

HOUSING SEATTLE

An Action Plan to Address Seattle's Affordability Crisis



Mandatory Housing Affordability through
Commercial Development

Principles of the Grand Bargain 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

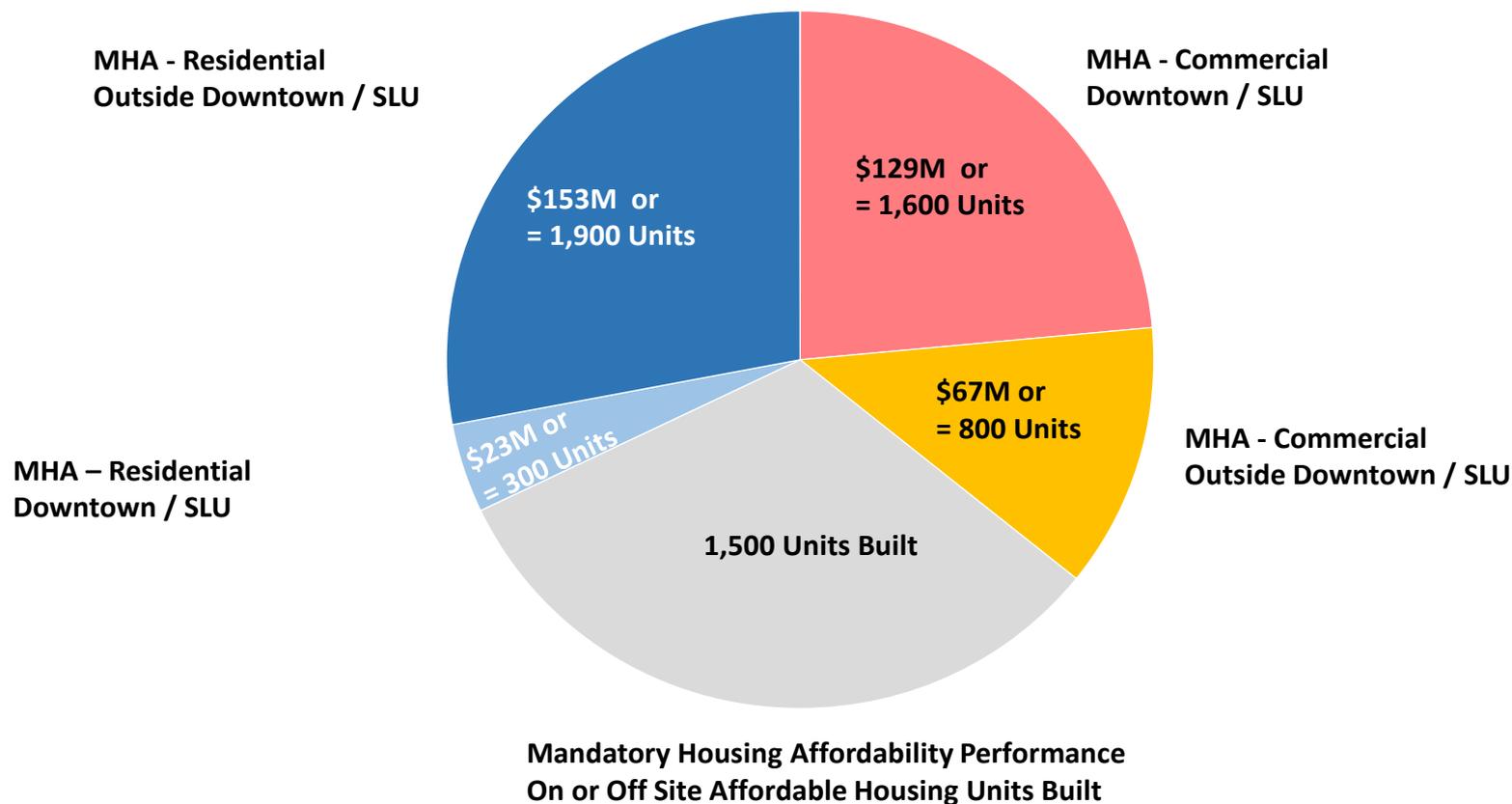
MHA - Residential Ordinance
(Mandatory Inclusionary Housing)
Early 2016

Zoning changes to activate both programs – 2016 - 2017



How much will MHA Programs Produce?

6,000 affordable housing units in 10 Years



Note: Assumes leverage from other sources is used to translate fees collected to units built.



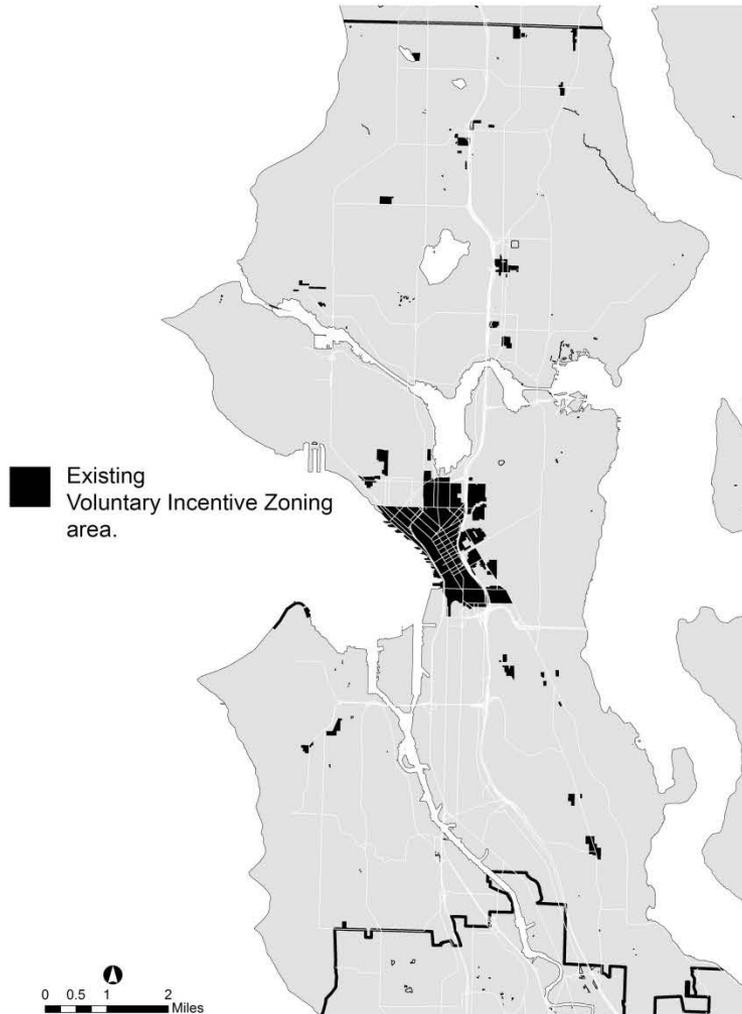
Mandatory Housing Affordability in Commercial Development (MHA – Commercial)

- 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

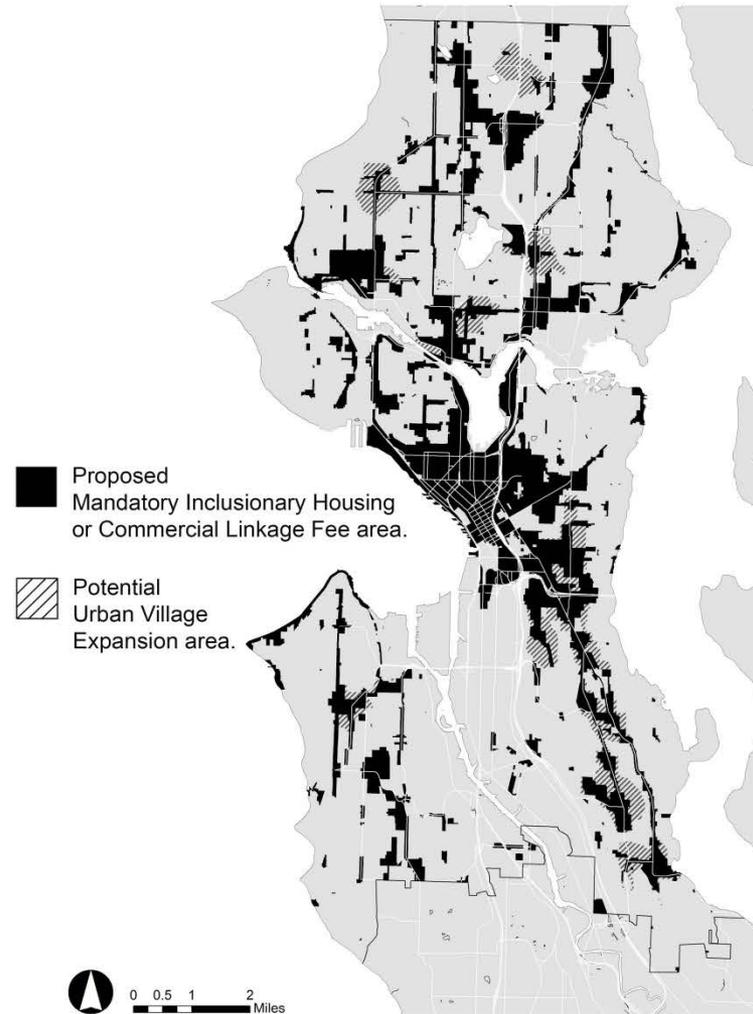
- Applies only in Downtown / South Lake Union and a few other neighborhood areas in other parts of the city.



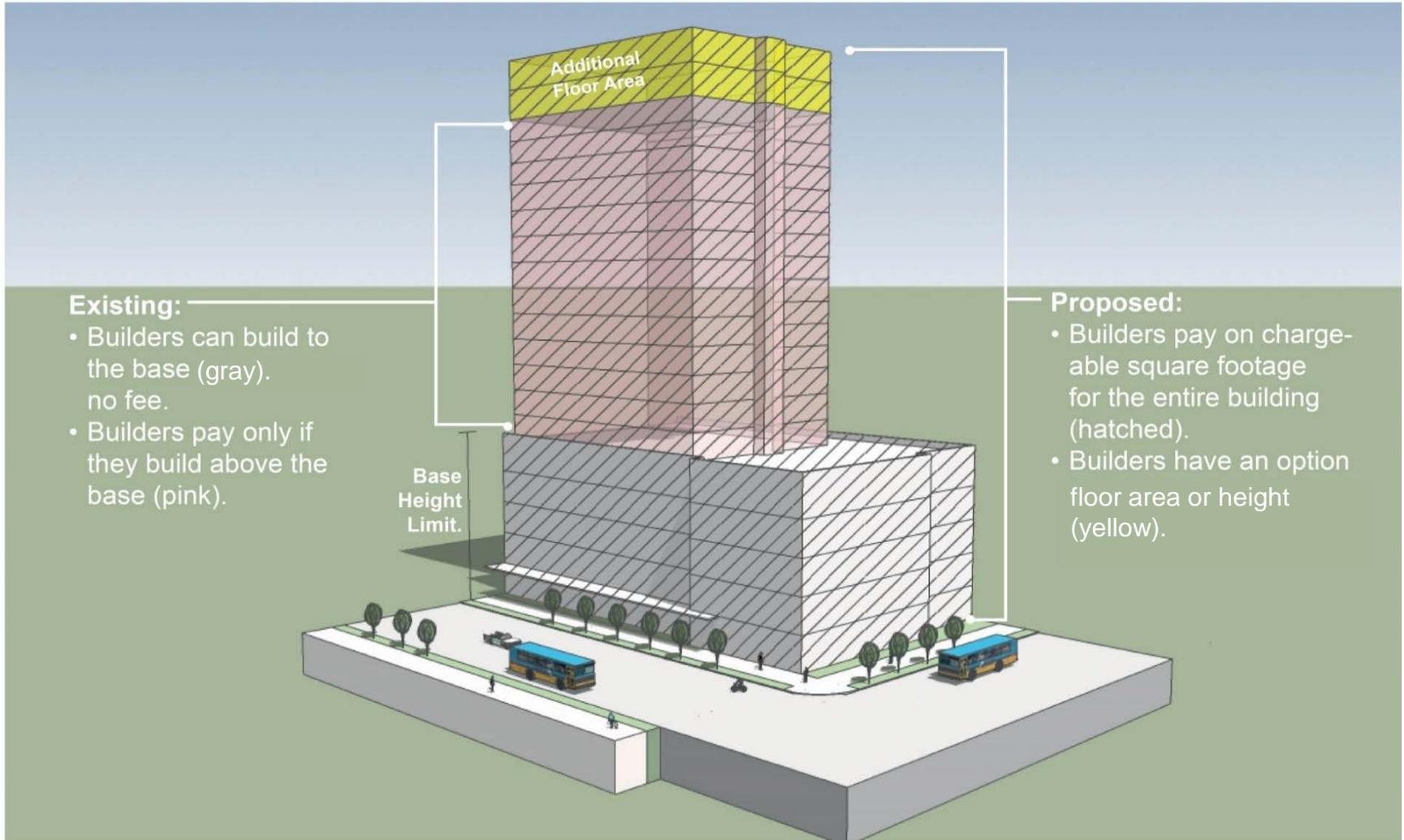
Proposed:

Affordable Housing Program Areas

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



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



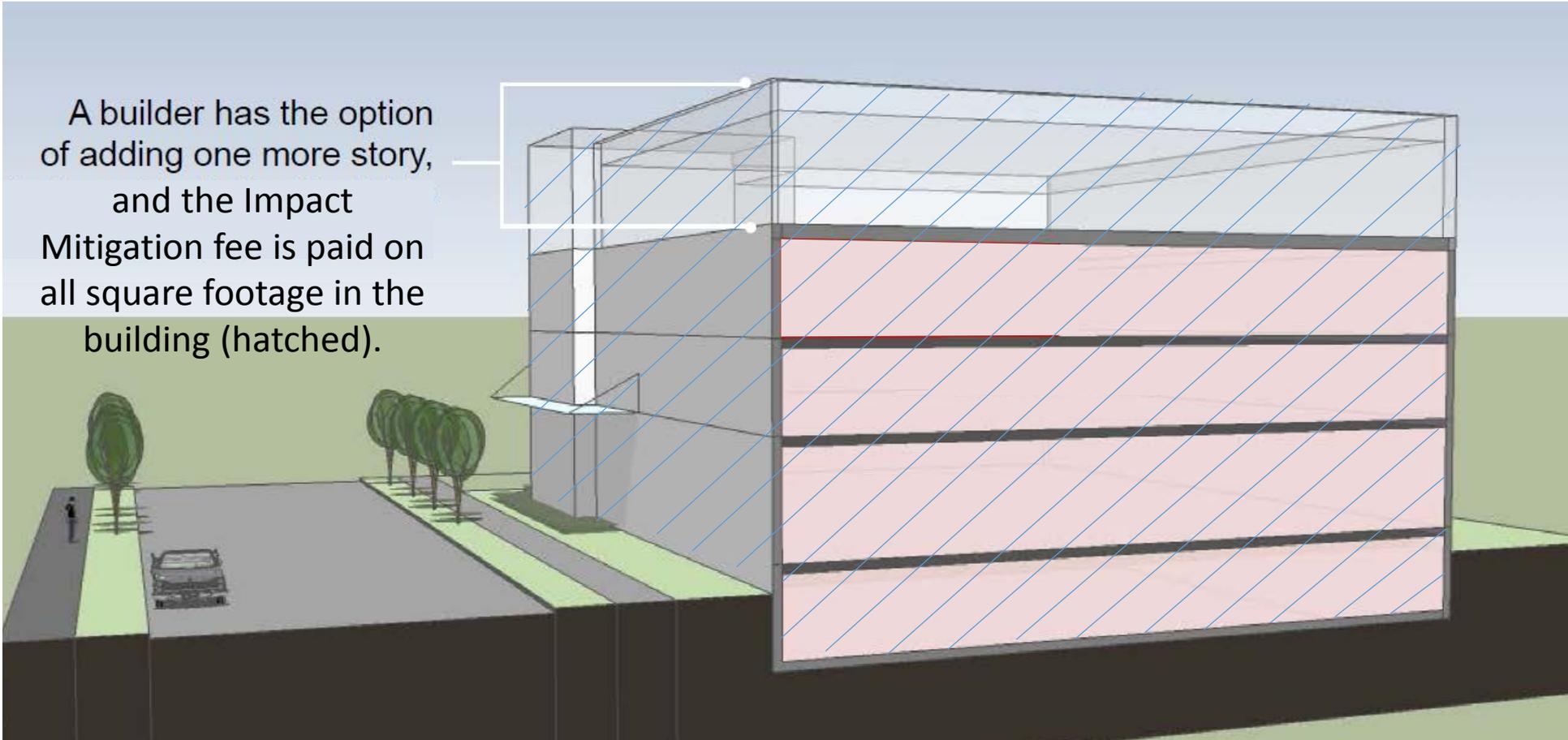
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How MHA – Commercial works: Outside Downtown / SLU with Limited Existing Incentive Zoning

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).

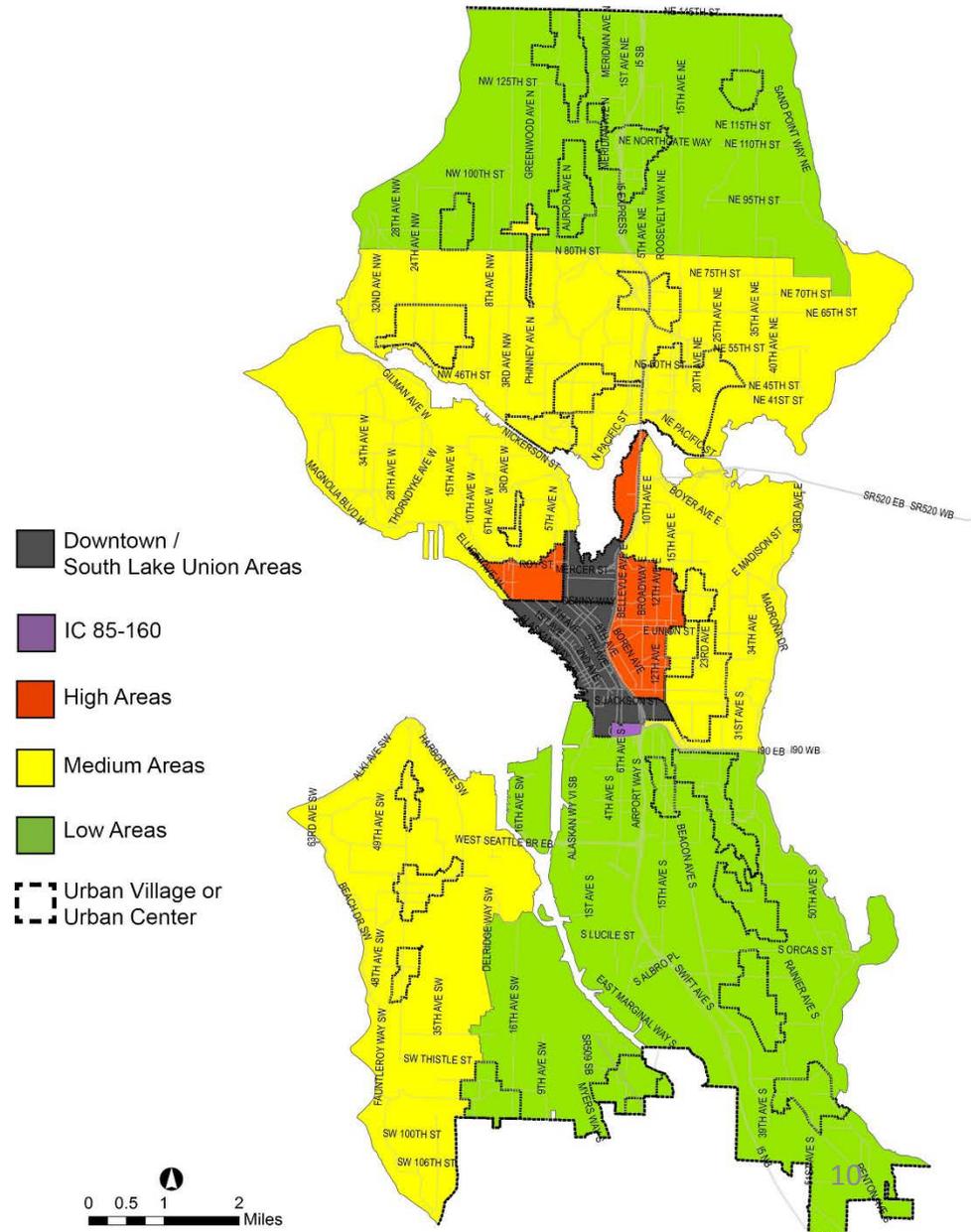


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MHA – Commercial Setting of Mitigation Amount Outside Downtown / SLU

- 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.