

# City of Seattle Mandatory Housing Affordability (MHA)

a program of the

**Housing Affordability and Livability Agenda**



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May 3, 2016

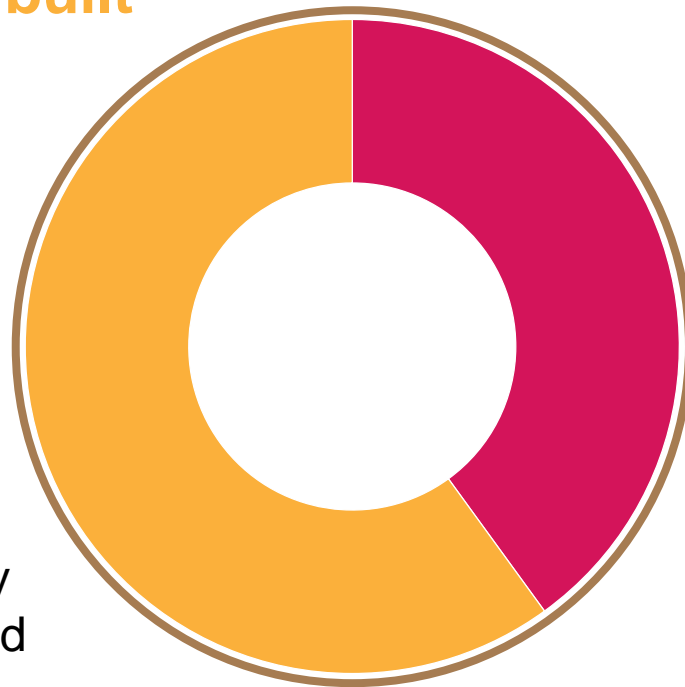
# Housing Affordability and Livability Agenda

50,000 housing units over the next 10 years

**30,000**

**market-rate homes built**

- Continue growth in urban centers and villages
- Reduce permitting barriers
- Maximize efficient construction methods
- Critically needed supply to meet existing demand shortages



**20,000**

**affordable homes created**

- Net new rent/income restricted units (about 3 times current production)
- Funding programs
  - ≤ 60% AMI (generally)
  - Equitable development in new and existing buildings
  - Reduce disparities: housing for broad demographics (families with children; seniors; race/ethnicity)
- Incentive programs
  - 60% to 80% AMI (generally)
  - Affordability in market-rate development



## 20,000 affordable homes over the next 10 years

### MHA-Residential

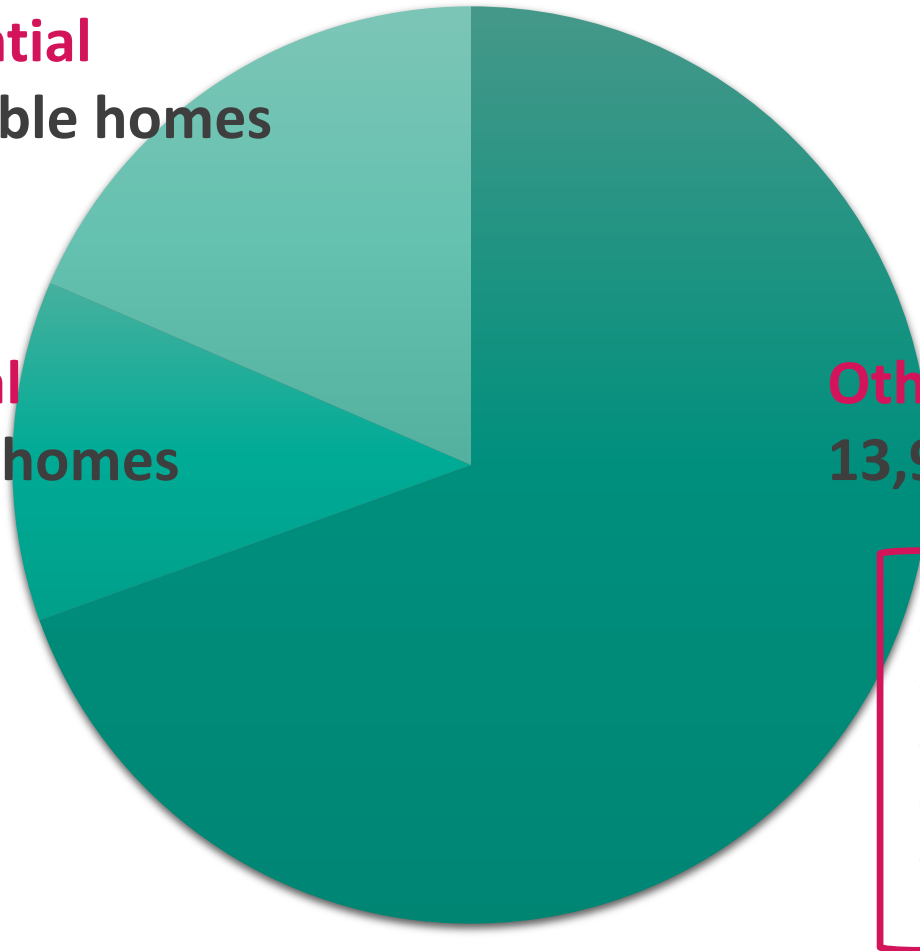
3,700 affordable homes

### MHA-Commercial

2,400 affordable homes

### Other HALA Strategies

13,900 affordable homes



- Seattle Housing Levy
- Multifamily Tax Exemption
- Preservation Tax Exemption
- Increased state resources
- Increasing federal resources

# What is MHA?



## **Mandatory Housing Affordability: A new program to create affordable housing as we grow**

- Requires that new multifamily residential and commercial development contribute to affordable housing
- Provides additional development capacity to offset or partially offset the cost of these requirements



# Council Resolution 31612 adopted November 2015

- Reflects principles of Grand Bargain agreement to:
  - Implement a Mandatory Housing Affordability (MHA) program for new commercial and multifamily development
  - Set requirements based on a commitment to produce **6,000 units at 60% AMI** through both programs
  - Increase development's contribution to affordable housing
  - Tie new mandatory affordability contribution to increases in development capacity
  - Create a stable and predictable program
- **Commits to inclusive public outreach and engagement**

MHA - Commercial Ordinance  
(Affordable Housing Impact Mitigation)  
Fall 2015

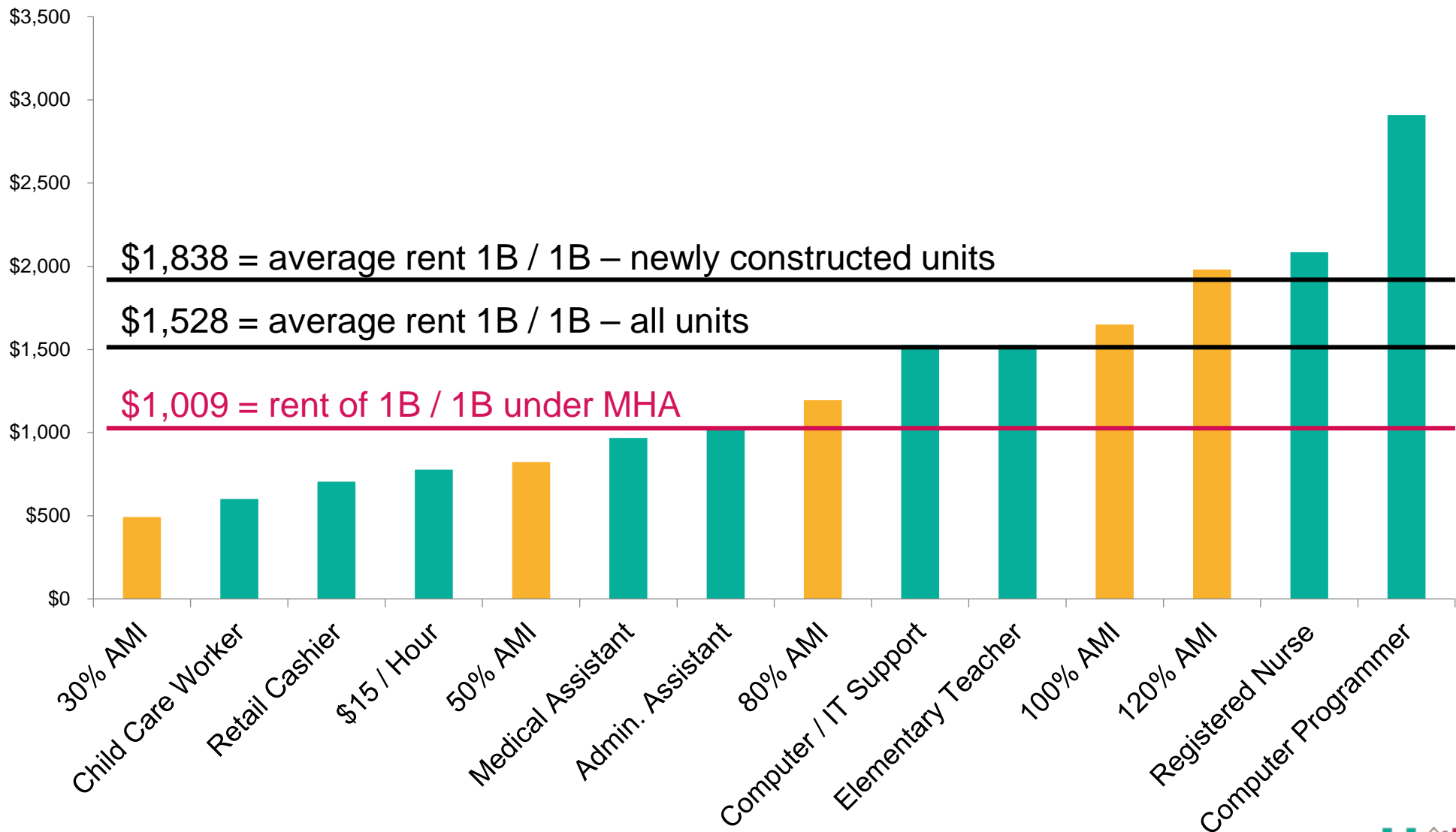
MHA - Residential Ordinance  
Transmitted May 3, 2016

Zoning changes to activate both programs – 2016 - 2017

# How will MHA impact affordability?



## Single Person Household



Sources: Dupre+Scott Apartment Advisors, Apartment Vacancy Report, 20+ unit buildings, Fall 2015, Seattle-14 market areas; WA Employment Security Department, Occupational Employment & Wage Estimates, Seattle-Bellevue-Everett, WA MD, 2014.

# Mandatory Affordability Requirements



## Citywide

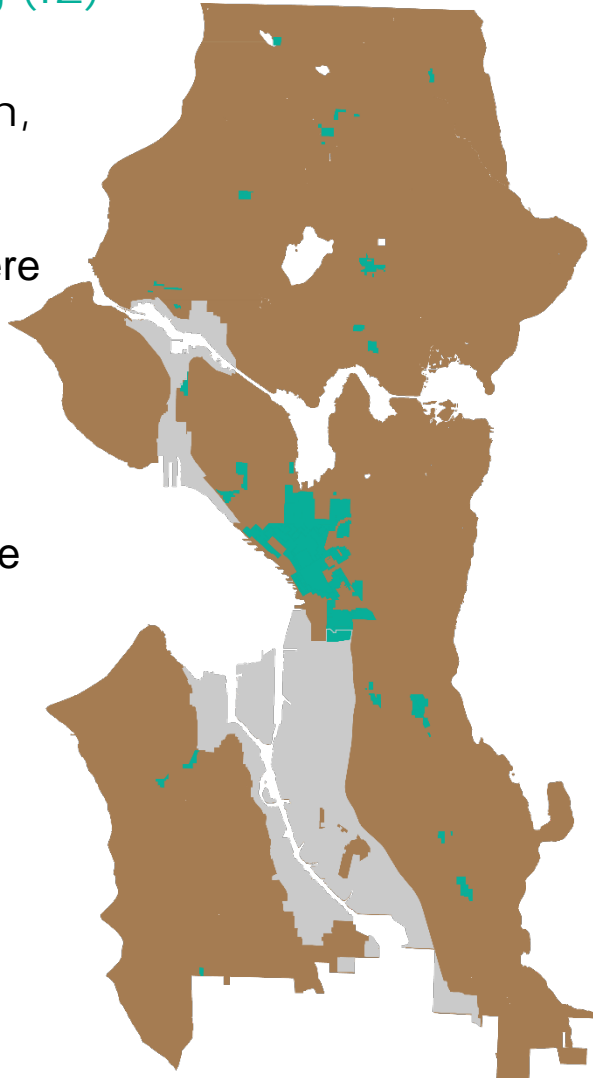


### EXISTING

Voluntary Incentive Zoning for affordable housing (IZ)

Applies in certain zones in Downtown, South Lake Union, and a few other neighborhoods where development capacity above base limits is available.



-  Existing Voluntary Incentive Zoning area
-  Manufacturing & Industrial Center

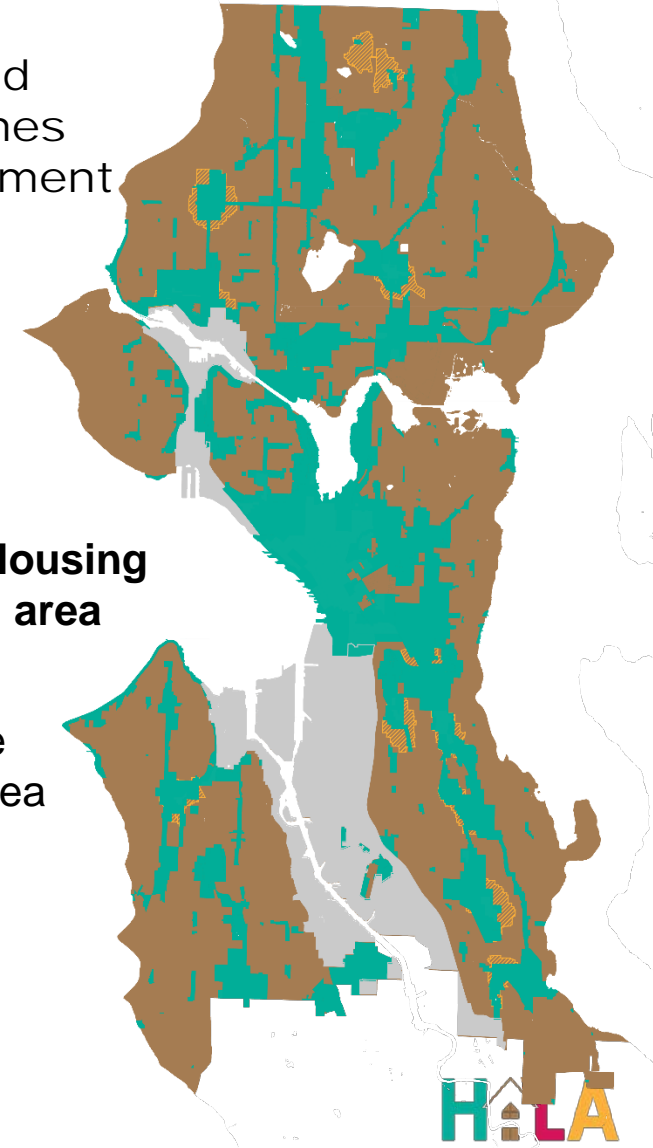


### PROPOSED

Mandatory Housing Affordability (MHA)

Applies in all commercial and multifamily zones where development capacity is increased.

-  Proposed Mandatory Housing Affordability area
-  Potential Urban Village Expansion area



# MHA-R Program Details



## Enabling legislation to create program

- Does not yet include payments or performance requirements, added at time of increased development capacity.

## Applies when new residential units are built or created

- Dwelling units, live/work units, or congregate sleeping rooms, but not ADU/DADU
- No minimum threshold
- Does not apply to subsidized affordable housing projects

## Payment and Performance

- Payments calibrated relative to performance
- Performance units will serve:
  - Rental: Households  $\leq$  60% AMI (40% AMI for units  $<$  400 sq ft)
  - Homeownership: Households  $\leq$  80%
- Payments strategically invested in across the city to
  - Address needs of communities vulnerable to displacement
  - Promote fair housing choice and economic opportunity
  - Support broader City strategies to promote growth near transit and within urban centers and villages

## Increases in development capacity required to activate program



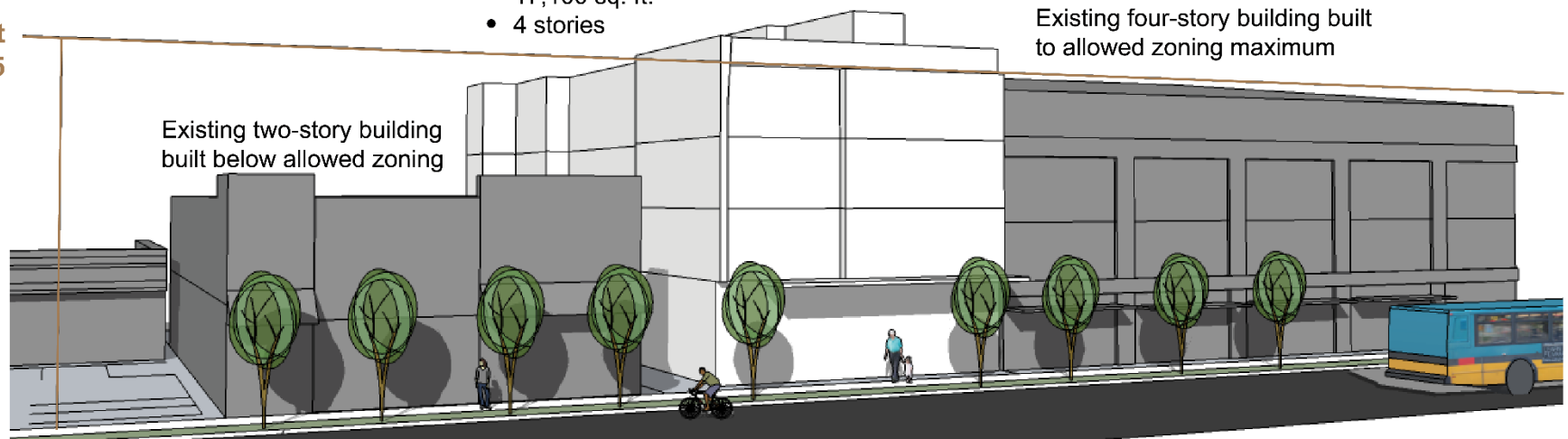
# Neighborhood Residential Example

## Today (no MHA)...

40' height limit  
FAR limit 3.25

### New Development

- 30 housing units
- **No affordable housing**
- 17,100 sq. ft.
- 4 stories



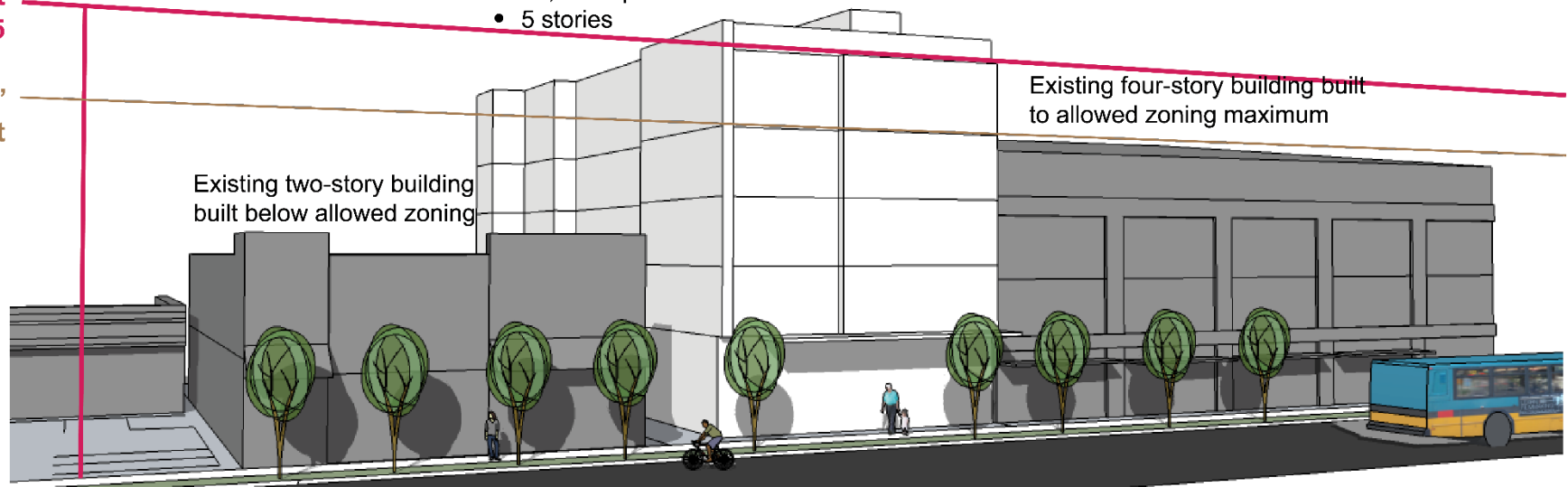
## with MHA...

50' height limit  
FAR limit 3.75

existing 40'  
height limit

### New Development

- 39 housing units
- **3 dedicated affordable housing units or in-lieu payment of \$300,000-400,000**
- 21,400 sq. ft.
- 5 stories

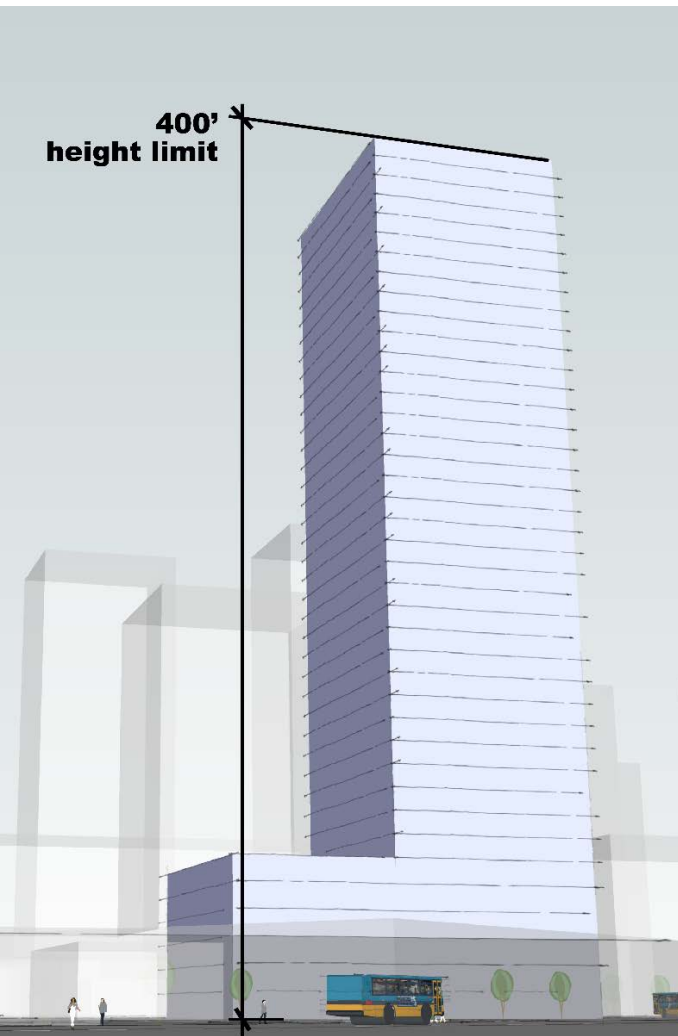


# Downtown Residential Example



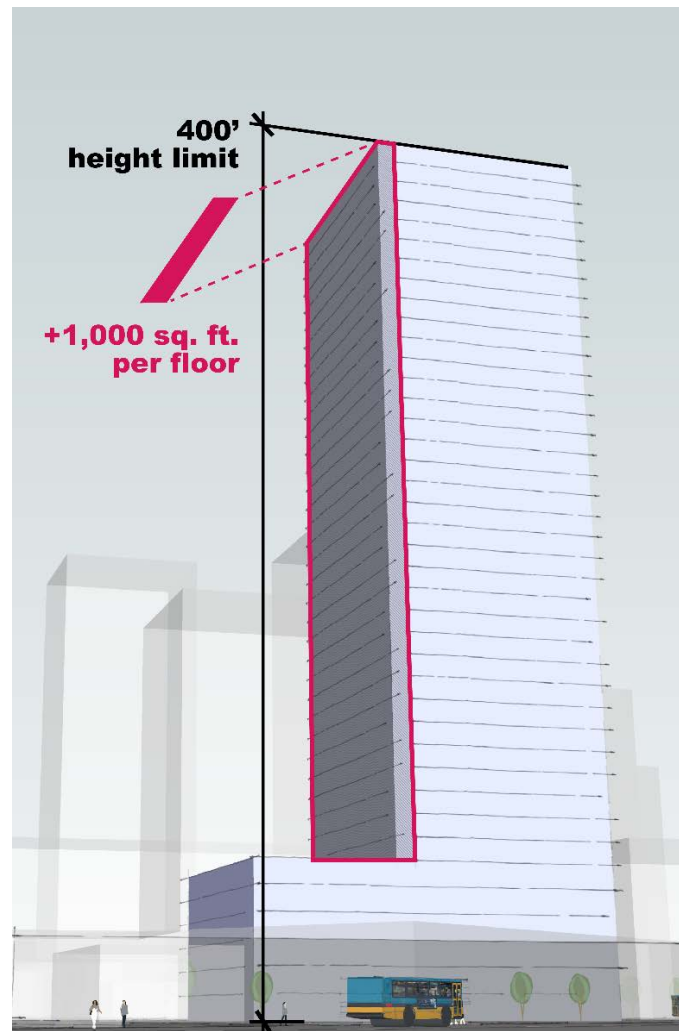
## Today (Voluntary IZ)

- 527 housing units
- \$3.0M in affordable housing payments (37 units)
- 467,000 square feet



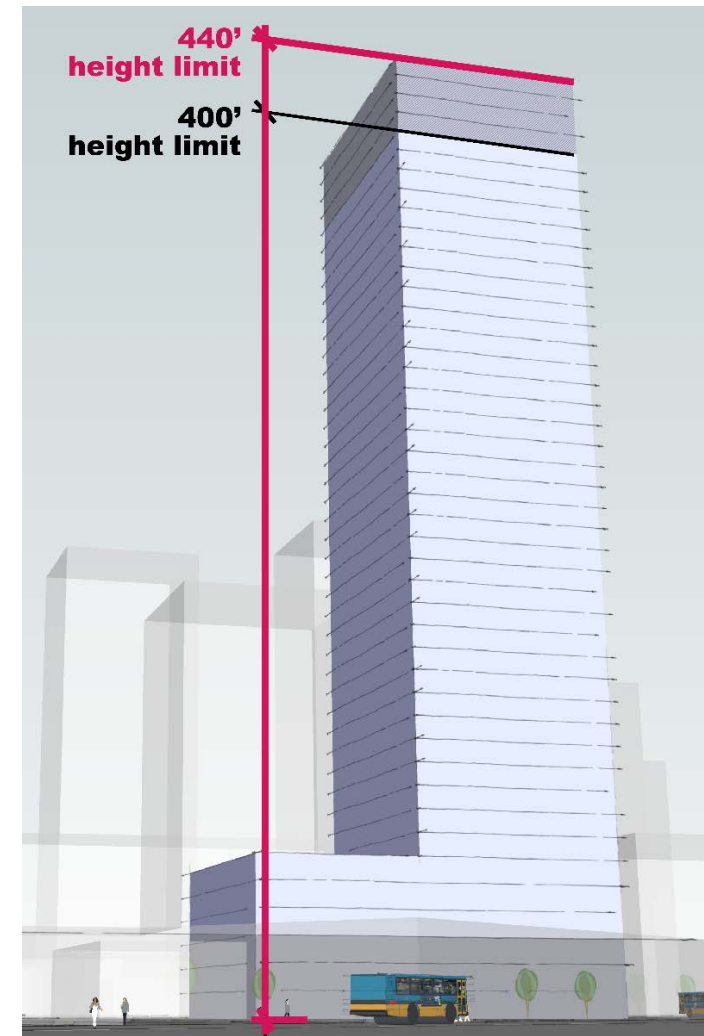
## Proposed (Option 1)

- 565 housing units
- \$3.9M in payments (49 units)
- 501,000 square feet



## Proposed (Option 2)

- 575 housing units
- \$4.0M in payments (50 units)
- 510,000 square feet



# HALA Community Engagement Plan



January 2016

April 2016

July 2016

September 2016

Dec / Jan 2017

Community Focus Groups (meeting monthly through 2016)

Meetings where people already gather (multiple per month)

## Citywide Conversations

HALA  
Engagement  
Launch



Livability Night  
Out



Citywide  
Conversation #3



Citywide  
Conversation #4

# HALA Community Focus Groups



## Expansion Area Urban Villages (Urban Village boundary expansions proposed in Seattle 2035)

130th & I-5 (new Urban Village proposed in Seattle 2035)

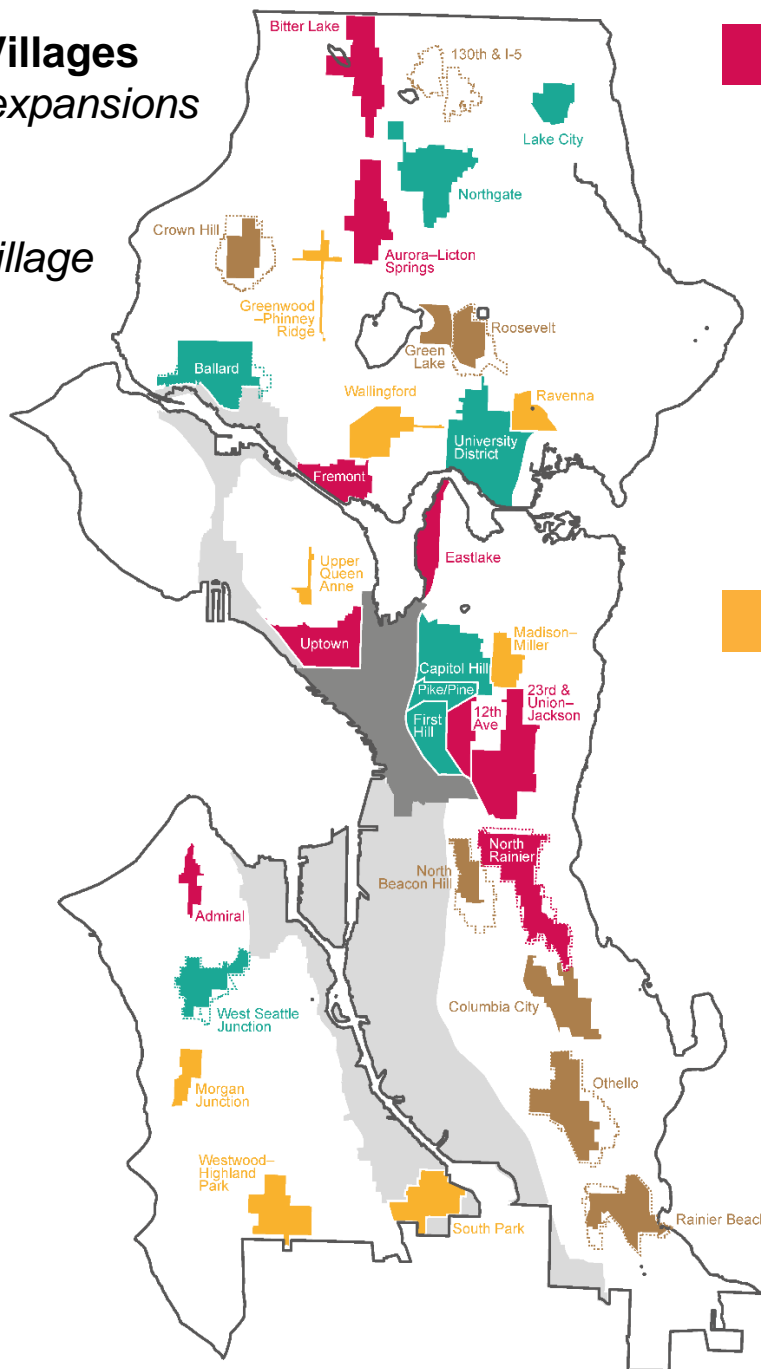
- Columbia City
- Crown Hill
- Green Lake / Roosevelt
- North Beacon Hill
- Othello
- Rainier Beach

## HUB Urban Villages

- Ballard
- Capitol Hill / Pike Pine
- First Hill
- Lake City
- Northgate
- University District
- West Seattle Junction

**Downtown / South Lake Union**

**Manufacturing & Industrial Center**



## Medium Density Urban Villages

- 12th Ave
- 23rd & Union-Jackson
- Admiral
- Aurora-Licton Springs
- Bitter Lake
- Eastlake
- Fremont
- North Rainier
- Uptown

## Lower Density Urban Villages

- Greenwood-Phinney Ridge
- Madison-Miller
- Morgan Junction
- Ravenna
- South Park
- Upper Queen Anne
- Wallingford
- Westwood-Highland Park
- Outside Area / At-Large



# MHA Legislative Timeline



## **MHA-R Legislation – Spring/Summer 2016**

- Tuesday, May 3 - PLUZ Committee briefing
- Tuesday, June 7 - PLUZ Committee briefing
- Tuesday, June 21 - Public Hearing
- Friday, July 8 - PLUZ Committee discussion
- Tuesday, July 19 - Possible PLUZ committee vote
- Monday, July 25 - Possible Full Council vote

## **DT/SLU Legislation – Summer 2016**

- SEPA Comment Period expected May 31<sup>st</sup> – June 21<sup>st</sup>
- Transmitted to Council in late June

## **Incentive Zoning (IZ) & MHA-C Cleanup Legislation**

- Transmitted to Council in late June in parallel with Downtown / South Lake Union

## **U District Area Rezone**

## **23<sup>rd</sup> Ave Area Rezone**

## **Zone-wide Changes to other areas – Summer/Fall 2017**