

City of Seattle Mandatory Housing Affordability (MHA)

a program of the
Housing Affordability and Livability Agenda



HOUSING AFFORDABILITY
AND LIVABILITY AGENDA

What is MHA?



A new program to create affordable housing units as we grow.

- Requires that all new multifamily residential and commercial development contribute to affordable housing generating more than 6,000 affordable homes over a 10 year period.
- Provides additional development capacity to partially offset the cost of these requirements
- Utilizes a state-approved approach that other local cities have used



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 – Fall 2015

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

MHA - Residential Ordinance Transmitted May 3, 2016

Zoning changes to activate both programs – 2016 - 2017

MHA-R Program Details

Summary of Legislation:

- Enabling ordinance that creates a new program
- Does not include any fees or set-asides because specific performance and payment requirements must be tied to the additional development capacity to be in line with state-approved approach
- Regulatory program under RCW 36.70A.540 (Affordable Housing Incentive Programs) and City's police powers
- Requirement is a condition of the building permit and enforceable through the Land Use Code.

Applicability:

- Applies to all new construction of residential uses; and additions/ alterations or changes of use that result in new residential units.
- Residential units include dwelling units, live/work spaces, and congregate sleeping rooms (but not Accessory Dwelling Units or Detached Accessory Dwelling Units).
- MHA-R does not apply to affordable housing projects that set aside at least 40% of their units at 60% AMI.

Relationship to Incentive Zoning:

- Incentive Zoning continues to exist.
- A developer satisfying MHA satisfies the IZ affordable housing requirement.
- Non-housing Incentive Zoning benefits such as open space, childcare, and transfer of development rights remain unchanged.

MHA-R Program Details

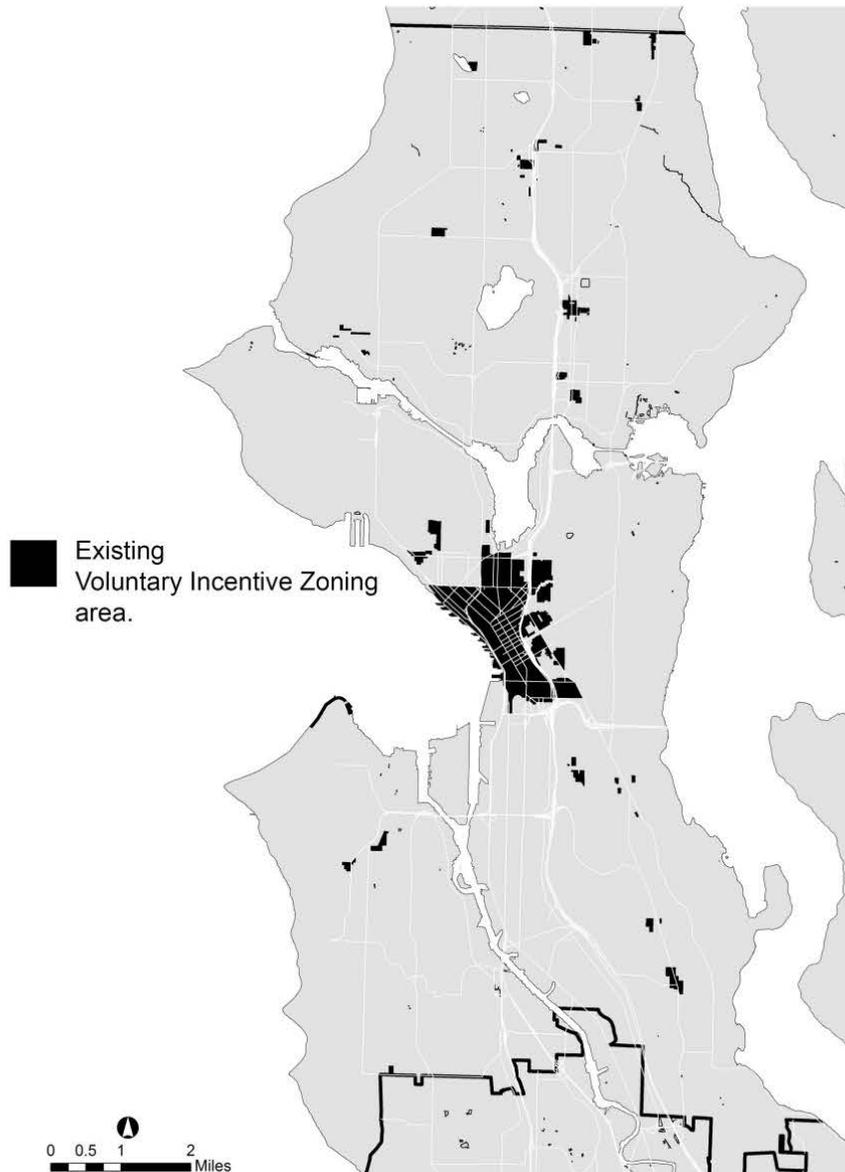
Choice between Payment and Performance

- Specific dollar amounts and percentages to be added at time of increased development capacity legislation
- **Performance Option:**
 - Onsite performance for both rental and homeownership:
 - Rental units > 400 sf = at or below 60% AMI
 - Rental units < 400 sf = at or below 40% AMI
 - Homeownership = initial sales price affordable to 65% AMI, future sales up to 80% AMI
 - Calculated as a percentage of the total residential units:
 - Up to 2 units: Choice of rounding up to two units or provide one 3+ BR (Incentivizes family sized units.)
 - 2 or more units: Choice of rounding unit fraction up or converting fractional unit to payment
 - Developers may not double count same units by overlapping MFTE and MHA programs.
- **Payment Option:**
 - Strategic investment based on
 - promoting fair housing choice and economic opportunity,
 - addressing the needs of communities vulnerable to displacement, and
 - supporting broader City strategies to promote growth near transit and within urban centers and villages.
 - Rental housing investments serve households up to 60% AMI

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.



Example: MHA Zoning Change Details

DRAFT FOR DISCUSSION
All quantities are estimates
based on one modelled
example.



Today (No MHA)...

New Development

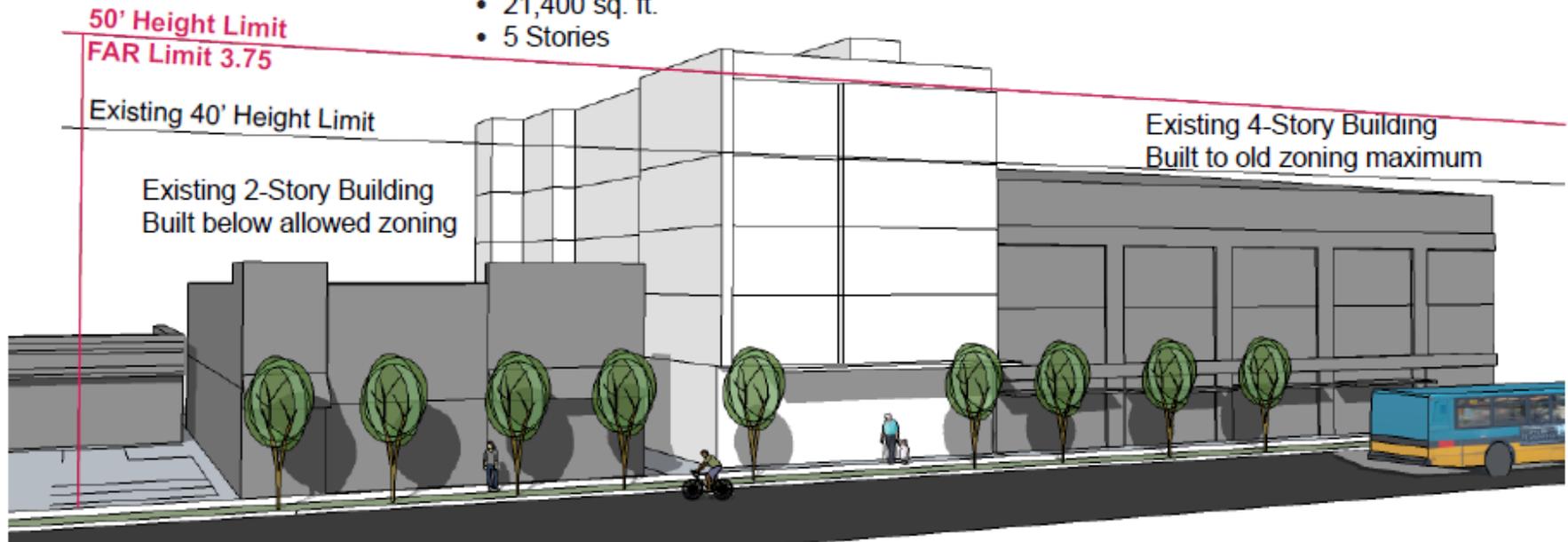
- 30 Housing Units
- **No Affordable Housing**
- 17,100 sq. ft.
- 4 Stories



With MHA...

New Development

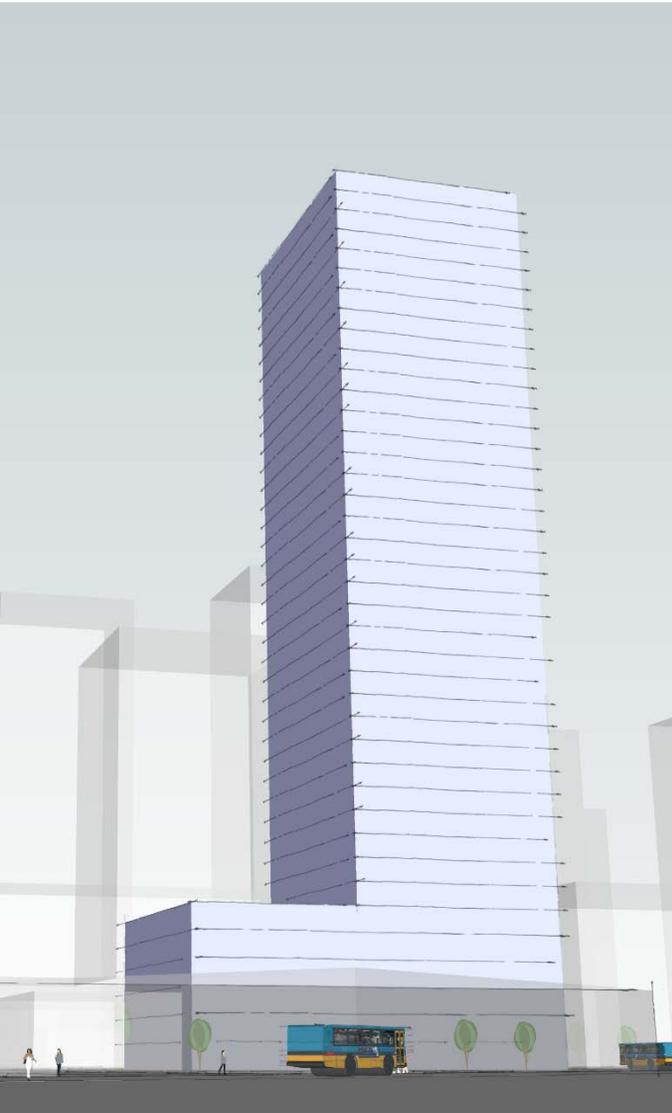
- 39 Housing Units
- **2 or 3 dedicated affordable housing units; or in-lieu payment of about \$150K - \$385K**
- 21,400 sq. ft.
- 5 Stories



Example Downtown Residential Tower



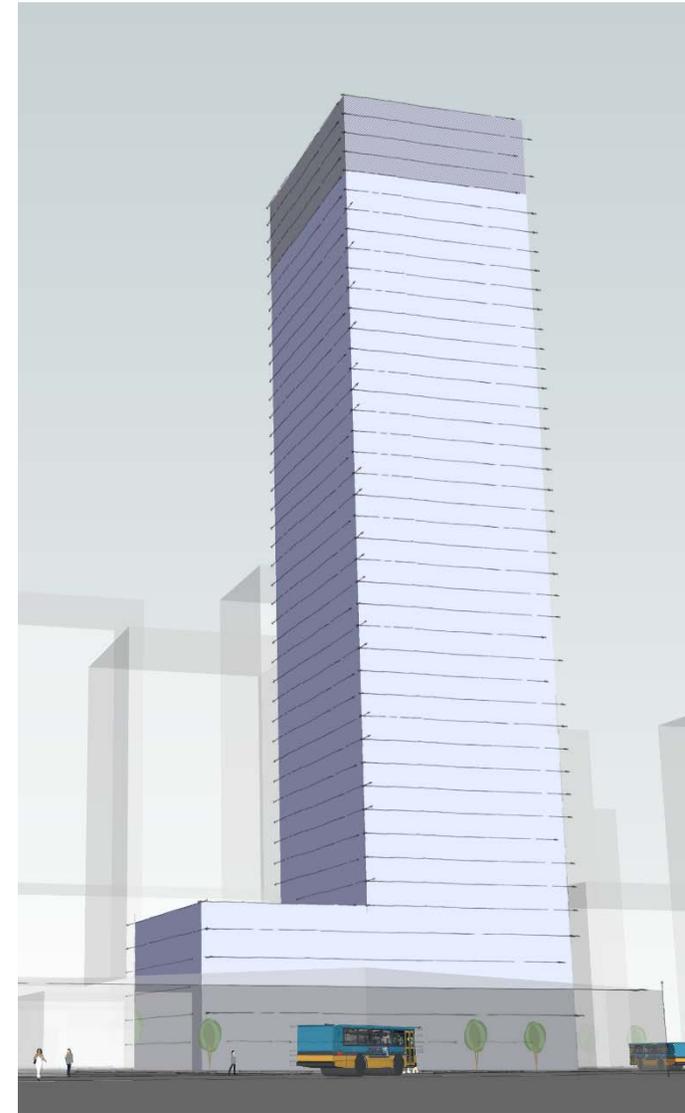
Current standards



Proposed (Option 1)



Proposed (Option 2)



Timeline for MHA-R



MHA-R Legislation – Spring/Summer 2016

- 1st briefing at PLUZ Committee on May 3rd
- 2nd PLUZ committee meeting on June 7th
- Public Hearing June 21st
- PLUZ committee vote July 19th
- Full Council vote on July 25th

DT/SLU Legislation – Summer 2016

- First zoning changes to implement both MHA-R and MHA-C programs
- Transmitted to Council July 2016

U District Area Rezone – Fall 2016

23rd Ave Area Rezone – Fall 2016

Area-wide Zoning Changes – Summer/Fall 2017