



Mayor Harrell's
ONE SEATTLE PLAN
COMPREHENSIVE PLAN UPDATE

Background

What is MHA?

Mandatory Housing Affordability (MHA) requires new development to include on-site affordable housing or pay a fee in-lieu.

- Currently applies to new multifamily and commercial development
- Implemented when additional development capacity created via rezone with premise that value of upzone partially offsets cost of program compliance.
- Authority derives from state-approved inclusionary zoning program (RCW 36.70A.540)



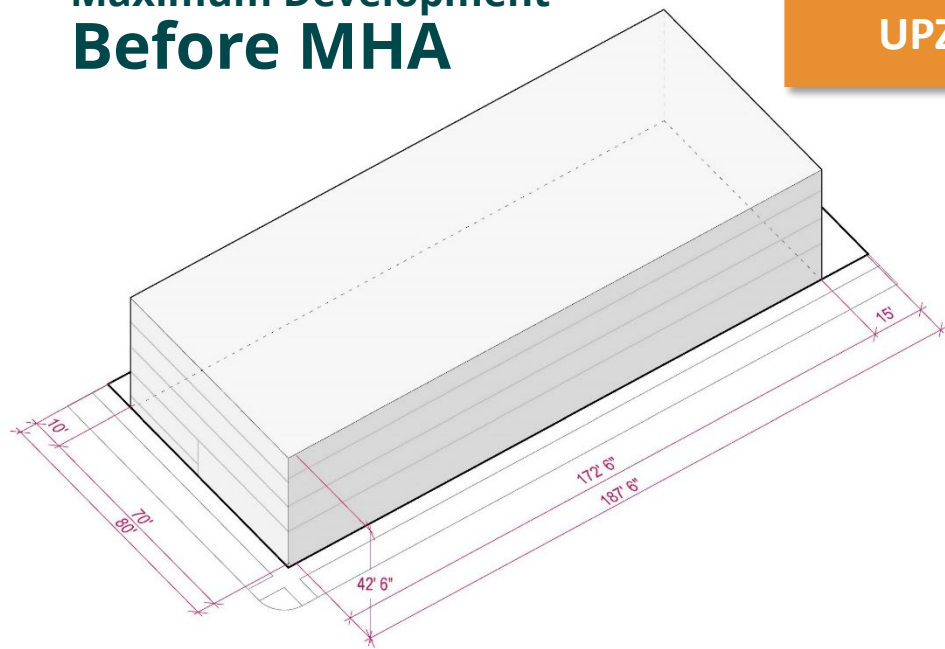
Brief History of MHA

- **2015-2016:** One of several recommendations made by Mayor Murray's Housing Affordability and Livability Agenda (HALA) task force 2015-2016.
- **2017-2018:** Implemented in areas with existing incentive zoning or an ongoing planning process: Downtown/SLU, U District, Central Area, Chinatown-ID, Uptown
- **2019:** "Citywide" implementation in remaining urban villages and multifamily or commercially zoned areas
- **2020-present:** Implemented in new area-specific upzones: Georgetown, Ballard, Rainier Ave S, and numerous project-specific contract rezones

How Does MHA Work?

- Paired with an upzone to increase development capacity, City requires new development to either set aside share of homes as affordable or pay an in-lieu fee to City's Office of Housing.
- The bigger the upzone, the higher the affordable housing requirement.

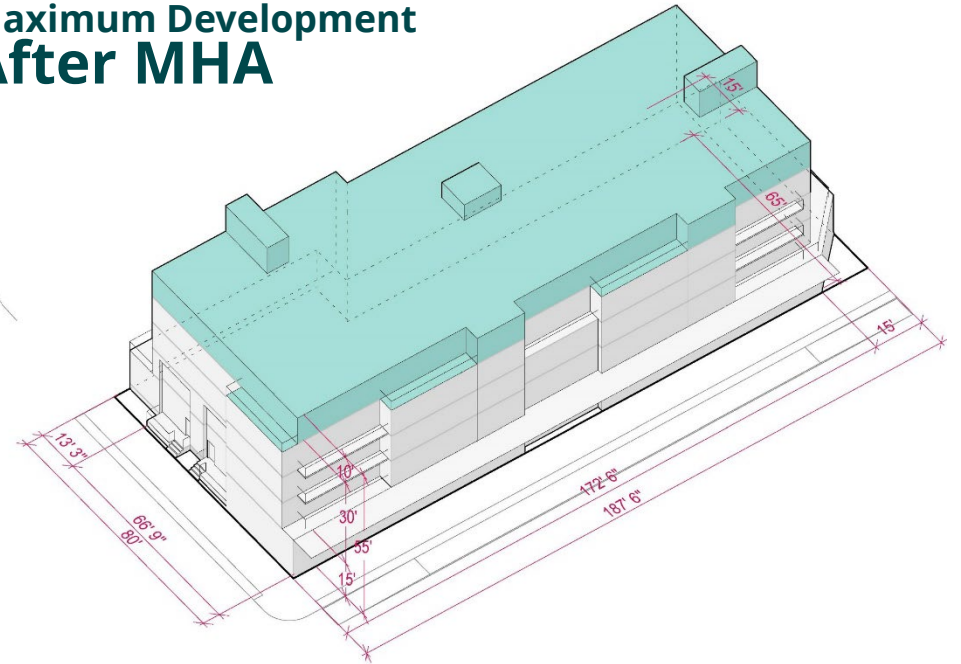
Maximum Development Before MHA



4 story building with 40 apartments
No affordable housing

UPZONE

Maximum Development After MHA



5 story building with 52 apartments
4 units or \$1.1M for affordable housing

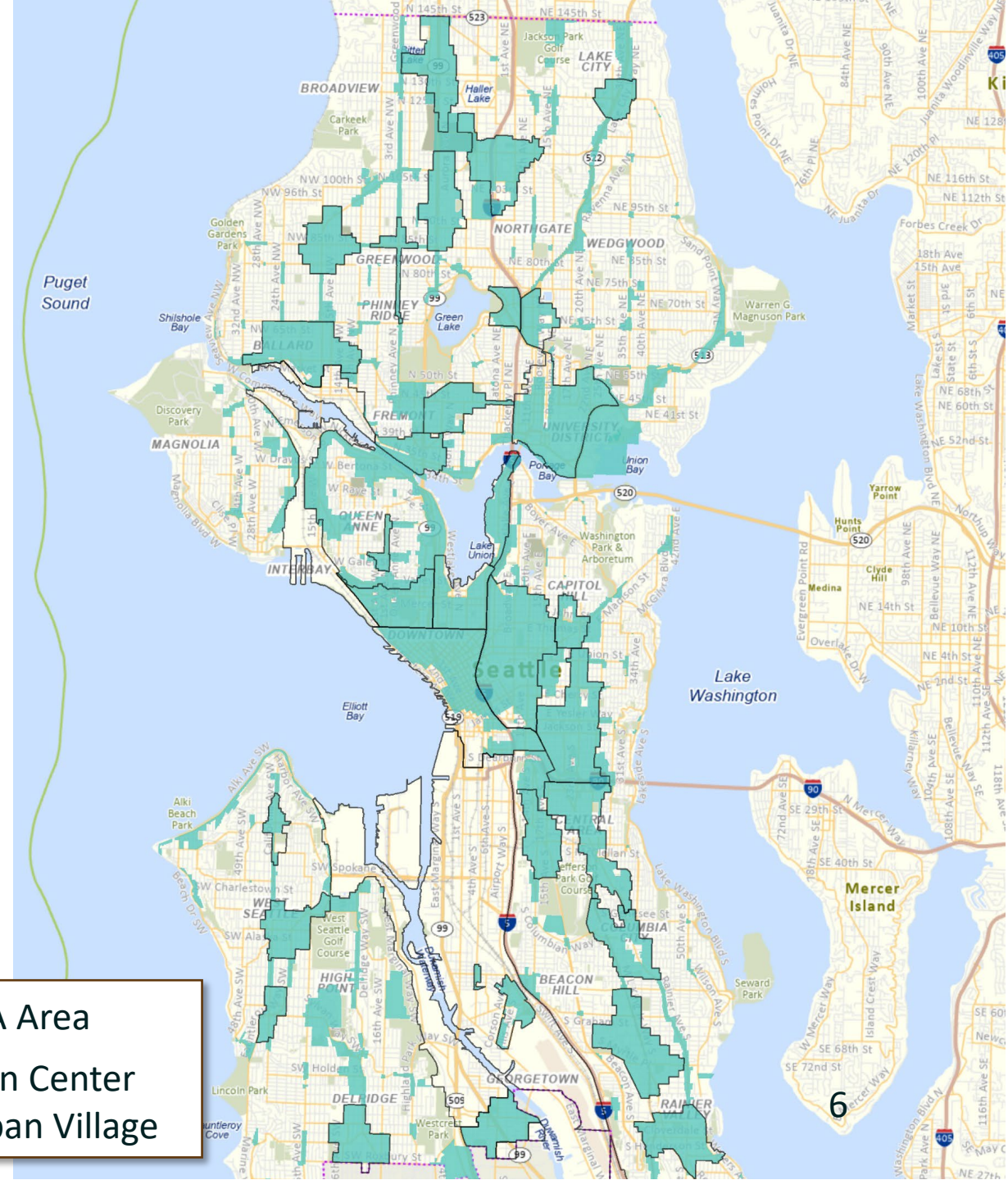
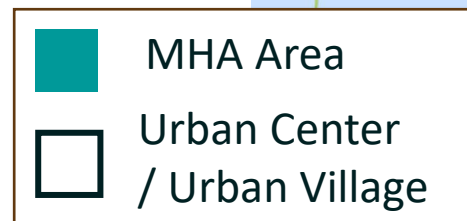
MHA Areas

Where MHA Applies

- Existing Urban Centers & Urban Villages
- Most commercial & multifamily-zoned land

Where MHA Does Not Apply

- Historic districts and shoreline areas
- Neighborhood Residential (aka, “single-family” areas)
- Industrially-zoned areas



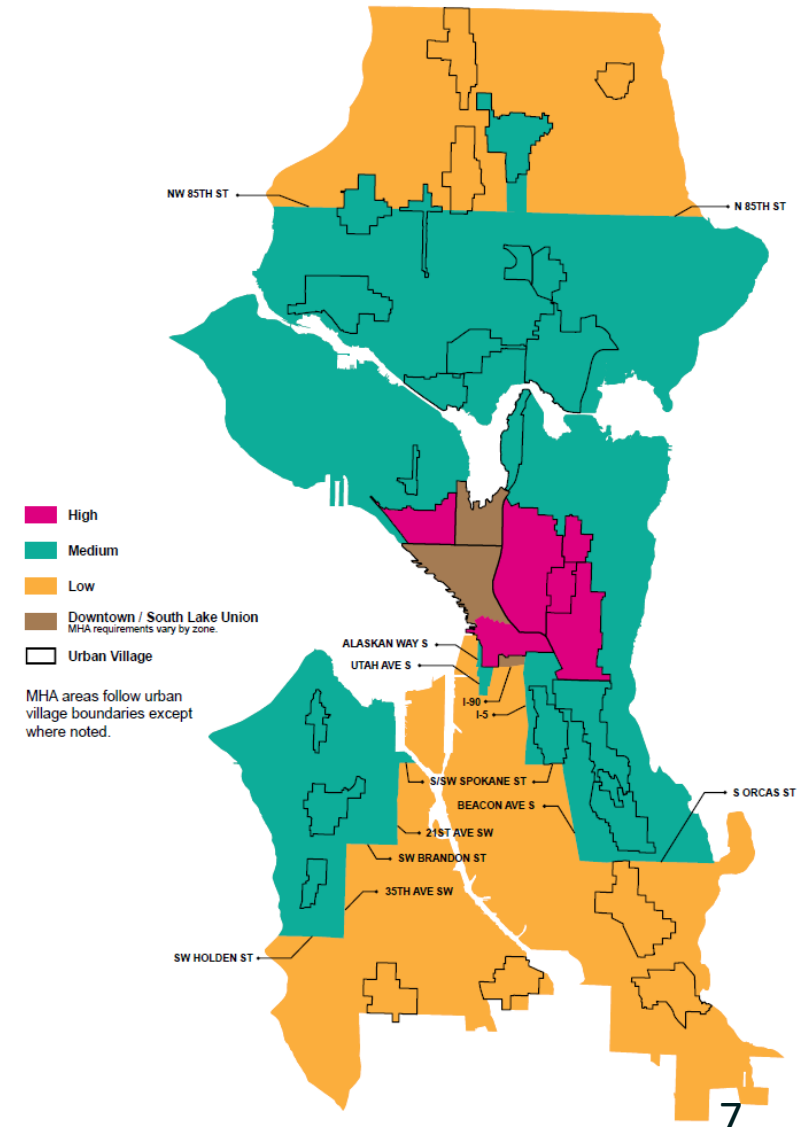
MHA Affordability Requirements

- Performance
 - 60% Area Median Income (AMI) or below
 - On-site units must remain for 75 years
- In-lieu payment intended to approximate cost of units on-site
 - Low, Medium, High market strength areas
 - (M), (M1), or (M2) based on the size of the upzone
 - Downtown and South Lake Union zone-specific requirements

Residential requirements outside Downtown / SLU

% of Units or \$ / sq. ft. Payment

	Low		Medium		High	
	%	\$	%	\$	%	\$
(M)	5%	\$9.25	6%	\$17.25	7%	\$27.42
(M1)	8%	\$14.87	9%	\$26.43	10%	\$39.41
(M2)	9%	\$16.52	10%	\$29.40	11%	\$43.28



MHA Proceeds

- OH has used MHA revenues to leverage other revenues that combined, have created 4,702 affordable units.
- While most developers chose to pay a fee in-lieu-of, develops have also provided 404 affordable units on site.



Marion West in the University District provides 20 supported housing units for homeless youth and 29 studio homes affordable to individuals with 40% AMI or below.

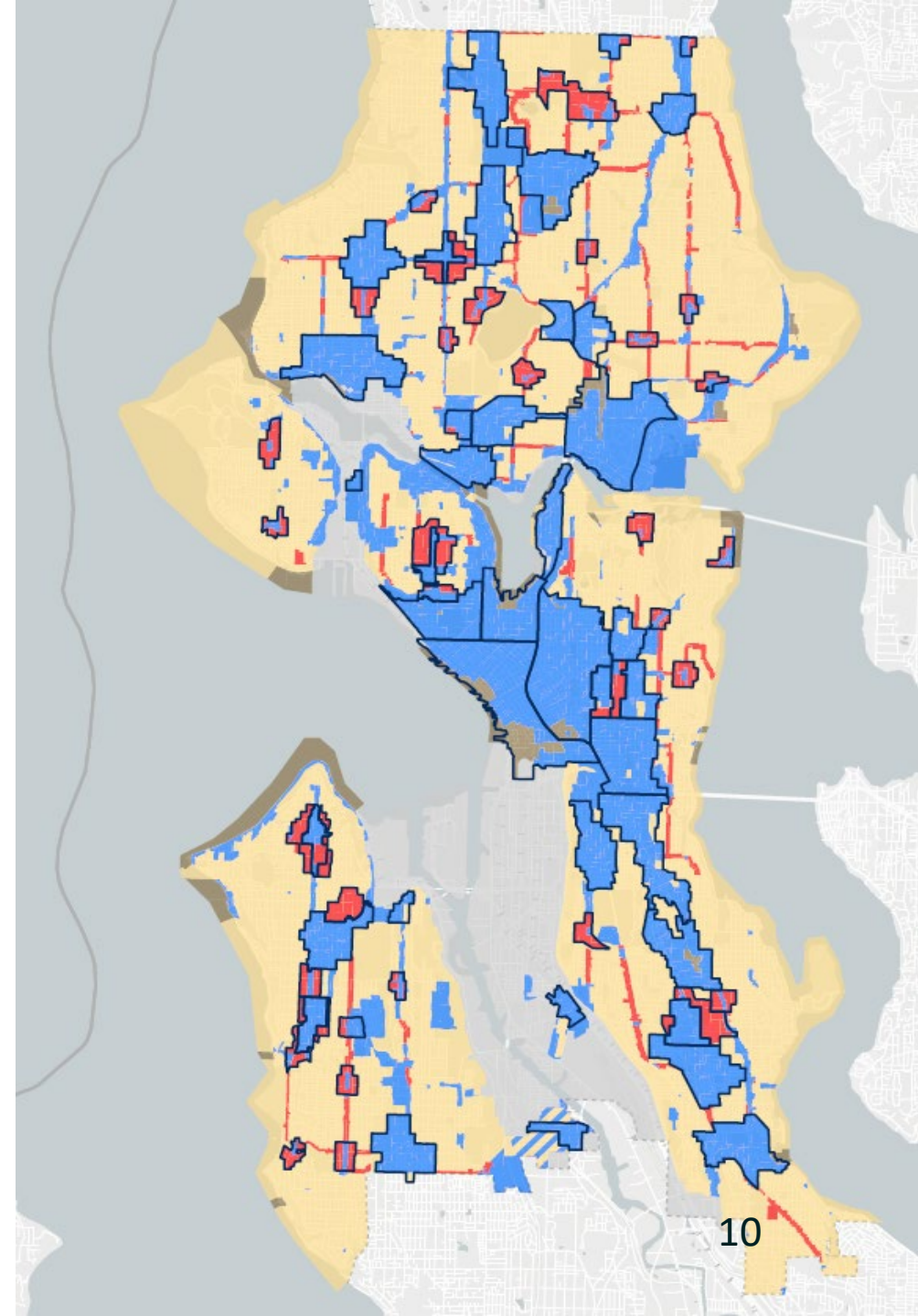
Proposed Expansion in One Seattle Plan

MHA Expansion One Seattle Plan

Executive Recommends:

- Consistent with existing practice, extend MHA to new areas upzoned to multifamily and commercial (new Neighborhood Centers, expanded Urban & Regional Centers, & frequent transit arterials).
- New zoned areas slated for MHA designation represent 21% increase in acreage over current MHA area.
- Continue existing practice of not applying MHA in Neighborhood Residential zones.

	Parcel Acres
Existing MHA Area	8,655
MHA Expansion	1,858



Exempting NR from MHA requirements

- HB 1110 requires that the new NR zone includes a built-in density bonus if at least two 60% AMI affordable units are provided.
- Current market conditions for housing already extremely challenging.
- EcoNW report found 80% of parcels in the new NR zones will not support a middle housing project that can pencil.
- Berk & Heartland find the 2019 upzones in Lowrise zones created limited development value for townhome developers. Changes to NR zones of similar scale.
- Proposed increases in development capacity in NR zones are not significant enough to justify application of MHA.
- Many cities with inclusionary zoning program exempt small-scale development from program requirements (ranging from 5-30 units).

MHA Programmatic Changes

Areas for Improvement

Per BERK & Heartland findings, Executive interested in exploring the following changes to strengthen MHA program outcomes:

- Calibrating MHA fees more frequently when there are significant shifts in market conditions.
- Identifying more advantageous times during the development process to collect payments.
- Addressing problems identified with applying MHA fees in low-rise zones.
- Considering pairing MHA requirements with MFTE in certain circumstances.
- Reducing the administrative burden for on-site performance units.

Thank You.