories or building setbacks since the FAR increase would not allow the fifth story to cover the entire site.

The images below illustrate the building qualities anticipated in the NC-55 zone.



Mixed-use buildings with five stories would be common in the new NC-55 zone.

Figure 6.23 C-55 or NC-55 example - mixed-use development



In this example, a mixed-use building with 64 total units, each approximately 750 square feet, and 7,500 square feet of ground floor commercial is constructed on an 18,000 square foot lot. The location could be in or outside an urban village. Parking is provided below grade.

The building has five stories, taking advantage of increases in the height and FAR limits.

The building would be approximately one story taller than mixed-use development in the area built under existing NC-40 zoning.

Figure 6.24 - Existing NC-40 zone adjacent to a single-family zoned area.

Existing context. Single-family zoned area (left side of street) and NC-40 zoned area (right side of street), provided for comparison. Buildings in blue illustrate the scale of single family home structures that could be built under existing regulations.

Figure 6.25 - Infill development in proposed Lowrise 1 and NC-55 zones

Infill development (gold) in the proposed Lowrise 1 zone (left side of street) and the proposed NC-55 zone (right side of street).

Commercial / Neighborhood Commercial 75

Standards

Since the same key development capacity standards apply in Commercial and Neighborhood Commercial 75 (C-75 and NC-75) zones, this table and discussion pertains to both.

Maximum FAR	5.5
Height limit	75 feet
Density limit	No limit
Setbacks	
Front	First-floor dwellings must be located at least 4 feet above street level or set back 10 feet from the street property line; 8 foot setback above 65 feet in height
Side and rear	Setbacks required above 13 feet in height if next to a residential zone; setbacks vary by height but are a minimum of 10 feet
Facade modulation*	Building breaks required for buildings with a width of 250 feet or greater
Minimum parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

* See also Section 7 Design and Livability Standards.

Capacity Increases

More than 99 percent (169 acres) of land currently zoned NC-65 would be converted to the new NC-75 zone. The proposal would also rezone 51 additional acres of land with C-65 zoning and 78 acres of land with C-40 or NC-40 zoning to NC-75. The proposed NC-75 zone would maximize the use of economical wood frame construction over a base concrete structure. The amount of land citywide proposed to have NC-75 zoning is 85 percent greater than land with NC-65 zoning today.

For properties rezoned from NC-65 to NC-75, the FAR limit would increase from 4.75 to 5.5, an increase of 16 percent, and the height limit would increase one story from 65 feet to 75 feet.

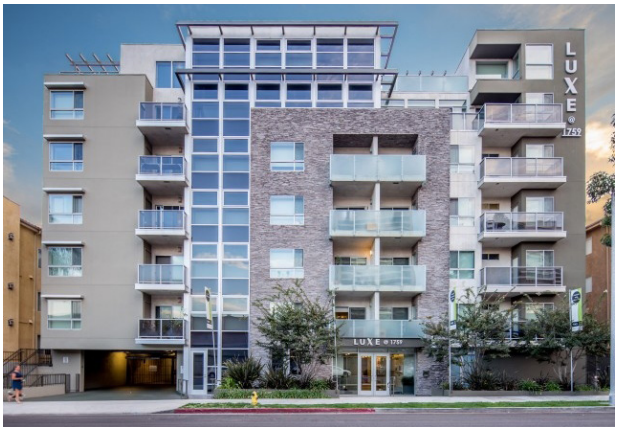
The proposal would remove the FAR limit for a single-use development. This provides flexibility and development capacity, as builders could achieve the maximum allowed floor area without including a mix of residential and commercial uses.

Separate legislation proposes changes to the Seattle Building Code that would facilitate use of the additional development capacity. The Building Code change would allow six stories of wood-frame construction over a concrete base structure instead of the current limit of five stories. Buildings using this option would have to meet additional fire safety standards. Allowing an additional story of wood construction can help to reduce the marginal cost of building an additional story. We expect some new structures to be built with six stories of wood framing over one story of concrete.

Character and Location

The NC-75 zone would encourage seven-story mixed-use buildings. The new NC-75 zone would be located primarily in urban villages and along some arterial roadways. The scale of development in the NC-75 zone would be incrementally larger than the existing NC-65 zone due to the allowance of a seventh story.

The images below illustrate the building qualities anticipated in the NC-75 zone.



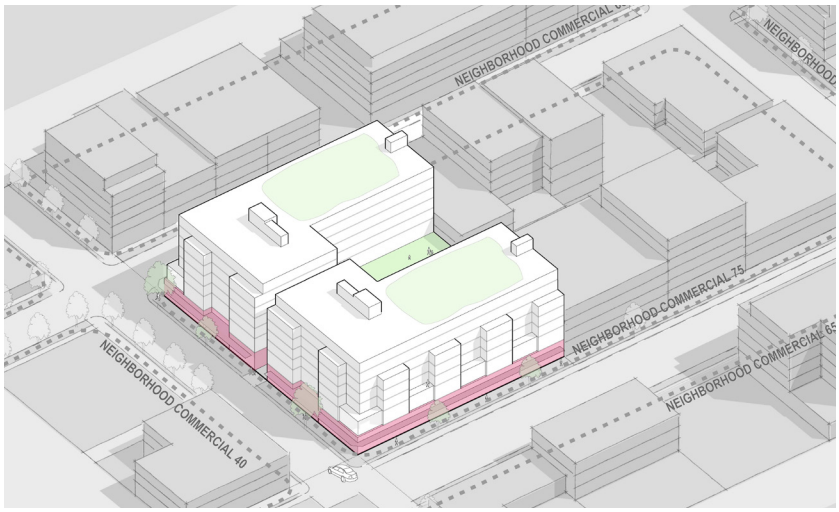
Seven-story buildings would be common in the new NC-75 zone.
Residential uses at ground level would be more common under the proposal.

Figure 6.26 C-75 or NC-75 - small site

An apartment or condominium building with 78 units averaging 575 square feet each is constructed on a 12,000 square foot lot. The site is in an urban village. The building has seven stories, taking advantage of increases in the maximum height and FAR limits. Parking is provided below grade.

The building would be approximately one story taller than mixed-use development in the area built under the existing NC-65 zoning.

Figure 6.27 C-75 or NC-75 - large site



An apartment or condominium building with 240 units averaging 710 square feet each is constructed on a 46,000 square foot lot. The example could be in or outside an urban village. The building has seven stories, taking advantage of increases in the maximum height and FAR limits. Parking is provided below grade.

The structure is broken into two masses in order to satisfy the new facade modulation requirement (see Section 7)

Figure 6.28 - Existing NC-40 zone area.

Existing context, NC-40 zoned area (both sides of street) provided for comparison.

Figure 6.29 - Infill development in proposed NC-75 and NC-55 zones.

Infill development (gold) in the proposed NC-75 zone (left side of street) and the proposed NC-55 zone (right side of the street).

Commercial / Neighborhood Commercial 95

Standards

Since the same key development capacity standards apply in Commercial and Neighborhood Commercial 95 (C-95 and NC-95) zones, this table and discussion pertains to both.

Maximum FAR	6.25
Height limit	95 feet
Density limit	No limit
Setbacks	
Front*	First-floor dwellings must be located at least 4 feet above street level or set back 10 feet from the street property line; 8 foot setback above 75 feet in height
Side and rear	Setbacks required above 13 feet in height if next to a residential zone; setbacks vary by height but are a minimum of 10 feet
Facade modulation*	Building breaks required for buildings with a width of 250 feet or greater
Minimum parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

* See also Section 7 Design and Livability Standards.

Capacity Increases

About 87 percent (74 acres) of land currently zoned NC-85 would be converted to the new NC-95 zone. The proposal would also rezone less than two acres of other land with the NC-40 and NC-65 zoning to NC-95.

For properties rezoned from NC-85 to NC-95, the FAR limit would increase from 6.0 to 6.25, an increase of four percent. The proposal would remove the FAR limit for a single-use development, which is 4.5 in existing NC-85 zones. This change conveys valuable development capacity, as builders could achieve the maximum allowed floor area without including the mix of residential and commercial uses. In the existing NC-85 zone, developers often do not achieve the maximum FAR because it requires including two floors of commercial space, which is not usually desirable. For a residential-only development, the allowed floor area increase would be 39 percent.

The height limit would increase by one story from 85 feet to 95 feet. The Building Code changes to allow six stories of wood-framed construction (discussed in the NC-75 section) convey a development capacity increase in this zone. Eight-story buildings would be possible with six stories of wood frame construction above two stories of concrete base and could take advantage of increased floor area. Buildings reaching 95 feet in height would be required to use more expensive steel-and-concrete construction.

Character and Location

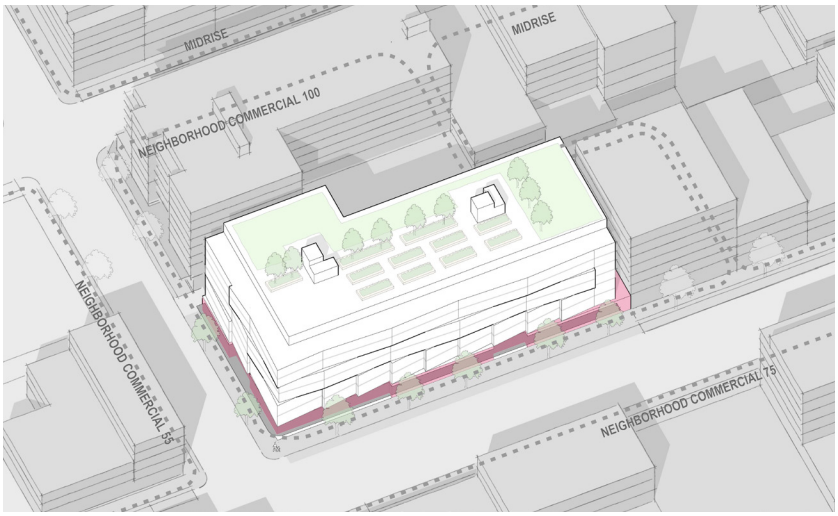
The NC-95 zone would encourage seven- to nine-story buildings. Under today's economic conditions, most buildings would be eight stories since building above 85 feet would require a more expensive highrise construction type. The NC-95 zone is located only in urban villages and not widely mapped. Northgate, Ballard, West Seattle Junction, and Othello are urban villages where most NC-95 zoning would be located.

Buildings choosing highrise construction would likely have more modulation and massing variety than buildings with seven or eight stories in the NC-95 zone. Though more expensive, highrise construction would allow taller floor-to-floor heights and larger window openings than wood-framed buildings.

The images below illustrate the building qualities anticipated in the NC-95 zone.

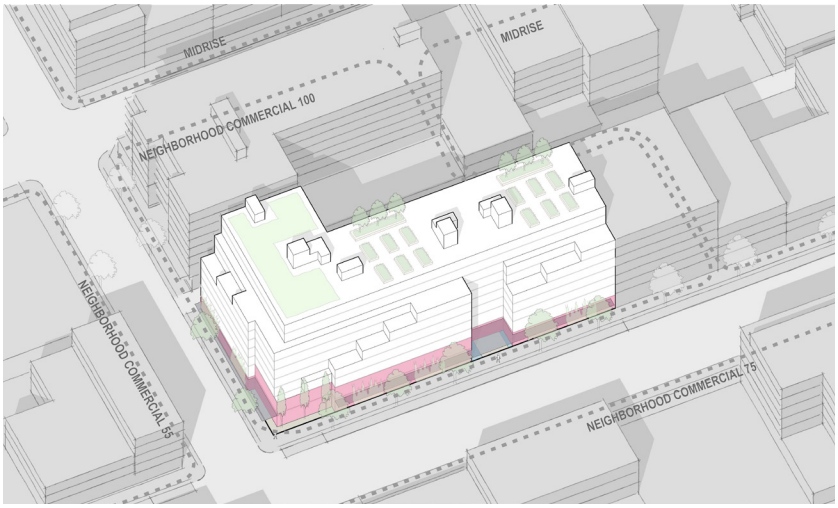
A. An eight-story building built with wood-frame construction over a concrete base. This would continue to be the most common building type in the NC-95 zone under current economic conditions.
B. Though taller than the NC-95 zone woudl allow, this Belltown example shows design qualities of highrise residential construction.
C. A nine-story highrise residential building under construction.

Figure 6.30 C-95 or NC-95 example - 5-over-3 construction



A mixed-use building with 108 units is constructed on a of 28,750-square-foot lot. The structure has more 43,000 square feet of ground floor commercial space, enough for a grocery store or similar use. The building uses all available floor area in eight stories. Underground parking is provided on one or more levels.

Figure 6.31 C-95 or NC-95 example - highrise construction



A mixed-use building with 126 units is constructed on a 28,750-square-foot. The structure has more 43,000 square feet of ground floor commercial space, enough for a grocery store or similar use. The building uses all available floor area in nine stories of highrise construction. The building form would include more massing variation and taller floor-to-ceiling heights than the example above. Underground parking is provided on one or more levels.

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Midrise Multifamily (MR)

Standards

Maximum FAR	4.5
Height limit	80 feet
Density limit	No Limit
Setbacks	
Front	7 feet average 5 feet minimum 0 feet if building has courtyard
Rear	10 feet with alley 15 feet without alley
Sides	If height is less than 42 ft: 5 foot min, 7 foot avg If height greater than 42 feet: 7 foot min, 10 foot avg
Upper-level*	15 feet above 70 feet for buildings on streets less than 56 feet in width
Maximum depth	80 percent lot depth
Minimum parking	1 per unit; no minimum in urban villages if within a quarter mile of a street with frequent transit service

Capacity Increases

All existing Midrise zoning (64 acres) would retain the Midrise zone designation and receive development capacity increases through changes to development standards. Twenty-five additional acres of existing LR3 zoning and 1.5 acres of Lowrise 2 zoning would also become Midrise zoning.

The proposal would increase the maximum FAR limit from the existing base of 3.2 to 4.5, an increase of 40 percent. Currently, a project can use 1.05 additional FAR through an affordable housing incentive (for a total of 4.25), but the MHA requirement would replace this bonus structure.

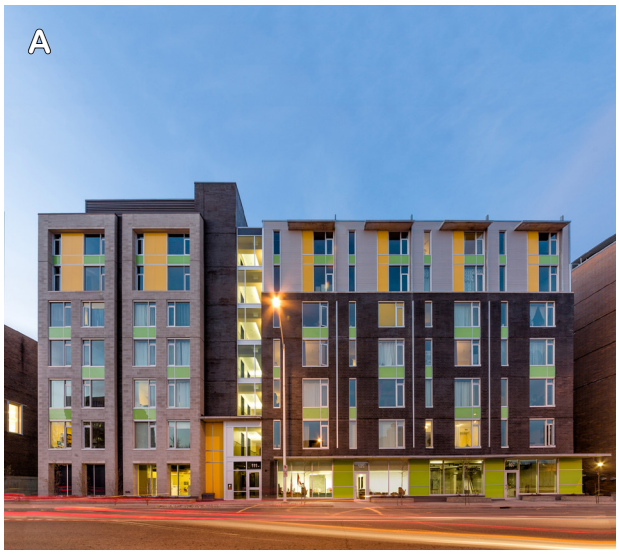
Development capacity in the MR zone would also increase through the aforementioned Building Code changes allowing six stories of wood-framed construction.

Character and Location

The MR zone would encourage six- to eight-story residential buildings. Due to the FAR limit, taller buildings would have to provide additional ground-level open space or upper-level setbacks. For example, a six-story building in which each floor was the same size, could cover 75 percent of the lot while a similar eight-story building could only cover 56 percent of the lot.

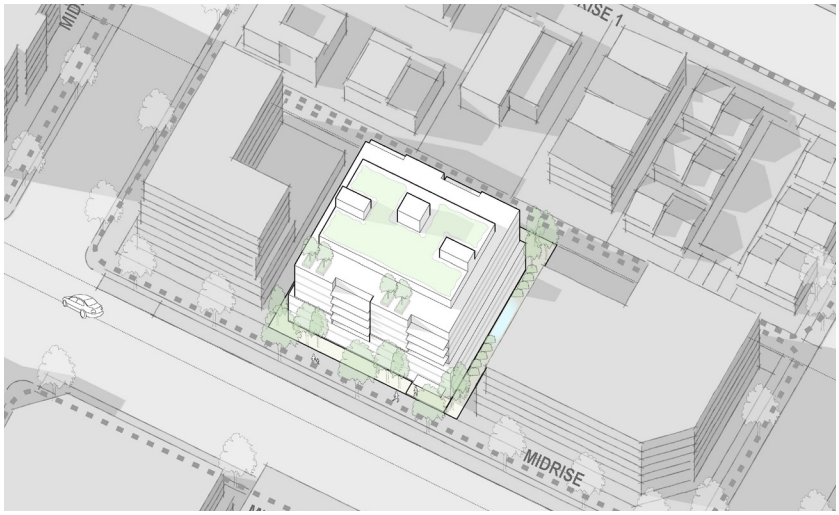
Nearly all land with Midrise zoning is in urban villages except for a band of Midrise zoning on Alki Point. Most Midrise zoning is found in Capitol Hill, Ballard, and Northgate.

The images below illustrate the building qualities anticipated in the Midrise zone.



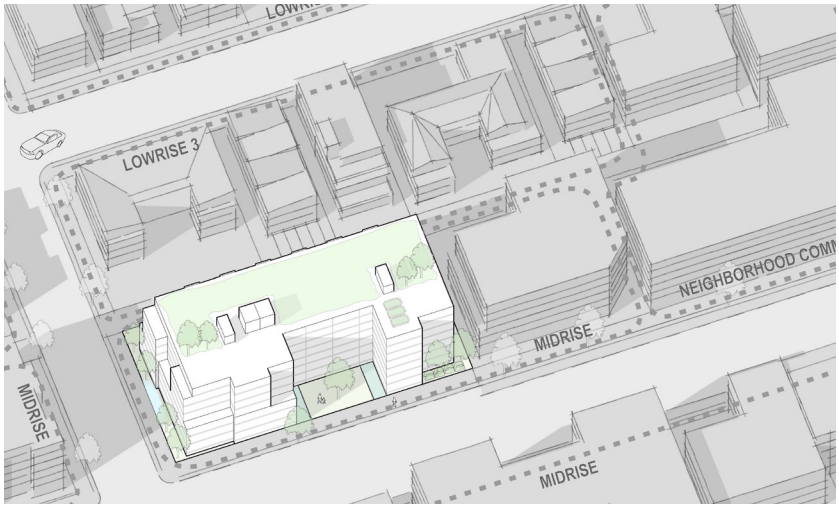
A. Six- to eight-story residential-only buildings would be common in the proposed MR zone.
B. The proposal includes standards encouraging courtyards and other open spaces in MR zones.

Figure 6.32 MR example – small site



A residential apartment or condominium building with 60 total units on a 10,000-square-foot lot. The eight-story building includes building modulation and setbacks at the top floor. Underground parking is provided for some of the units.

Figure 6.33 MR example – large site



A residential apartment or condominium building with 126 total units on a 20,000-square-foot lot. Average unit size is 611 square feet. The seven-story building includes a courtyard space at ground level. Parking is provided underground.

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Highrise Multifamily (HR)

Standards

Maximum FAR	15
Height limit	440 feet
Density limit	No limit

Tower standards
(apply to portion of building above 45 feet in height if building is greater than 85 feet in height)

Tower floor plate limit	10,500 square feet maximum 10,000 square feet average
Maximum Width	130 feet
Site coverage Limit	60 percent
Separation between multiple towers on a lot	40 feet

Setbacks

Front	7 feet average 5 feet minimum
Rear	7 feet average 5 feet minimum None if abutting alley
Side	7 feet average 5 feet minimum
Upper*	Above 45 feet in height: 10 feet if abutting street or alley 20 feet if abutting adjacent property
Minimum Parking	None (all HR zones are in First Hill, where no parking minimums apply)

Capacity Increases

All areas zoned HR would remain HR and receive development capacity increases through changes to the development standards. No other areas are being rezoned to HR.

Maximum FAR would increase from an existing base of 7 or 8 (depending on lot size) to a proposed FAR limit of 15. Under existing HR zoning, additional 6 to 7 FAR could be achieved through an affordable housing incentive (for a total of 13 or 14 depending on the height of the building), but the MHA requirement will replace this bonus structure.

The proposal would increase the maximum height in HR 300 to 440 feet. Since FAR limits total floor area, this increase in height will encourage taller, more slender towers rather than bulky towers with large floor plates. A new tower lot coverage limit of 60 percent would discourage multiple towers on small lots. A small decrease in the average tower floor plate (from 12,000 square feet to 10,500) would also reduce the bulk of new towers.

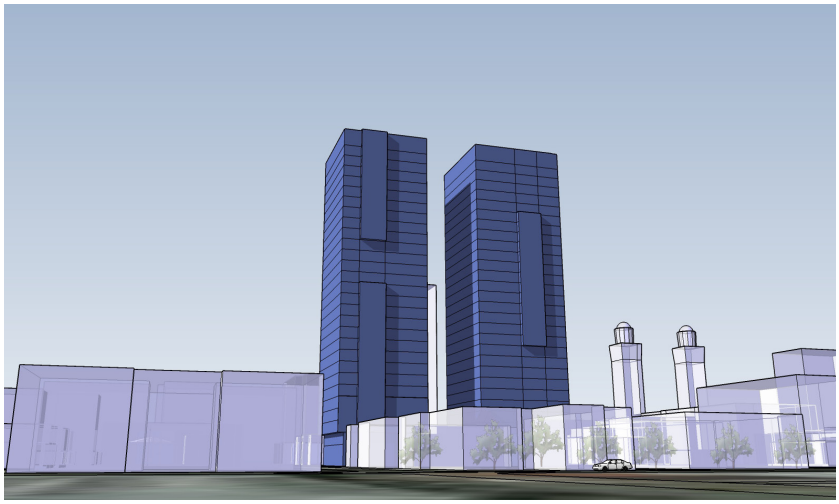
Character and Location

The HR zone would encourage 24- to 44-story residential towers. Developments will tend to have one or two towers with average floor plates between 8,000 and 10,000 square feet extending from a podium that has up to four stories and occupies a larger portion of the site.

Projects would generally need at least a quarter-block site to accommodate a 240-foot tower or a half-block site to accommodate a 440-foot tower. Projects over 240 feet in height would continue to have to set aside at least 20 percent of the ground-level area as outdoor open space. This requirement would help to generate more open space even as the site accommodates more density.

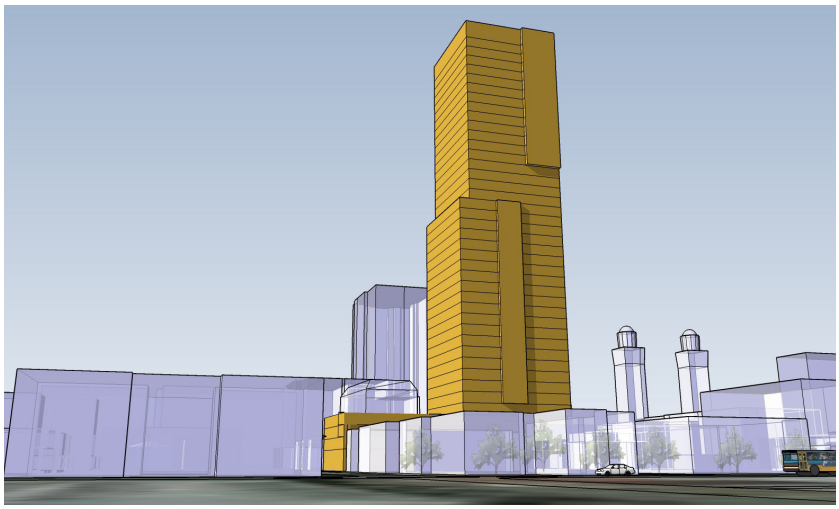
The HR zone is only located within the First Hill–Capitol Hill Urban Center. The images below illustrate the building qualities we expect in the Highrise zone.

Figure 6.34 HR - two towers (existing regulations)



- An residential apartment or condominium building
- Two towers, each 300 feet tall with average floor plates of 8,640 square feet
- 28,800-square-foot lot occupying a half-block
- Underground parking provided for some of the units

Figure 6.35 HR - one tower (proposal)



- An residential apartment or condominium building
- One tower with height of 440 feet and 10,000 square foot average floor plate
- 28,800-square-foot lot occupying a half-block
- Underground parking provided for some of the units

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Capacity Increases in Other Zones

The proposed legislation would affect several other zones that apply only in limited locations. Some are located in areas with recent planning efforts, such as the blocks around the Mt Baker light rail station.

The following discussion and table summarizes the proposed development capacity increases for zones not included in the prototypes above and for special cases like overlay zones.

- The proposal would establish a new Seattle Mixed Rainier Beach (SM-RB) zone. The SM-RB zone would have a height limits of 55, 85, and 125 feet and include incentives for certain employment-generated uses. The zone would also include ground- and upper-level setbacks and other design standards.
- In Station Area Overlay Districts, the proposal would add development capacity as described on page 79.
- Standards in the Pike / Pine Conservation Overlay District would be modified to allow one extra floor of development in addition to what the incentive program allows. Based on dialogue with community members, the proposal would also adjust standards to strengthen the incentive for retaining a character structure. Amendments to the existing NC-65 zone would include:
    - Increase commercial maximum FAR to 2.25, and overall FAR limit to 5.5 (underlying zone).
    - Allow a 15 percent increase above the floor plate limit of 15,000 square feet for retention of a character structure and participation in MHA, and increase the height at which the floor plate limit applies to 45 feet.
    - Retain existing 10-foot height allowance for retention of a character structure.
    - Add a floor area limitation of 2.25 for residential uses if a character structure on site is not preserved, in order to maintain an incentive for developers to preserve character structures.
- Development capacity increases available through the Living Building Pilot program would be in addition to the MHA capacity increases under the proposed legislation.

Existing Zone	Proposed Zone	Existing Development Standard	Proposed Capacity Increase
NC-125	NC-145	• Maximum FAR single use: 5 • Maximum FAR all uses: 6 • Height Limit: 125 feet	• Maximum FAR single use: 6 • Maximum FAR all uses: 7 • Height Limit: 145 feet
NC-160	NC-200	• Maximum FAR single use: 5 • Maximum FAR all uses: 7 • Height limit: 160 feet	• Maximum FAR single use: 6.5 • Maximum FAR all uses: 8.25 • Height limit: 200 feet
All Industrial Commercial Zones (IC)	IC	• Maximum FAR: 2.5	• Maximum FAR: 2.75
Seattle Mixed - North Rainier Zones (SM-NR)			
SM-NR 65	SM-NR 75	• Maximum FAR (with bonus): 5.0 • Height Limit: 65 feet	• Maximum FAR: 5.25 • Height Limit: 75 feet
SM-NR 55/75	SM-NR 55/85	• Maximum FAR (with bonus): no limit • Residential Height Limit (with bonus): 75 feet	• Maximum FAR: no limit • Residential Height Limit: 85 feet
SM-NR 85	SM-NR 95	• Maximum FAR (with bonus): 6.0 • Height Limit: 85 feet	• Maximum FAR: 6.25 • Height Limit: 95 feet
SM-NR 125	SM-NR 145	• Maximum FAR (with bonus): 8.0 • Height Limit: 125 feet	• Maximum FAR: 8.25 • Height Limit: 145 feet
Seattle Mixed - Dravus Zone (SM-D) This zone does not have maximum FAR controls. The height limit and other dimensional standards govern the amount of development that can occur on a lot.			
SM-D 40-85	SM-D 95	• Maximum height (with bonus): 85 feet	• Maximum height: 95 feet

Addressing Overlay Zones

An overlay zone designation applies as a layer in addition to a base zoning designation. Overlay zones address conditions unique to an area or set of issues. Examples include Station Area Overlay Zones near light rail stations and the Stadium Transition Area Overlay District near by the professional sports stadiums.

Since some overlay zones modify base developments standards like the FAR limit, we must consider how increases in development capacity to implement MHA would be applied to overlay zones. The table at right summarizes the draft proposed development capacity increases for overlay zones.

FAR Requirements in the Station Area Overlay District

	Existing FAR	**Proposed MHA FAR**
NC-40 (Currently NC-30)	3	3.25[1]
NC-55 (Currently NC-40)	4	4.25[1]
NC-75 (Currently NC-65)	5.75	6[1]
NC-95 (Currently NC-85)	6	6.25[1]
NC-145 (Currently NC-125)	6	7
NC-200 (Currently NC-160)	7	8.25

[1] In these zones, existing development capacity is generally limited by height rather than FAR so additional development capacity is primarily provided through additional height.

Name	Description	Proposal
Shoreline District	The Shoreline District applies to properties within 200 feet of the shorelines of Puget Sound, Lake Washington, and the Duwamish River. Properties in this district are generally subject to additional restrictions on height and building location under state and local regulations.	Most properties in the shoreline district would not receive additional development capacity and will be exempt from MHA due to the constraints of Shoreline District regulations and the City's policy to limit development adjacent to environmentally sensitive areas. However, properties that are within the shoreline district but are separated from the shoreline by a street or other right-of-way will receive additional capacity and be subject to MHA.
Historic Districts	The City has eight designated historic districts. Development in these areas is subject to additional review and requirements.	City-designated historic districts would not receive additional development capacity and will be exempt from MHA.
Pike/Pine Conservation Overlay District	Properties in this area can achieve one additional floor of residential development if they meet certain requirements to retain existing buildings or to provide spaces for small businesses and arts facilities. Properties may also sell development rights to preserve existing character buildings.	This area would receive additional development capacity and be subject to MHA. Properties would continue to be able to achieve one extra floor above the height limit though the incentive program. The incentive to preserve character structures is strengthened as a part of the proposed legislation. See overview on page 76.
Major Institution Overlay Districts	These districts are areas where a major institution, such as a large hospital or university, has developed a major institution master plan. These plans must be approved by City Council, but provide tailored development standards that account for the unique needs and plans of the institution.	These areas would receive additional development capacity and be subject to MHA. Institutional uses are not subject to MHA, but commercial and residential development in these areas would contribute to affordable housing. Major Institutional Master Plans that allow additional development beyond the underlying zoning would not be changed.
Stadium Transition Area Overlay District	Development in this district is subject to additional requirements for parking and design, but is also subject to a higher floor area ratio.	Development in this district would receive the same amount of additional capacity as similar zones outside the district.
Station Area Overlay Districts	Development in this district is subject to additional land use and design requirements, but is also subject to a higher floor area ratio.	Development in this district would receive additional development capacity as shown in the table.
Northgate Overlay District	The purpose of the Northgate Overlay District is to create an environment that is more amenable to pedestrians and supportive of commercial development; protect the residential character of residential neighborhoods; and support Northgate as a regional high-capacity transportation center.	The area will receive additional development capacity through the capacity increase to the underlying MHA zones. Design and development standards specific to Northgate including: street level uses, parking location and screening etc. will be retained. Development standards at SMC 23.71.040 that limit housing production with Northgate Specific density limits will be removed.

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7. Urban Design and Livability Standards

This section summarizes new development standards intended to improve urban design and livability. Many standards directly respond to topics of public input. These standards do not increase development capacity. However, our analysis and models show that the proposed standards will not prevent developments from achieving the additional capacity granted to implement MHA discussed in Section 6.

Many proposed code changes would improve livability and urban design to benefit current and future residents and respond to comments heard during community engagement.

Residential Small Lot (RSL) Standards

Applying the RSL zone in a broad area in urban villages throughout the city will improve livability by creating new housing choices in locations close to transit, amenities, and neighborhood services. We expect this housing to include a mix of ownership and rental options that are more accessible and affordable to moderate-income households compared to homes in other single-family zones. The resulting housing will be "missing middle" homes like cottages, townhouses and rowhouses, and stacked flats. The following specific features of the proposal would improve livability and design through a suite of new development standards that revamp the existing RSL zone.

An FAR control would keep new structures in the RSL zone to a small, human scale.

Floor Area Ratio (FAR) Bulk Control

We propose a maximum FAR limit of 0.75. This would limit the maximum amount of floor area someone can build in proportion to lot size. A common complaint about some new homes in single-family zones is that they are bulky and out of scale with older homes in the same neighborhood. There is no FAR limit for single-family zones, so the only limitations on the size of new structures are dimensional standards like height limit and required setbacks. Our proposal to apply an FAR limit in RSL would ensure new structures are a similar scale to existing context of detached single-family homes. For example, on a typical 5,000-square-foot lot, the FAR limit would allow at most 3,750 square feet of new development.

Maximum Unit Size

We propose a maximum size of 2,200 square feet for principal dwelling units in the RSL zone. Combined with the proposed density limits, this standard would ensure a mix of moderately sized homes. The standard will disallow construction of very large, high-cost detached single-family homes in the RSL zone. The standard improves livability by increasing access to desirable neighborhoods close to transit and amenities.

The maximum unit size would encourage groups of moderately sized homes instead of large, expensive detached single-family homes.

Floor Area Exemption for Preservation

This standard would exempt from the maximum FAR limit 50 percent of the floor area in a preserved existing single-family home. This would encourage retention of older character homes, while allowing additional homes elsewhere on the site, like in a rear yard. The result enhances design and livability by preserving architectural variety and scale relationships with existing development.

A tree planting requirement in the RSL zone would require new trees on sites in courtyard spaces or yards.

Tree Planting Requirement

We propose a new tree planting requirement for development in the RSL zone. We would require planting of new trees or preservation of existing trees on a lot based on lot size and a scoring system. The scoring gives greater weight to coniferous trees and large tree species. Requirements to plant street trees would also apply in the RSL zone. These tree requirements would be stronger than those currently in place for single-family zones.

Limit on Street-Facing Garages

Our proposal includes standards pertaining to garages to discourage their visual prominence and enhance walkability in the RSL zone. If facing a street, garage doors must be set back at least 18 feet to discourage parked cars overhanging the sidewalk and encourage pedestrian entrances closer than vehicle storage to the right-of-way. The legislation limits garage doors to 10 feet of width for each unit in an RSL development, preventing units with outsized two- or three-car garages.

Green Factor Landscaping Requirements

Green Factor is the landscaping requirement for new development in commercial and multifamily zones. It requires vegetation and plantings based on a scoring system and the size of the development. MHA legislation updates the scoring system to improve landscape performance, urban design, and overall livability, and corrects certain aspects so they function as intended. Key objectives of this update include:

- Enhancing incentives for trees, particularly larger trees and tree preservation, as well as soil and irrigation requirements that help ensure survivability, helping achieve Seattle's Tree Canopy goals of 30% coverage by 2037
- Encouraging both landscape and urban design performance of Green Factor elements by incentivizing larger plantings and those visible from the public right-of-way, which can enhance environmental, ecological, and human health benefits, while reducing appearance of building height, and provide a transition from taller buildings to a pedestrian-scale
- Shifting emphasis away from elements that have minimal impact, such as water features and vegetated walls

Updates to the Green Factor Scoresheet would:

- award more points for increasingly larger trees, with the most points awarded for tree preservation, and further incentivize structural soils;
- delineate between small and large shrubs to encourage larger plantings;
- further delineate between green roofs of varying depths, emphasizing deep-medium green roofs;
- shift emphasis away from vegetated walls, and limit their use to more urban settings;
- increase incentive for landscaping visible from public rights-of-way and public open spaces; and
- remove water features and landscaped areas with a soil depth less than 24" as scored landscape elements.

Adjustments to Green Factor would result in more tree planting in new development.

Adjustments to Green Factor would give greater weight to usable green spaces and deep-medium (or "intensive") Green Roof systems, and less weight to vegetated walls and water features.

A new family-sized housing requirement is proposed for the LR1 multifamily zone.

A new standard would incentivize ground-level open spaces in the LR2 zone.

Lowrise Multifamily (LR) Zone Standards

Lowrise zones are often located at the edges of urban villages and where business districts transition to single-family zones. Many LR zones are in places that today are converting from single-family to multifamily neighborhoods or that might do so in the future. We propose several new standards to ensure new development in LR zones is compatible with neighborhood context, achieves quality design, and provides opportunity for a range of households.

Family-Sized Housing Requirement

In the LR1 zone, developments would be required to provide at least one unit with two or more bedrooms and a minimum net unit area of 850 square feet for every four units in the structure. One unit with three or more bedrooms and a minimum net unit area of 1,050 square feet could substitute for any two required two-bedroom units. This standard would ensure a mix of home sizes that accommodate families with children in new apartment or condominium buildings. The standard disallows new buildings consisting entirely of small studio or one-bedroom units.

Shared Open Space Incentive

In the LR2 zone, a new standard is proposed to incentivize apartment buildings that provide useable open space at ground level. We expect stacked apartments to become more common than rowhouses or townhouses in the new LR2 zone. This standard would encourage new apartments built with less lot coverage by providing an FAR bonus of 0.2 if at least 35 percent of the site area is retained in shared common open space. This provides livability benefits to residents who use the space and to neighbors who will enjoy larger open space buffers between new structures and existing ones.

Façade Modulation Standards

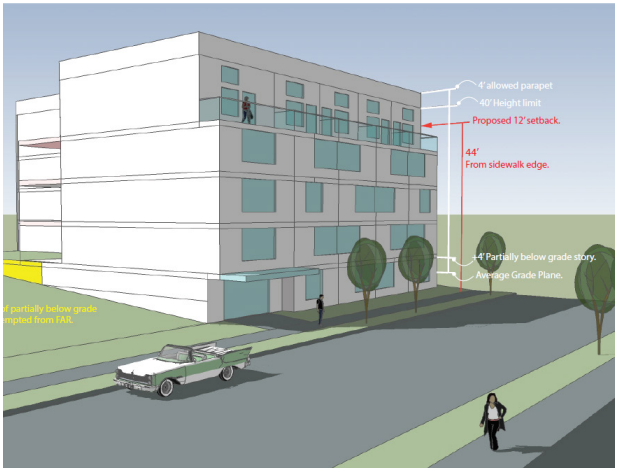
In the LR zones, the legislation retains existing standards requiring modulation for front facades and at least 20 percent of facade area for window and door openings. These design standards apply only for developments that do not go through Design Review. In addition, new standards are proposed for side facades for projects without Design Review. Side facades exceeding 1,000 square feet would have to be modulated with a break in plane or variation in material or color. A privacy standard is also proposed for windows on neighboring structures. It requires that neighboring dwelling units minimize placement of proposed windows where they would align directly with windows on the side facade of a structure on an abutting lot within 20 feet of the side property line. Acceptable measures to preserve privacy would also include fencing, screening, landscaping, or translucent windows.

New side facade standards in the LR zone would prevent unfriendly blank facades at the edges of infill developments, like the condition shown here.

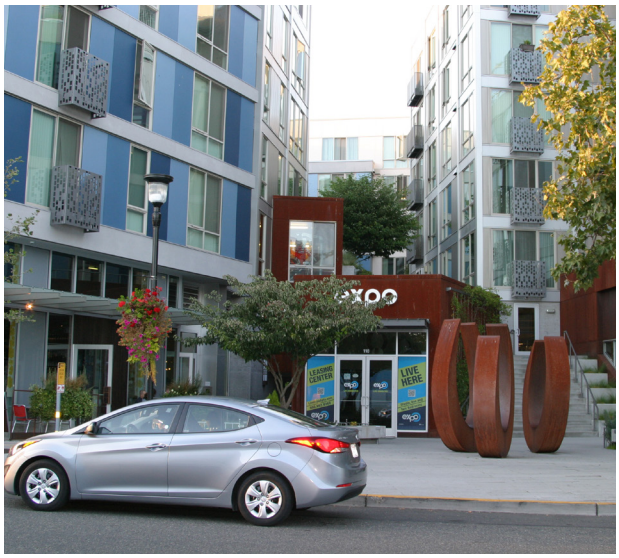
Upper-Level Setbacks

While not entirely new to this proposal, development standards for upper-level setbacks on street-facing facades are recalibrated for the new proposed height limits. Since height is measured from average grade, tall facades on the downhill side of a sloping lot can sometimes exceed the numerical height limit. Therefore, the proposal requires an upper-level setback of 12 feet from the front lot line at 44 feet of façade height for zones with a 40-foot height limit, and at 54 feet of height for zones with a 50-foot height limit. These upper-level setbacks ensure that tall facades do not face the right-of-way and that more light and air reaches street level.

The proposal also includes a new upper-level setback standard to address the condition where a lowrise zone abuts a single-family-zoned lot. A setback of 12 feet from each side or rear lot line that abuts a lot in a single-family zone is required for all portions of the structure above 34 feet in height. This standard will result in buildings that step back from single-family homes at approximately the height limit of the single-family zone. This would allow more light to reach rear and side yards of neighboring properties.



Upper-level setbacks in the LR zone would prevent very tall street-facing facades on sloping sites.



A facade modulation standard in NC zones would require massing breaks in large buildings with wide facades.

Commercial & Neighborhood Commercial Standards

Commercial (C) and Neighborhood Commercial (NC) zones are often in mixed-use commercial corridors near the center of urban villages coinciding with business districts, or along other major roadways. Several new or modified development standards will help to ensure that incrementally larger buildings in these areas contribute to livability and are well designed.

Façade Standards for Wide Structures

In C and NC zones, we propose a standard requiring a break in the building or inclusion of a courtyard, for structures wider than 250 feet. Similar standards apply in Ballard, Lake City, and the University District. 250 feet is the approximate length of a city block. This standard would provide visual interest by breaking up very long facades and in some cases could result in improved pedestrian connectivity to the interior of sites.

New upper-level setback standards are proposed to ensure gentle transitions between commercial and single family zones.

Upper-Level Setbacks Abutting Single Family Zones

A new standard is proposed that increases existing upper level setbacks on lots that abut or are across an alley from a single-family zone. Under existing code, new structures must be setback 15 feet above 13 feet in height. For any portion of the new structure above 40 feet in height, an additional setback of three feet for every 10 feet of height is proposed, an increase from 2 feet per 10 feet of height in the current code. The standard will preserve more light into adjacent property when NC zones with height limits 55 feet and above abut single-family zones — a common edge condition behind arterial roadways such as Phinney Ave N or California Ave SW.

Street-Facing Upper-Level Setbacks

New upper-level setbacks are proposed for certain street-facing facades, which would require the top floor of some new buildings to recede from the street front in order to preserve light reaching sidewalk level, and to provide visual interest. Similar standards are in place already in certain neighborhoods following recent planning processes.

In zones with a height limit of 75 feet, portions of structures above 65 feet must be set back from the front lot line by an average depth of 8 feet. For zones with a height limit of 85 feet or 95 feet, portions of structures above 75 feet must be set back from the front lot line by an average depth of eight feet. The averaged setback would allow variation in rooflines. The eight-foot average depth is expected to result in outdoor balconies or deck spaces, without requiring costly changes to the stacking of housing units.

Street facing upper level setback standards in commercial zones would mitigate additional bulk and scale of taller buildings as seen from the sidewalk.

Removal of Single-Use Floor Area Requirements

In several existing C and NC zones, existing code has a maximum FAR for commercial and residential uses. This mandates a mix of commercial and residential uses in new development in order to achieve full buildout. Originally this provision was intended to encourage mixed-uses with ground floor commercial space, however it sometimes results in underused ground floor commercial spaces in some areas where market conditions don't support ground floor retail. Proposed legislation would remove the single use FAR penalty the C/NC-55, 75 and 95 zones. The change will allow more ground-floor residential uses in some areas. Ground floor commercial requirements would continue to apply in focused neighborhood business districts where "Pedestrian" zone designations apply.

The proposed code would encourage more ground-level residential uses in NC zones.

Conversion of C zones to NC zones in several urban villages would encourage more pedestrian-friendly local business districts.

Conversion of Commercial Zones to Neighborhood Commercial Zones

Within several urban villages lands currently zoned C are proposed to convert to NC as part of MHA implementation. 148 acres and approximately 28% of all C zoned land in the study area is proposed to convert to NC. NC zones encourage more pedestrian-oriented uses and do not allow certain industrial, warehousing and storage uses. This change would prohibit uses that are incompatible with livable, walkable urban villages. The use limitations and standards associated with conversion to the NC zone would provide walkability and design benefits regardless of whether ground floor uses are commercial or residential. Neighborhoods with the largest conversions from C to NC are Aurora-Licton Springs, North Rainier and Fremont.

Midrise Multifamily (MR) Zone Standards

New upper level setbacks are proposed that would apply to the top floor of new buildings in the Midrise zone. The upper level setbacks would only apply on streets with right-of-way widths less than 56 feet, to prevent a sense of enclosure on narrow, local neighborhood streets. Where the upper level setback applies, portions of structures above 70 feet in height would have to be set back 15 feet from the front lot line abutting that right-of-way.

Highrise Multifamily (HR) Zone Standards

As discussed in Section 6, HR zones would be modified to encourage single taller towers instead of multiple bulky towers on a block. To facilitate this preferred form, the proposal would increase the height limit to 440 feet. At the same time, the maximum average floor plate size would be reduced from 12,000 to 10,000 square feet. A new standard limiting the average floor area coverage of towers on the same lot to 60 percent is proposed, which would prevent closely spaced towers on abutting smaller lots. Livability would be improved since slimmer residential towers would impact fewer views and reduce shading effects.

Taller more slender towers in the HR zone would reduce bulk and shading effects compared to shorter bulkier highrises.

Pike / Pine Conservation Overlay

New standards are proposed to retain and strengthen the incentive for preservation of character structures in the Pike / Pine Overlay district. If a character structure on a site is not preserved, residential floor area would be limited to a maximum FAR of 2.0. If the character structure is preserved the allowed FAR of the underlying NC zone (5.5 in most cases) could be achieved. Existing bonuses in the overlay district of 10 feet of height and larger allowed floor plates with preservation of a character structure, are retained. Changes to the building code in parallel with the proposed legislation will allow for the additional height and FAR from MHA to be achieved in wood-framed construction. It is expected that the overlay's incentive for preservation will continue to be valuable in tandem with the proposed MHA capacity increases.

Incentives to preserve character structures in the Pike / Pine conservation overlay would be preserved and strengthened.

Employment generating and educational uses preferred by community members in Rainier Beach would be incentivized in the new SM-RB zone.

Rainier Beach Station Area

A new Seattle Mixed Rainier Beach (SM-RB) zone is proposed. SM-RB would enact development standards and urban form envisioned in the Rainier Beach urban design framework process. Community members in Rainier Beach expressed a preference for employment-generating and educational uses in the area close to Rainier Beach light rail. A base floor area of 2.25, 3.75 and 3.75 would be established for the SM-RB 55, SM-RB 85 and SM-RB 125 zones respectively. Extra floor area up to an FAR of 1.0 in the SM-RB 55 and 85 zones, and up to 2.0 in the SM-RB 125 zone could be achieved if the development provides one of the following uses:

- Light manufacturing
- College, School, vocational, or fine arts;
- Food processing and craft work;
- Child care center; or
- Affordable housing

In the SM-RB zone street-level development standards for active ground floor uses would be required along S. Henderson St. and Martin Luther King Jr. Way S. near the light rail station. Ground level setback areas would also be required on the same streets to enhance the pedestrian experience and visual quality from rights-of-way.

Small Commercial Spaces

Development standards to require small-scale commercial spaces in new development were explored but not included in the proposed legislation. Many community members expressed a desire to retain small, locally-owned businesses in Seattle, but there was not consensus on how to achieve this goal through zoning. Other strategies to preserve affordable or culturally significant commercial spaces are recommended by the Office of Economic Development (OED), and the Office of Arts and Culture in the CAP report (CAP Report: 30 Ideas for the Creation, Activation, and Preservation of Cultural Space.) Development standards explored during drafting of the legislation could be enacted in the future pending further review and community engagement. Specific standards that were drafted but not included in final legislation:

- Apply small commercial space requirements to Pedestrian Overlay Zones, targeting the requirements in core neighborhood business districts.
- Require large buildings to set aside a certain amount of street frontage for small (<2000 sqft) commercial spaces, based on the amount of total commercial space provided.

Zoning strategies for retention of small, locally-owned businesses were explored during development of the legislation.

8. Policy Results and Recommendation

The following policy results would be achieved by the proposed legislation.

Policy Results

1. **The proposal would substantially increase the amount of rent- and income-restricted affordable housing.**
   The proposal will substantially increase rent- and income-restricted housing by requiring for the first time that new commercial and multifamily development contribute to affordable housing. Over 20 years, development in the area this legislation affects would generate approximately 5,400 affordable homes, compared to about 200 affordable homes generated through voluntary programs in the same area without adoption of the legislation.

2. **The proposal would increase the supply of market-rate housing to help meet strong demand.**
   The legislation will result in incrementally more housing development than would otherwise occur. The largest increases in housing supply resulting from zoning changes would likely occur in high-demand, high-cost housing areas where existing zoning constrains development. Additional supply of market-rate homes helps slow the rate at which housing costs increase overall. (2018-2022 draft Consolidated Plan for Housing and Community Development).

3. **The proposal supports housing policy goals.**
   The legislation will advance numerous housing policy goals adopted by the City, which can be found in the Comprehensive Plan, Consolidated Plan, Housing Affordability and Livability Agenda, 2017 Assessment of Fair Housing, and draft 2018-2022 Consolidated Plan for Housing and Community Development.

   Specific policies or goals that the proposal would advance include:

   2018-2022 Draft Consolidated Plan for Housing and Community Development

   - Goal 9: Create supportive housing and reduce barriers.
   - Goal 11: Provide more housing choices for families.
   - Goal 12: Dedicate resources for affordable housing.
   - Goal 14: Preserve and increase affordable housing.
   - Goal 15: Access to housing in high opportunity areas.
   - Goal 17: Promote equitable growth in new development.

   Seattle 2035 Comprehensive Plan (Housing Element)

   - H G2 Help meet current and projected regional housing needs of all economic and demographic groups by increasing Seattle's housing supply.
   - H G5 Make it possible for households of all income levels to live affordably in Seattle, and reduce over time the unmet housing needs of lower-income households in Seattle.
   - H 1.2 Promote a diverse inclusive city through housing programs that serve lower-income households.
   - H 1.3 Work to overcome historical patterns of segregation, promote fair housing choices, and foster inclusive communities that are free from discrimination through actions, such as affirmative marketing and fair housing education and enforcement.
   - H 3.5 Allow additional housing types in areas that are currently zoned for single-family development inside urban villages; respect general height and bulk development limits currently allowed while giving households access to transit hubs and the diversity of goods and services that those areas provide.
   - H 5.1 Pursue public and private funding sources for housing preservation and production to provide housing opportunities for lower-wage workers, people with special needs, and those who are homeless or at risk of being homeless.
   - H 5.2 Expand programs that preserve or produce affordable housing, preferably long term, for lower-income households, and continue to prioritize efforts that address the needs of Seattle's extremely low-income households.
   - H 5.15 Encourage a shared responsibility between the private and public sectors for addressing affordable housing needs.
   - H 5.16 Consider implementing a broad array of affordable housing strategies in connection with

new development, including but not limited to development regulations, inclusionary zoning, incentives, property tax exemptions, and permit fee reductions.

- H 5.18 Consider implementing programs that require affordable housing with new development, with or without rezones or changes to development standards that increase development capacity.

4. **Overall, the legislation will address residential displacement.**
   The legislation will help address overall residential displacement by increasing the number of affordable homes available for low-income households who may be facing displacement pressure. Direct residential displacement due to demolition or renovation will happen to a similar degree with or without this legislation, but the proposal would result in creation of much more rent- and income-restricted housing and market-rate housing. In addition, the legislation would increase overall houisng supply, which would be expected to help moderate the rate of housing price increases over time.

5. **The proposal helps advance racial and social equity.**
   MHA-required affordable housing units must be affirmatively marketed to attract eligible households from all racial, ethnic, and gender groups in the housing market area of the property, particularly to inform and solicit applications from households who are otherwise unlikely to apply for For affordable housing to be funded with MHA payments, the Office of Housing (OH) evaluates the extent to which it will affirmatively further fair housing choice, promote economic opportunity and community development goals, and address the needs of communities vulnerable to displacement. The City expects rent- and income-restricted housing created through MHA payments will primarily serve vulnerable populations, including racial and ethnic minorities, immigrants, people with disabilities, and seniors.

6. **The proposal enables distribution of MHA affordable housing units to neighborhoods throughout the city.**
   Rent- and income-restricted housing created through both MHA performance and payment under MHA would be located in neighborhoods throughout Seattle and not concentrated in any single area. OH would invest MHA payments using criteria that considers the extent to which the housing advances the following factors: affirmatively furthering fair housing; locating within an urban center or urban village; locating in proximity to frequent bus service or current or planned light rail or streetcar stops; furthering City policies to promote economic opportunity and community development and addressing the needs of communities vulnerable to displacement; and locating near developments that generate cash contributions. The historic pattern of investment by OH has resulted in a balanced distribution of affordable homes throughout Seattle.

7. **The proposal aligns with goals identified in the 2017 City of Seattle and Seattle Housing Authority Joint Assessment of Fair Housing.**
   The proposal helps further Seattle's fair housing goals, including:

- *Promote equitable growth that harnesses new development to create diverse, affordable housing choices throughout the city. As economic growth in Seattle has fueled a major influx of new residents into the city, Seattle has experienced a development boom that has produced almost exclusively high-priced housing. At the same time, production has failed to keep up with demand, further fueling increasing housing costs. MHA requires new multifamily and commercial development to contribute to affordable housing and creates additional development capacity to accommodate more growth. MHA policies promote both the inclusion of affordable housing within for-profit development and the investment of developer payments in affordable housing in strategic locations across the city. All affordable units created through MHA serve renter households with incomes 60% of AMI or lower and owner households with incomes 80% of AMI and lower.*

- *Preserve and increase affordable housing in communities where residents are at high risk of displacement. MHA payments may be strategically invested in the production and preservation of long-term affordable housing in areas where residents are at high risk of displacement. In addition, the funds may be used to rehab and preserve affordable rents in existing housing. In accordance with the 2017 Assessment of Fair Housing, proposed upzones are scaled based on market conditions, so that redevelopment in areas with strong markets may yield larger contributions to affordable housing.*

- *Create strong communities and people with stability and resilience in the face of displacement pressures. To minimize risk of displacement on vulnerable populations, the upzones proposed for the final phase of MHA implementation were guided by the Displacement Risk Index and Access to Opportunity Index findings of the Seattle 2035 Growth and Equity Analysis.*

Source: City of Seattle, 2017.

- *Provide more housing choices for families and large households. The proposal includes a family-sized unit requirement in LR1 zones. In addition, MHA payments may be invested in affordable housing for low-income families with children.*

8. **The legislation would increase the variety of housing choices in Seattle.**
   Seattle's housing market has many large, expensive detached single-family houses and smaller, cheaper apartments but fewer housing choices in the middle, like duplexes, triplexes, cottages, rowhouses, and townhouses. The legislation would rezone approximately 1,240 acres of single-family zoned land, or about six percent of all Seattle land with single-family zoning, to allow multifamily housing. Of the rezoned single-family land in the proposal, 62% would become Residential Small Lot (RSL), a zone that encourages various small- to moderate-sized housing options in cottages, townhouses, and small apartments. Increasing the land area where multifamily housing is allowed would expand the variety of housing choices for current and future residents.

9. **The proposal will improve urban design and livability in new development.**
   Changes to the Land Use Code that would improve urban design and livability include:

   - A maximum dwelling unit size in the RSL zone
   - Modifications to Green Factor landscaping standards
   - New tree planting requirements
   - Setback and building facade modulation requirements
   - A family-sized housing requirement in the LR1 zone
   - New lot coverage limits
   - Stronger incentives for preservation in the Pike / Pine Conservation Overlay District
   - New area-specific development standards in the Rainier Beach station area

10. **The proposal is consistent with a State-approved approach for affordable housing.**
    The proposed legislation is consistent with the state-approved approach of RCW 36.70A.540 to create affordable housing.

11. **The proposal on its own will not solve Seattle's affordability challenge.**
    Analysis in the Seattle 2035 Comprehensive Plan Plan's Housing Appendix found that meeting affordable housing needs associated with the 20-year growth estimate of 70,000 net new housing units would require an increase of roughly 27,500 to 36,500 units affordable at or below 80 percent of area median income (AMI). The 27,500 to 36,500 estimate does not account for existing unmet affordable housing needs. That analysis found especially large existing shortages of affordable units at 30% of AMI and 50% of AMI, as well as smaller, but still substantial, shortages at 80% of AMI. Implementation of MHA is anticipated to provide approximately 5,400 rent- and income-restricted units, but is just one of many strategies required in order to address the shortage of affordable housing available to households with limited incomes in our high cost city. In part due to high demand and competition for housing generated by a strong job market and attractive natural and cultural amenities.

12. **The legislation was developed with broad community engagement.**
    The City conducted a broad and varied community engagement program, beginning in late 2015 and continuing to the present. Engagement included various formats and numerous measures to reach traditionally underrepresented audiences. Community engagement occurred in locations close to all areas the proposal affects and included direct mailings and door-to-door outreach to affected property owners. The extent of community engagement to solicited rich community input and met all statutory requirements. The proposal was meaningfully adjusted to reflect community input.

13. **Community sentiment towards the proposal is divided.**
    Implementing MHA has strong support among some community members and strong opposition among others. In general, supporters of the proposal are excited about its potential to address housing affordability by creating rent- and income-restricted housing and foster a more equitable city by increasing opportunities for people with a greater range of incomes to live here and increasing the range of housing choices available to households. People opposed to MHA are generally concerned with impacts and changes associated with growth and development, particularly its impact on transportation, parking, property taxes, and the physical character of neighborhoods.

14. **The proposal is consistent with the City's Comprehensive Plan.**
As discussed in Finding 3, the proposal is responsive to Comprehensive Plan housing goals and policies. Proposed changes to zoning and development standards would generally continue the overall pattern and distribution of growth anticipated in the Comprehensive Plan, while slightly increasing development capacity near transit, services, and amenities. In most areas, MHA implementation would incrementally increase the scale of development compared to what current zoning allows. The proposal would not alter the overall urban village land use pattern, with the exception of urban village expansions studied in the Seattle 2035 planning process. Particular Comprehensive Plan goals and polices that the proposal advances include:

- G.S 1.6 Plan for development in urban centers and urban villages in ways that will provide all Seattle households, particularly marginalized populations, with better access to services, transit, and educational and employment opportunities.
- G.S 1.7 Promote levels of density, mixed-uses, and transit improvements in urban centers and villages that will support walking, biking, and use of public transportation.
- G.S 1.12 Include the area that is generally within a ten-minute walk of light rail stations or very good bus service in urban village boundaries, except in manufacturing/ industrial centers.
- G.S 1.13 Provide opportunities for marginalized populations to live and work in urban centers and urban villages throughout the city by allowing a variety of housing types and affordable rent levels in these places.
- LU G.1 Achieve a development pattern consistent with the urban village strategy, concentrating most new housing and employment in urban centers and villages, while also allowing some infill development compatible with the established context in areas outside centers and villages.
- LU 2.1 Allow or prohibit uses in each zone based on the zone's intended function as described in this Land Use element and on the expected impacts of a use on other properties in the zone and the surrounding area. Generally allow a broad mix of compatible uses in the urban centers and urban villages.
- LU 1.4 Provide a gradual transition in building height and scale inside urban centers and urban villages where they border lower-scale residential areas.
- LU 2.7 Review future legislative rezones to determine if they pose a risk of increasing the displacement of residents, especially marginalized populations, and the businesses and institutions that serve them.

15. **The environmental review discloses potential adverse environmental impacts.**
In November 2017, we published a Final Environmental Impact Statement (FEIS) for the proposal. The FEIS identifies potential adverse impacts that could stem from the proposal for decisionmakers to consider when reviewing the legislation. The FEIS suggests mitigation measures the City could pursue to reduce or eliminate potentially significant adverse impacts. Currently, the City's Hearing Examiner is reviewing an appeal of the adequacy of the FEIS. The City Council may not approve the proposal until the appeal is resolved.

16. **The City is pursuing many other actions and strategies to address housing affordability.**
MHA is one of many strategies the City is pursuing to address housing affordability. The Office of Housing and other departments and partners are also advancing proposals for new housing resources, tenant protections and supports, and other affordability measures. Fully addressing housing affordability would require the City to continue pursuing additional strategies, including changes at the State and Federal levels.

17. **The City is pursuing many other actions and strategies to address non-housing issues.**
A companion Resolution is proposed for adoption in parallel with this legislation to implement MHA. The companion Resolution will document the City's intent to pursue or continue pursuing actions to advance livability, racial equity, and investments to support growth. Many actions would take steps to address concerns that community members have raised the context of the proposed MHA legislation.

Recommendation

Based on the analysis and policy results described in this report and other documents referenced, the Directors of the Office of Housing, Department of Neighborhoods, Office of Planning and Community Development, and Seattle Department of Construction and Inspections recommends implementation of this proposal to enact MHA requirements with associated changes to zoning and development standards in order to:

- Leverage development to create more rent- and income-restricted homes for low-income households.
- Increase the supply of market-rate housing to address upward pressure on housing costs associated with low housing inventory
- Support equity by increasing opportunity for households with a greater range of incomes to live in neighborhoods throughout Seattle
- Support environmental goals and the Urban Village strategy by allowing more development near transit and amenities
- Encourage a greater range of housing choices

Appendix A: Relationship between Payment and Performance Amounts

RCW 36.70A.540 provides that "Affordable housing incentive programs may allow a payment of money or property in lieu of low-income housing units if the jurisdiction determines that the payment achieves a result equal to or better than providing the affordable housing on-site, as long as the payment does not exceed the approximate cost of developing the same number and quality of housing units that would otherwise be developed." This document outlines how the proposed residential MHA payment and performance requirements for the project area would meet this standard.

Relationship of payment to cost of developing

In setting required performance and payment amounts for the various zones, the City established a conversion factor for determining the relationship between the payment amount and the performance amount. The conversion factor reflects the following methodology:

Payment amount = Capitalized value of difference between market and affordable rental rate (e.g., rent subsidy) + 10%

The capitalized value of the rent differential is intended to reflect the value of the revenue that would be lost by an owner due to providing rent-restricted units under the performance option. The 10% adjustment reflects a number of factors associated with provision of affordable housing by the City using payment proceeds, specifically the City's cost to administer payment revenue and the resulting delay between the time payments are collected and the ultimate production of affordable housing. Administering payment revenue entails a wide range of activities, including tracking of funds, soliciting and underwriting affordable housing proposals, preparing and reviewing legal documents, closing and disbursement of loans in coordination with other investors and lenders, monitoring of construction progress, and general oversight of projects to ensure consistency with funding policies and procedures. These activities mean some amount of time to translate payments into the actual production of affordable housing. Additional time can be expected based on the time it takes projects to assemble financing and obtain building permits.

The City created several different scenarios for capturing the relationship between performance and payment using the foregoing methodology, based on high, medium, and low rent levels. The scenarios used average rents for buildings 85 feet in height or less. Residential buildings of this scale generally use significant wood-frame construction which is lower cost than the steel and concrete construction used for high-rise structures. High-rise construction is generally associated with higher rents. This means that, while a mix of payment and performance is expected for non-high-rise buildings, for high-rise buildings one would expect the relationship between performance and payment to favor choosing the payment option.

Table A shows the calculations that were used to determine the payment amount per unit of affordable housing required.

Table A: Calculation of Payment Amount Per Affordable Unit Required

	Market Rate In High Area	Market Rate In Medium Area	Market Rate In Low Area	Affordable Rate (60% of AMI)
Rent per net square foot	$3.04	$2.72	$ 2.26	
Average One-bedroom Unit Size (Net SF)	654	627	642	
Monthly Gross Rent per Unit	$1,988	$1,705	$1,451	$1,008
Annual Gross Rent per Unit	$23,858	$20,465	$17,411	$12,096
Less Vacancy	*($1,193)*	*($1,023)*	*($871)*	*($605)*
Less Monitoring Fee				*($150)*
Annual Net Income per Unit	$22,665	$19,442	$16,540	$11,341
Capitalized Value of Net Income per Unit with 5.25% Cap Rate	$431,715	$370,324	$315,057	$216,023
Rent Subsidy (Market Value-Affordable Value)	$215,692	$154,301	$99,034	
Payment Amount per Affordable Unit Required (Rent Subsidy plus 10%)	$237,261	$169,731	$108,937	
Payment Amount per Net Square Foot of Affordable Unit Required	$363	$271	$170	

The Payment Amount per Affordable Unit Required figures represent the payment cost for one performance unit in areas with different rent levels. The City started with the performance amount and used the conversion factor to set the payment amount.

Table B shows the cost of development of a unit in market-rate development in comparison to the cost of the payment option per affordable unit calculated above in High Areas. The Cost of Development figures come directly from the Seattle Affordable Housing Incentive Program Economic Analysis Report created by David Paul Rosen and Associates (DRA), October 10, 2014.

Table B: Cost of Development and Cost of Payment Option per Net Square Foot of Affordable Unit in High Area

	Area or Zone (DRA Prototype Numbers)	Rental Units			Ownership Units		
		High	Medium	Low	High	Medium	Low
	LR3 (7B, 8B)	$458	$391	$334	$503	$431	$370
	MR (7A, 8A)	$442	$392	$347	$496	$441	$391
	NC40 (9B, 10B)	$448	$382	$327	$500	$429	$369
	NC65 (9A, 10A)	$469	$414	$364	$525	$465	$411
	NC85 (11A, 12A)	$521	$457	$401	$523	$458	$402
Payment Amount per Net SF of Affordable Unit Required (from Table A)		$363	$271	$170	$363	$271	$170

For all prototypes, the development costs in Table B are greater than the amounts used for purposes of establishing the relationship between performance and payment as set forth in Table A and shown by the last row in the chart. This data also indicates that the cost of the payment option would in all cases be less

than the cost of development by non-profit developers, who tend to build low- to mid-rise projects (e.g., the type typical in LR3, MR, and NC zones) and have development costs that are generally equal to or slightly higher than market-rate costs.

The cost of the payment option per affordable unit also remains below an affordability gap cost as determined by DRA (e.g., the capital subsidy required to develop housing affordable to families at target income levels). DRA's affordability gap analysis in the Seattle Non-Residential Affordable Housing Impact and Mitigation Study (DRA, September 15, 2015, pp. 11-13) calculated the cost to make housing affordable to households at the target income level by subtracting per unit development costs from the per unit mortgage supportable from affordable rents at 60% of area median income, based on the cost of building new low- or mid-rise multifamily housing. Table C shows how these figures compare to cost of the payment option, based on the 650 net square foot unit size used by DRA.

Table C: DRA Affordability Gap and Cost of Payment Option in a High Area

	High	Medium	Low
DRA Affordability Gap (per NSF)	$371	$319	$293
Payment Amount per NSF of Affordable Unit Required (from Table A)	$363	$271	$170

For all the foregoing reasons, the payment amount per required affordable unit used for purposes of the conversion factor does not exceed the cost of developing the same quality of unit that would otherwise be developed under the performance option. Thus, the performance and payment requirements, whose relationship was determined using that conversion factor, ensure that the payment for a building does not exceed the approximate cost of developing the same number and quality of housing units that would otherwise be developed under the performance option, in compliance with the statutory requirement of RCW 36.70A.540.

Equal or better result

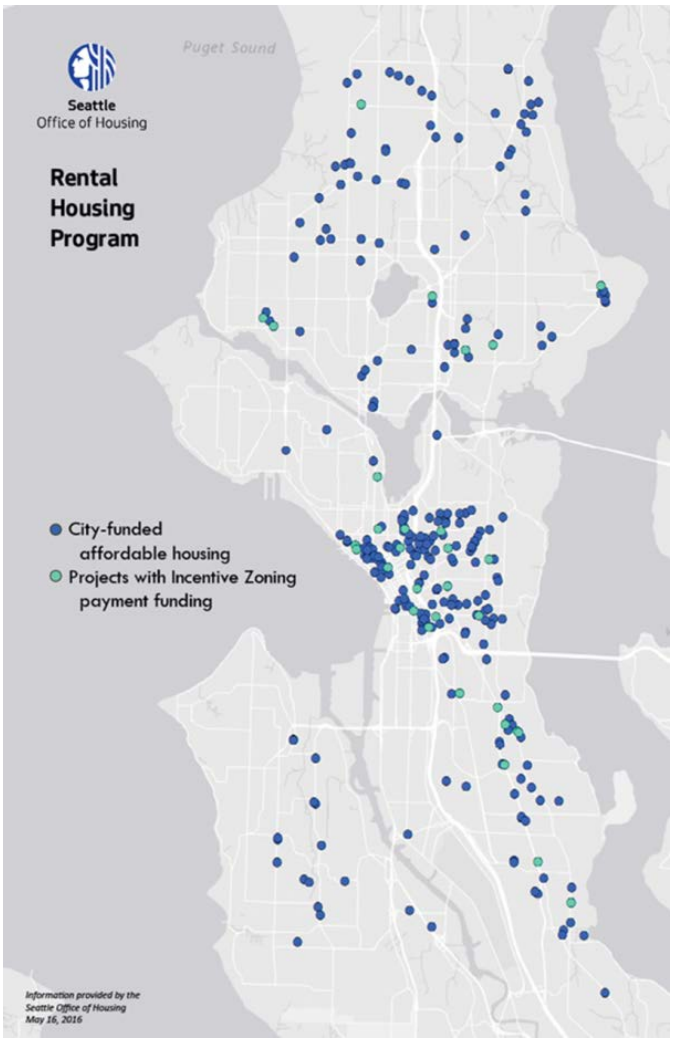
For purposes of implementing MHA in the study area, payment achieves a result equal to or better than providing the affordable housing on-site.

First, when creating housing with the same level of income and rent restrictions, payment results in the production of far more units of affordable housing than would be produced by on-site performance, due to the City's ability to use payment proceeds to leverage additional funds that would otherwise not be available. In the past, the City's Office of Housing has leveraged approximately $3.50 in non-City funding for every $1 of City funding invested. Among projects that utilize 4% Low Income Housing Tax Credits and tax exempt bonds, which are currently non-competitive and leave a large portion available for additional projects to access in Washington State, the City has leveraged approximately $3 in non-City funding for every $1 of City funding invested. Using an even more conservative estimate of $2.25 in leverage for every $1 of City funding going forward, the Office of Housing estimates it will still produce substantially more affordable housing than would be achieved through on-site performance. The Office of Housing, which administers in-lieu payments, has a history of effectiveness in aligning resources to maximize production, and has been particularly successful in leading statewide efforts to streamline and coordinate capital funding as well as long-term asset management and compliance monitoring of affordable housing.

Second, unlike with housing produced on-site, the investment of payment funds allows the flexibility to create housing affordable to households with incomes even lower than 60% AMI. While this may create some 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 prioritizing housing for those with the greatest needs.

Third, the Office of Housing has a history of affirmatively furthering fair housing choice by investing in housing throughout the city, including high cost neighborhoods. This record has been confirmed by independent study and is reflected in adopted policies that establish criteria for where funds are invested. The following map illustrates where the City has funded affordable housing, including the locations of projects that have received funding from payments under the City's existing incentive zoning system.



In the proposed MHA program, the City will invest funds in locations that advance the following factors:

a. Affirmatively furthering fair housing choice;
b. Locating within an urban center or urban village;
c. Locating in proximity to frequent bus service or current or planned light rail or streetcar stops;
d. Furthering City policies to promote economic opportunity and community development and addressing the needs of communities vulnerable to displacement.
e. locating near developments that generate cash contributions.

While requiring an affordable unit to be in a market-rate building is one way of trying to ensure that low-income residents are integrated with higher-income residents, the City has not found compelling research-based evidence that this strategy results in more meaningful integration than investing in affordable housing projects in strategic locations throughout the city, particularly where that investment occurs in neighborhoods that provide high levels of opportunity. In addition, the City has received input that some low-income residents place greater value on the opportunity to live in their communities and benefit from existing social networks, as compared to moving to a neighborhood with no existing social supports.

With the new Seattle 2035 Comprehensive Plan, the City has developed a highly nuanced approach to analyzing issues related to displacement and access to opportunity. See Seattle 2035 Growth and Equity report, May 2016. The locational factors for investing payment proceeds under MHA support the recommended equitable development strategies identified in the Growth and Equity report. See Growth and Equity report, pp. 11-12.

Comparing the geographic analysis of access to opportunity in the Growth and Equity report to the City's practice in investing payment proceeds confirms that the City has been quite successful in targeting affordable housing investments in areas with high access to opportunity, and high risk of displacement. This demonstrates the importance of a strategic approach to investing in affordable housing projects in a variety of locations based on criteria such as those applicable under MHA.

Finally, 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. Projects funded by the City must comply with the statewide Evergreen Sustainable Development Standard, which furthers energy and water efficiency, improves health and safety, and creates operational savings that benefit low-income residents over the long-term. In addition to leveraging other investment in housing, other 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 developments.

Based on the foregoing, City staff has concluded that the investment of payment funds will result in outcomes that are equal or better than those resulting from provision of affordable housing on-site.