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An Action Plan to Address Seattle's Affordability Crisis



Mandatory Housing Affordability through Commercial Development

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Grand Bargain Agreement

Mandatory Housing
Affordability (MHA) Programs

Commercial Development

Residential Development

Affordable Housing Impact
Mitigation
(formerly Commercial Linkage Fee)

Mandatory Inclusionary Housing

MHA - Commercial

MHA - Residential

Principles of the Agreement

- Two Mandatory Housing Affordability (MHA) programs for new development:
 - MHA – Residential
 - MHA – Commercial
- Sets 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 required contributions to increases in development capacity
- Modify requirements if new development capacity cannot be fully utilized
- Create a stable and predictable program

Mandatory Inclusionary Zoning and Affordable Housing
Impact Mitigation Implementation Resolution

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

MHA - Residential Ordinance
(Mandatory Inclusionary Housing)
Early 2016

Zoning changes to activate both programs – 2016 - 2017

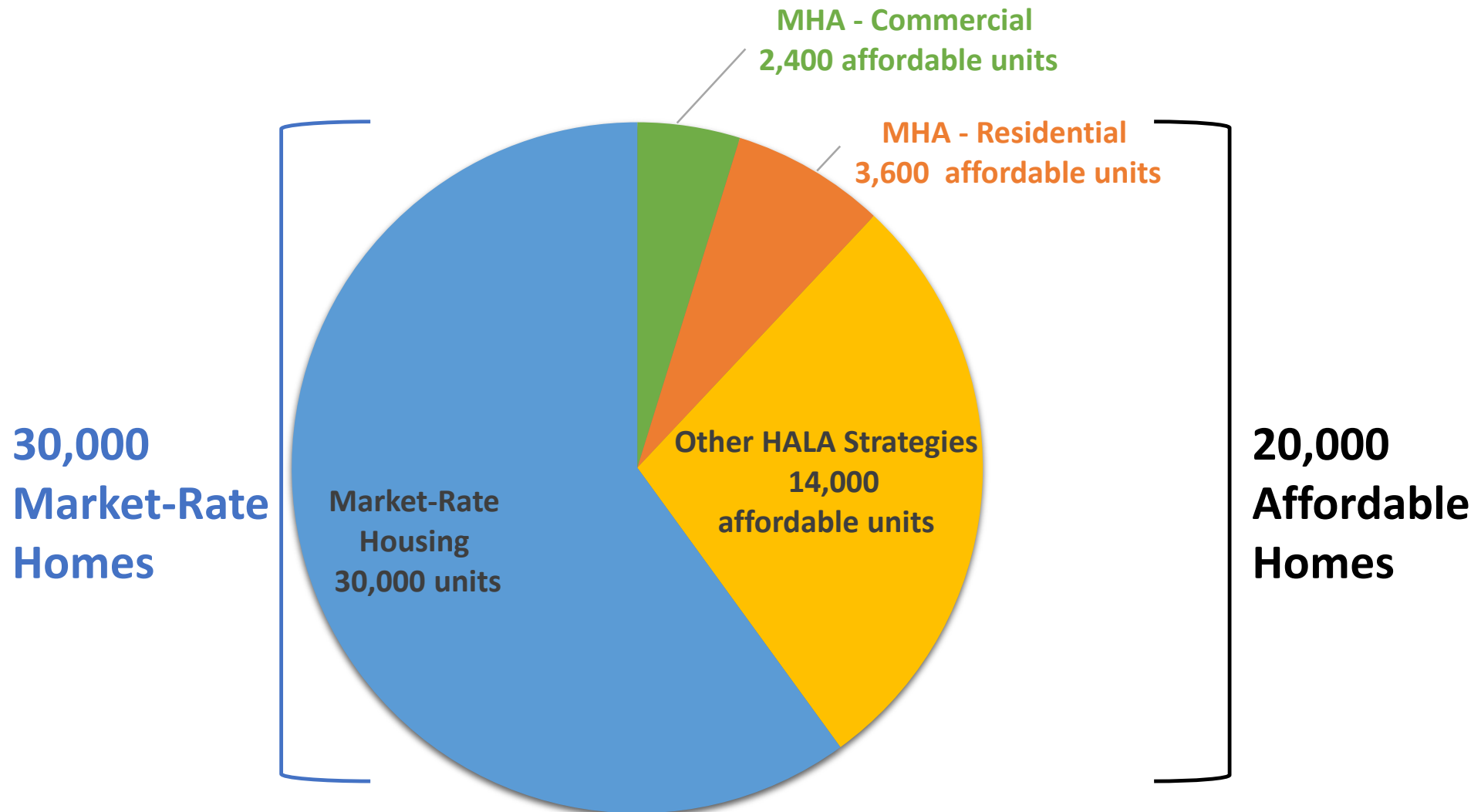


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50,000 Homes in 10 years





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MHA – Commercial Program (Affordable Housing Impact Mitigation)

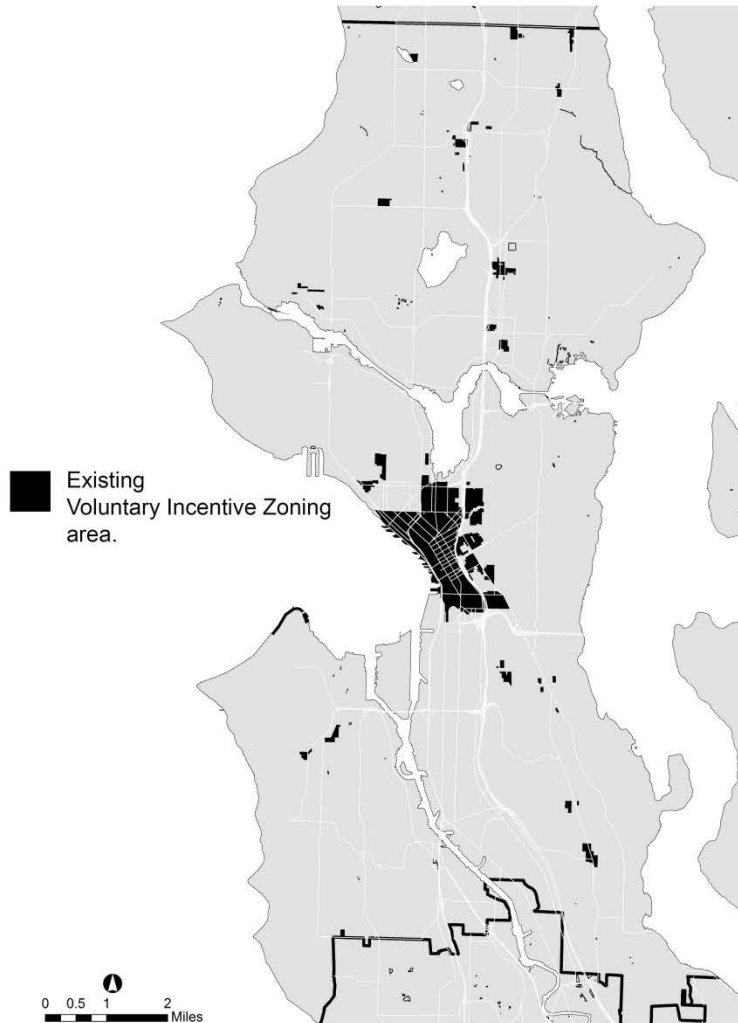
Mandatory Housing Affordability in Commercial Development (MHA – Commercial)

- New commercial development pays a mitigation fee by the square foot
- Affordable housing mitigation is required for the entire development not just the “base”.
- The amount of allowed commercial development is increased by about 1 Floor Area Ratio (FAR) in Downtown/SLU and about one story in other locations.
- Payment to OH will be strategically invested in affordable housing across the city
 - Rental Housing \leq 60% AMI
 - Ownership housing \leq 80% AMI
- Alternative to provide onsite or offsite rental housing at \leq 60% AMI for 50 years

Existing:

Voluntary Incentive Zoning

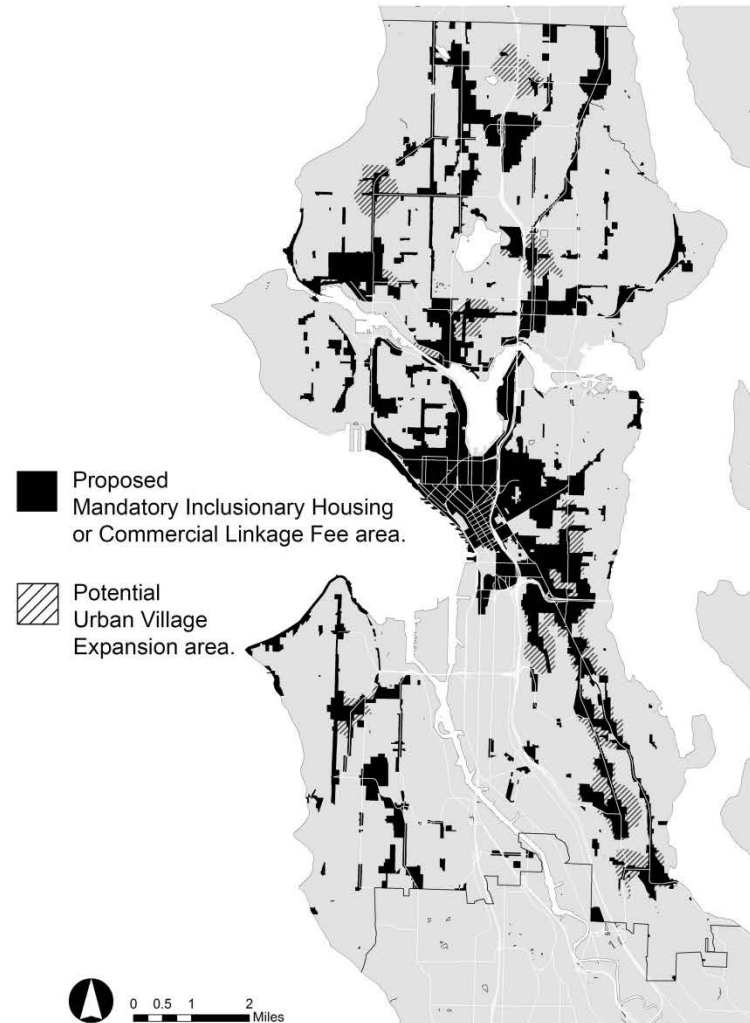
- Applies only in Downtown / South Lake Union and a few other neighborhood areas in other parts of the city.



Proposed:

Affordable Housing Program Areas

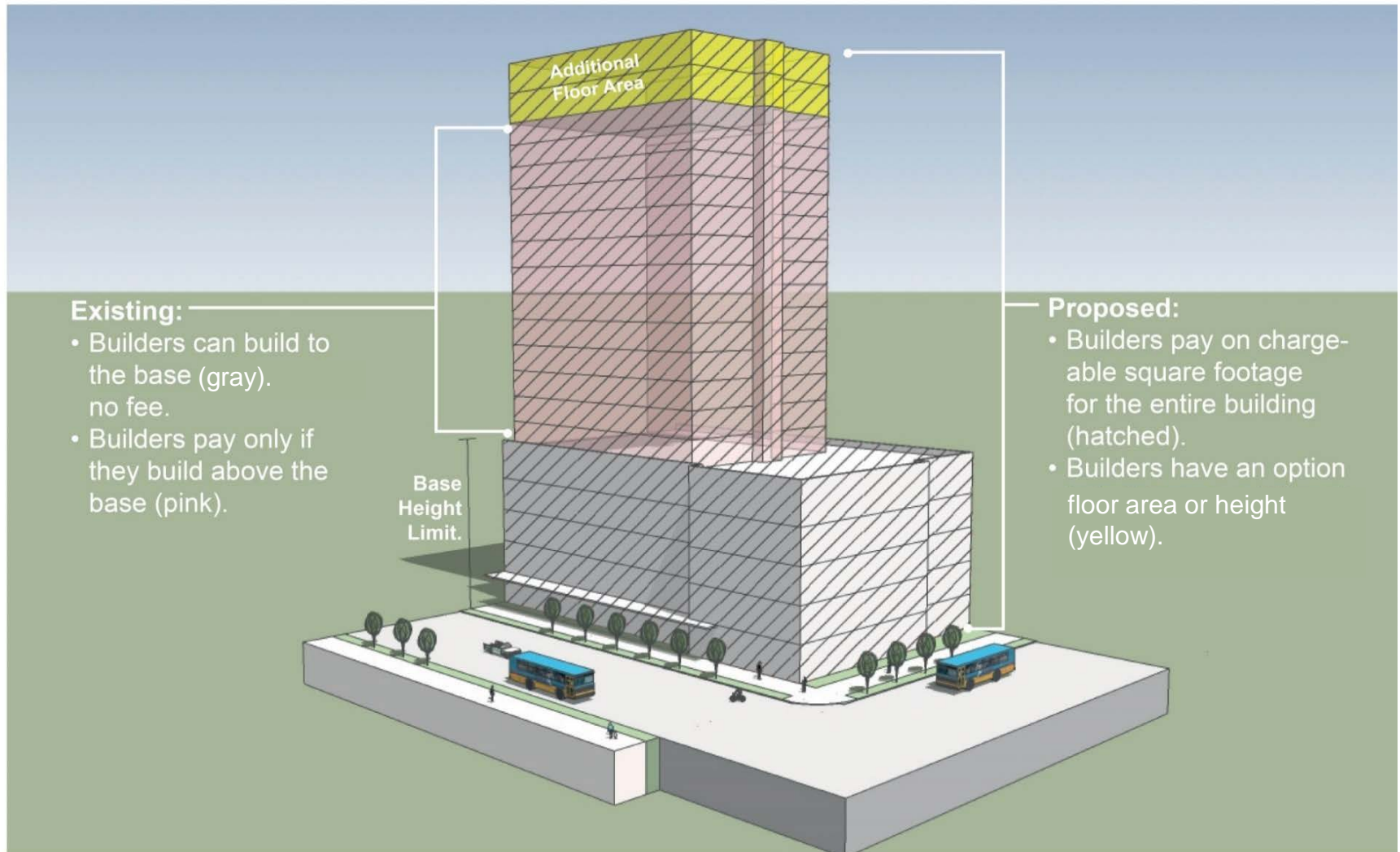
- Applies to all areas of the city where commercial development and multi-family housing are allowed.



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How MHA – Commercial works: Downtown / SLU





MHA – Commercial

Setting of Mitigation Payment – Downtown / SLU

- Downtown / SLU fees range from \$8 to \$17.50 depending on zone
- **Consistent methodology** across Downtown/SLU based on agreement for programs to produce 6,000 units at 60% AMI
 - Maintains amount of Incentive Zoning payment
 - Adds higher payment amount for new capacity added
 - Spreads payment across the square footage of the entire building
 - Minimum of \$8 / gross square foot (gsf)
- Results in an **overall increase** in a development's contribution to affordable housing
- Different mitigation amount by zone because existing IZ program differs in bonus FAR by zone
- Developments are subject to the **greater of Affordable Housing Impact Mitigation Program or Incentive Zoning** requirements
- Fee is \$0 in zones where no additional development capacity will be granted
 - Pike Place Market
 - Downtown Harborfront 1 (DH-1)
 - SLU Lakefront Blocks
 - Master Planned Community – Yesler Terrace

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MHA – Commercial - Mitigation Payment Downtown and South Lake Union Urban Centers

Zone	\$/gsf	Zone	\$/gsf
All DH1 zones	\$0.00	All IDM zones	\$8.00
DH2/55	\$14.25	IDR 45/125-240	\$10.00
DH2/65	\$15.00	IDR 150	\$10.00
DH2/85	\$15.25	IDR/C 125/150-240	\$8.00
DMC-65	\$8.25	PMM-85	\$0.00
DMC-85	\$8.00	PSM 100/100-120	\$11.00
DMC 85/65-150	\$11.75	PSM 100/100-130	\$11.00
DMC-125	\$10.00	PSM 100/120-150	\$11.00
DMC-160	\$8.00	PSM-100	\$11.00
DMC 240/290-400	\$10.00	PSM-245	\$10.25
DMC 340/290-400	\$12.50	PSM-85-120	\$12.25
DOC1 U/450/U	\$14.75	SM 85/65-125	\$8.00
DOC2 500/300-500	\$14.25	SM 85/65-160	\$0.00
DRC 85-150	\$13.50	SM 85-240	\$0.00
DMR/C 65/65-85	\$9.75	SM 160/85-240	\$11.25
DMR/C 65/65-150	\$9.75	SM 240/125-400	\$10.00
DMR/C 85/65	\$17.50	SM/R 55/85	\$8.25
DMR/C 125/65	\$17.50	SM-85	\$8.00
DMR/C 240/125	\$14.25	SM-125	\$8.00
DMR/R 85/65	\$14.00	IC-45	\$8.00
DMR/R 125/65	\$16.00	IC-65	\$8.00
DMR/R 240/65	\$16.00	C2-40	\$0.00



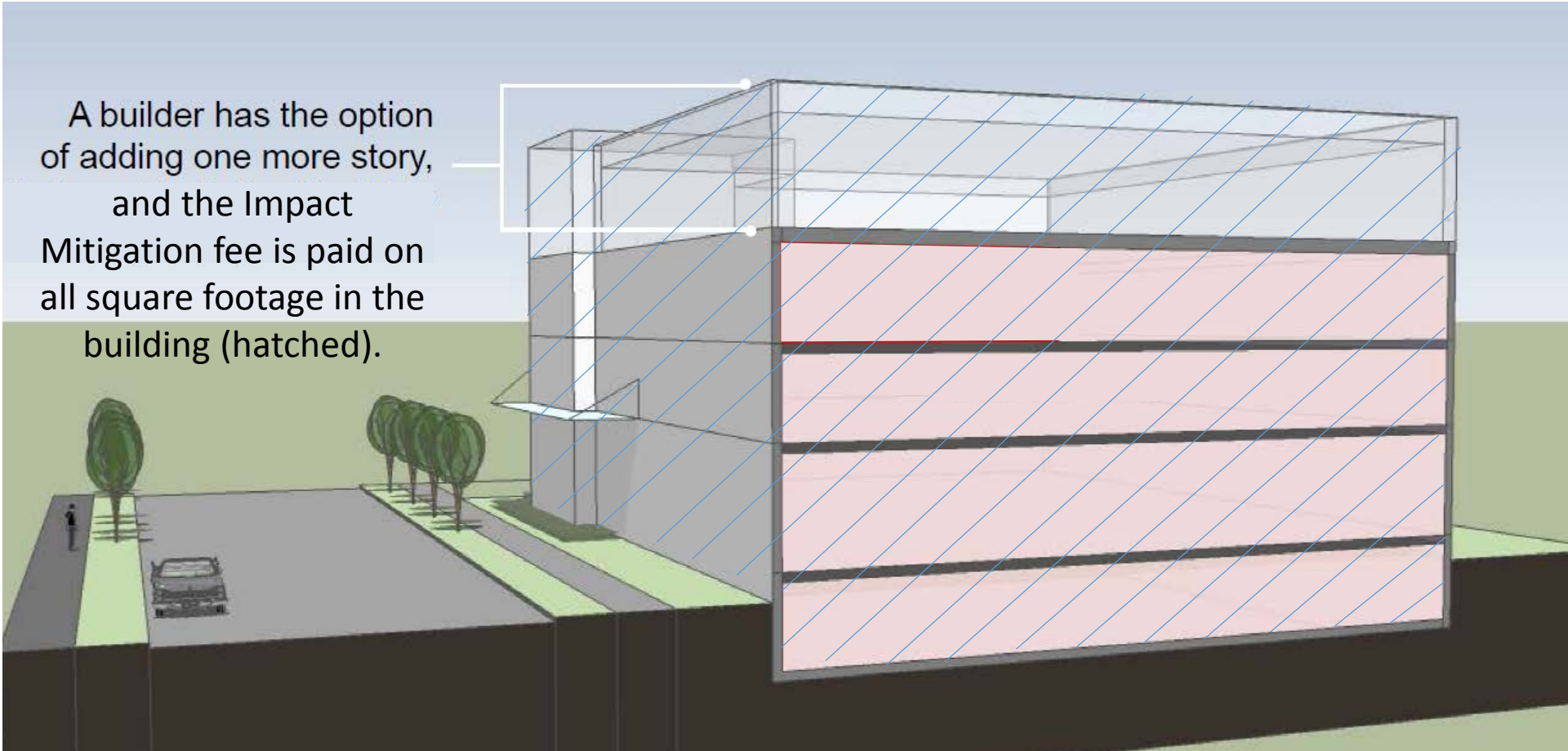
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How MHA – Commercial works: Outside Downtown / SLU with Limited Existing Incentive Zoning

A builder has the option of adding one more story, and the Impact Mitigation fee is paid on all square footage in the building (hatched).

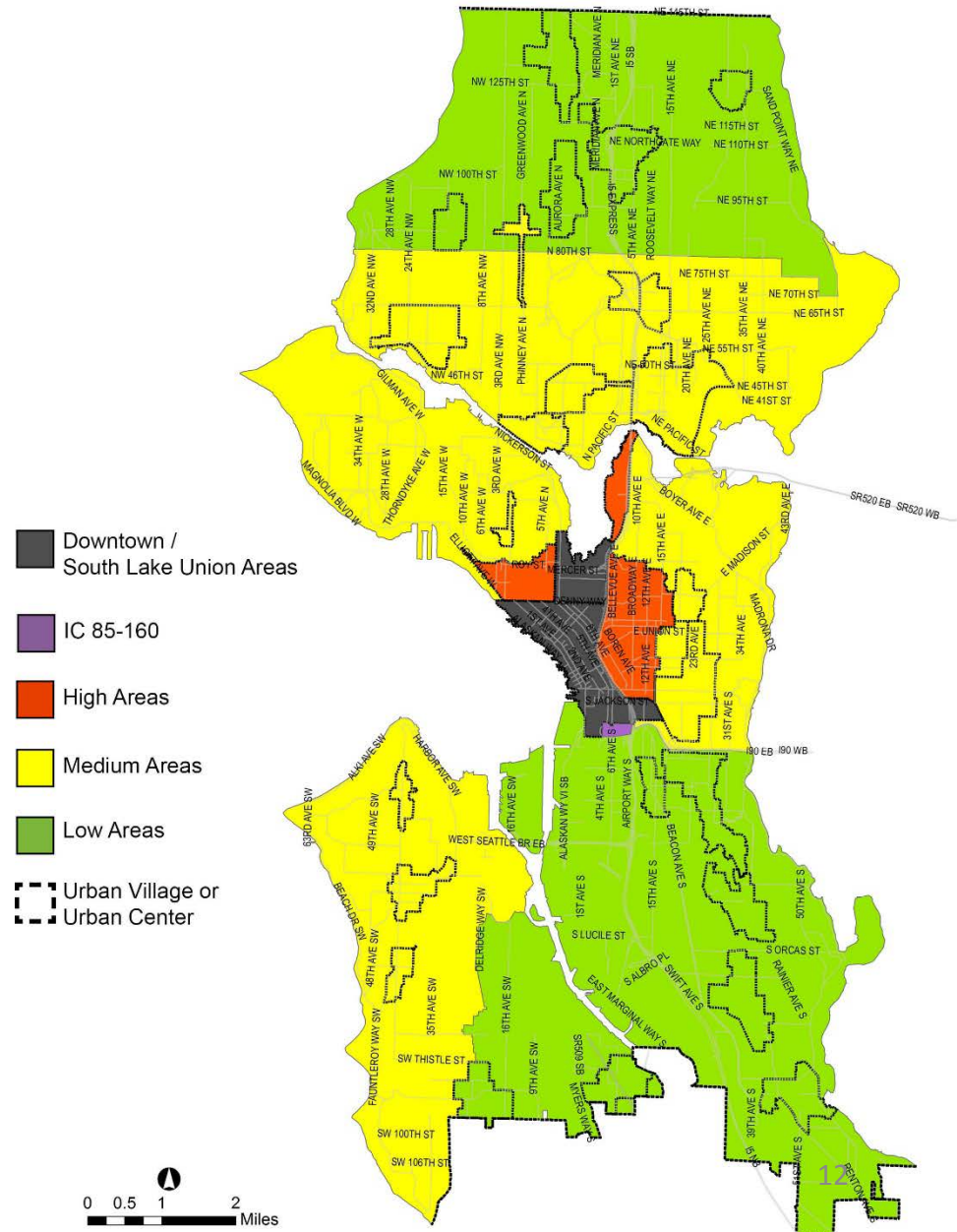


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MHA – Commercial Setting of Mitigation Amount Outside Downtown / SLU

- Varies by geographic areas
 - \$5/ gsf in low cost markets
 - \$7/ gsf in medium cost markets
 - \$8/ gsf in higher cost markets
 - \$10 / gsf in IC 85-60
- Areas delineated based on average rental rates





MHA – Commercial Scope and Applicability

- Applies to developments with > 4,000 square feet of new chargeable floor area devoted to [commercial uses](#)
- Does not apply to institutional uses, but does apply to an institution building a commercial use.
- Continued priority to activate the street in primarily residential buildings
 - Exemption for first 4,000 sf of street-level retail
 - Exemption for all required street-level retail on pedestrian designated streets
- Does not apply to
 - Residential zones (LR, MR, HR, RSL, SF)
 - Industrial zones (IB, IG)
 - Master Planned Community – Yesler Terrace (MPC-YT) zone
 - Zones where no increase in capacity is contemplated (DH1, PMM, SLU lakefront blocks)



MHA - Commercial Activating the Program

- Program is [linked to providing additional development capacity](#) through zoning changes and is activated when the program (Chapter 23.58B) is specifically referred to within the provisions of a zone
- Reference to 23.58B will be added when
 - [Land Use Code or Land Use Map](#) amendments are made to increase commercial development capacity
 - Zoning changes are sought through [contract rezones](#)
- [Minor deviations from Development Standards](#) allowed within defined limits to take advantage of new additional capacity (e.g. lot coverage, setbacks, etc.)
 - Applicant may apply for fee reduction if it demonstrates additional capacity is still not useable even with development standard modifications.



MHA - Commercial

- A **steady and predictable program** is a key component of the 'Grand Bargain' agreement
- Initial Implementation Phase (through 2017)
 - May change fees in table as increases in development capacity are further refined through 2017.
 - May adjust fees should modeling of MHA – Commercial and Residential Programs drop below shared goal of 6,000 units
- Post Implementation Review
 - Amendments subject to a Technical Review Committee process and considered if:
 - After 5 years, there is a failure to meet expectations of program performance
 - Significant positive or negative changes in the real estate market
 - Neither of above, but 10 years has passed since implementation of program



Legislation Schedule for activating Mandatory Affordable Housing Programs

Ongoing
Community
Outreach and
Engagement



Fall 2015	MHA – Commercial Framework Ordinance
Q1 2016	MHA – Residential Framework Ordinance
Q2 2016	Zoning changes in Downtown, South Lake Union and 23 rd Avenue
Q2 2016	University District Zoning Changes
Q3 2016	Seattle 2035 and consideration of Urban Village boundary changes
Q3 2016	Zoning changes in coordination with Uptown and Rainier Beach area planning
Q2 2017	Zone-wide changes to Commercial and Neighborhood Commercial, Multifamily zones, and single family areas in urban villages.

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Examples of Potential Zoning Changes to activate
Mandatory Housing Affordability programs

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Example of Potential Zoning Changes in an Urban Village to activate Mandatory Housing Affordability Programs

Existing Lowrise Multifamily Zoning

Increase amount of FAR, allowable density, or 1 extra story of height.

Existing Lowrise Neighborhood Commercial Zoning

Increase amount of FAR and 1 extra story of height.

SF Zoning Already Within Urban Village

Change to Lowrise, Residential Small Lot (RSL) zoning, or Midrise (MR) depending on neighborhood context.

SF Zoning Within Transit Walkshed

Evaluate change to Residential Small Lot (RSL) or Lowrise.

SF Zoning Other Areas

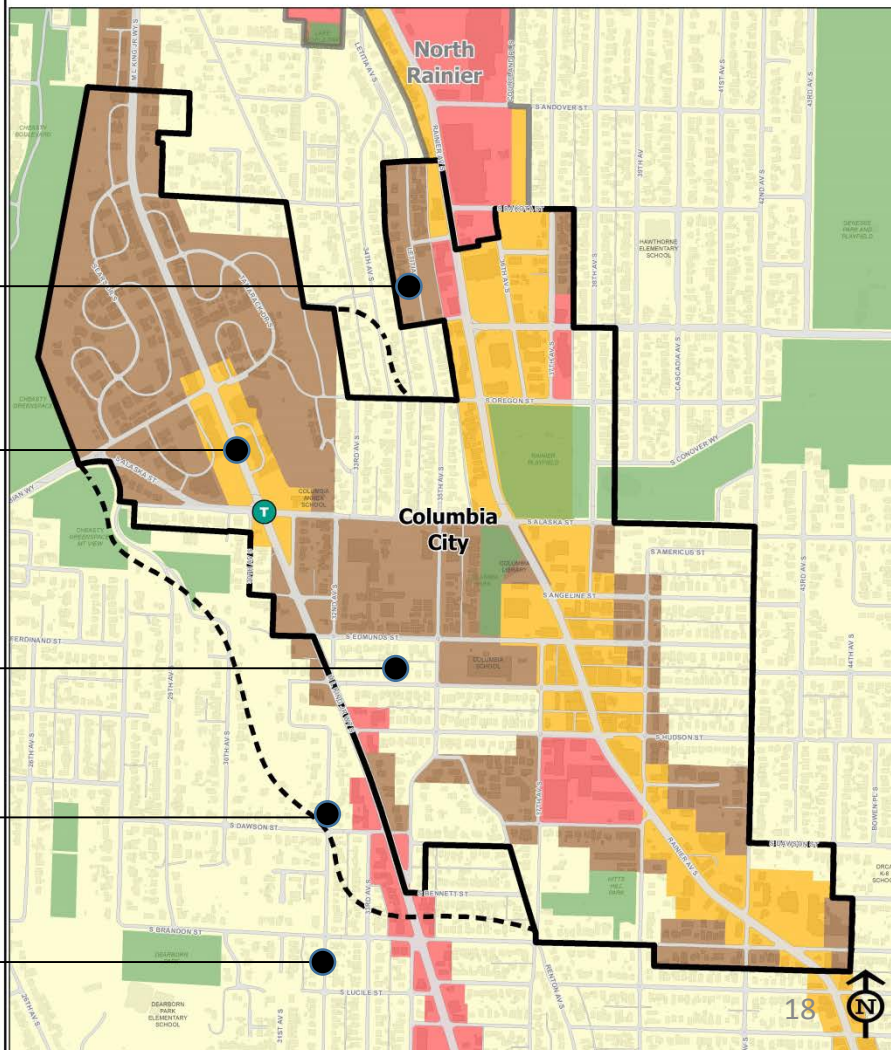
No change.

Columbia City Residential Urban Village



Current Zoning

 City-Owned Open Space	 Neighborhood Commercial NC1; NC2; NC3	 Single Family SF 5000 / 7200 / 9600
 Commercial C1; C2	 Low-Rise Multi-Family LR1; LR2; LR3	



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Example of Potential Zoning Changes in Downtown / SLU to Activate Mandatory Housing Affordability Programs

Most Downtown Zones Increase allowed FAR by ~1.0, or allowed residential floor plate size by 1,000 sq. ft.

Some Constrained Zones No increase in commercial capacity. Examples: Harborfront zones, Pike Market Mixed, SLU Lakefront blocks

Downtown Zoning

as of March 2, 2015

