

Implementation of Mandatory Housing Affordability (MHA) in Downtown/SLU

a program of the
Housing Affordability and Livability Agenda



**2nd PLUZ
Committee
Briefing
March 7, 2017**



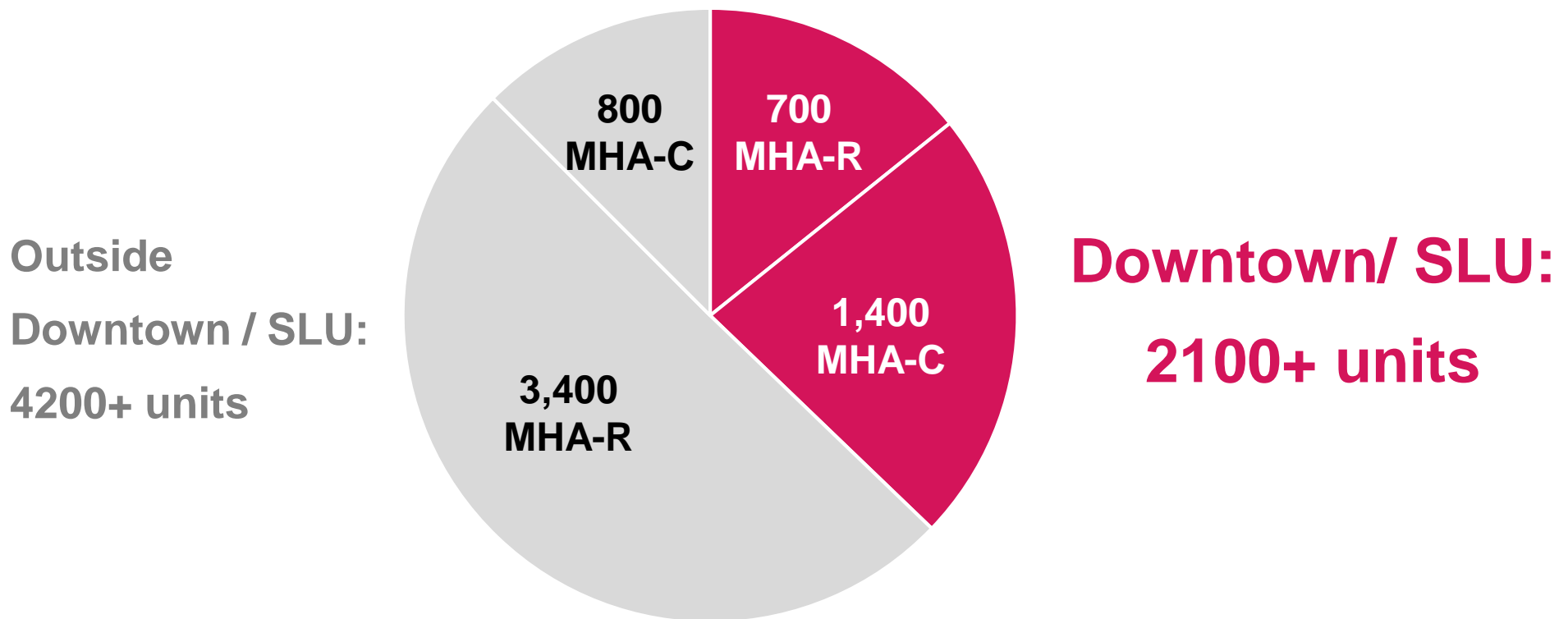
Approach is based on negotiated agreement between affordable housing organizations, market-rate developers and others aimed at balancing many factors, including:

- Needs for both affordable and market-rate units
- Existing incentive zoning fee structure has proven successful and productive
- Most Downtown/SLU zones have incentive zoning requirements that will continue to provide non-housing benefits for extra floor area
- Additional capacity is generally high-cost construction (steel and concrete, elevators, enhanced seismic requirements)
- Percent change in capacity is small compared to many areas of city
- Value of additional capacity is generally greater for commercial than residential development in Downtown/SLU
- Proposal shifts voluntary requirement on upper floors to mandatory requirement on all floors

Downtown/SLU Production

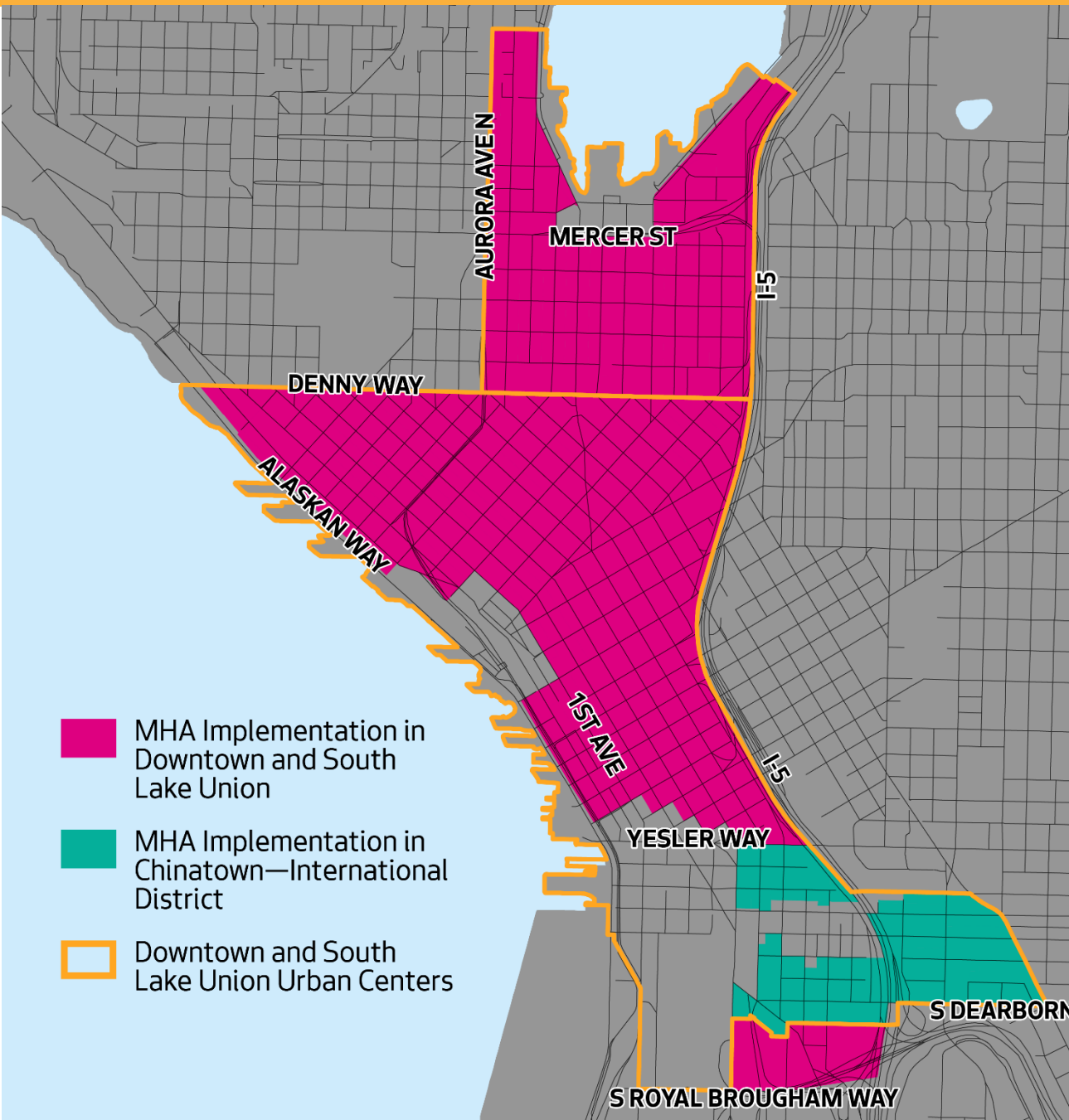


Downtown/SLU is expected to produce over one-third of the 10-year goal of 6,000 net rent- and income-restricted affordable units.



Estimated 10-Year MHA Unit Production

Areas where MHA would apply



Excludes

- Pioneer Sq and Pike Place National Historic Districts
- Pike Place view corridor
- Historic piers
- SLU lakefront
- Chinatown/ID (addressed in separate legislation)

Additional Capacity



Varies by Zone

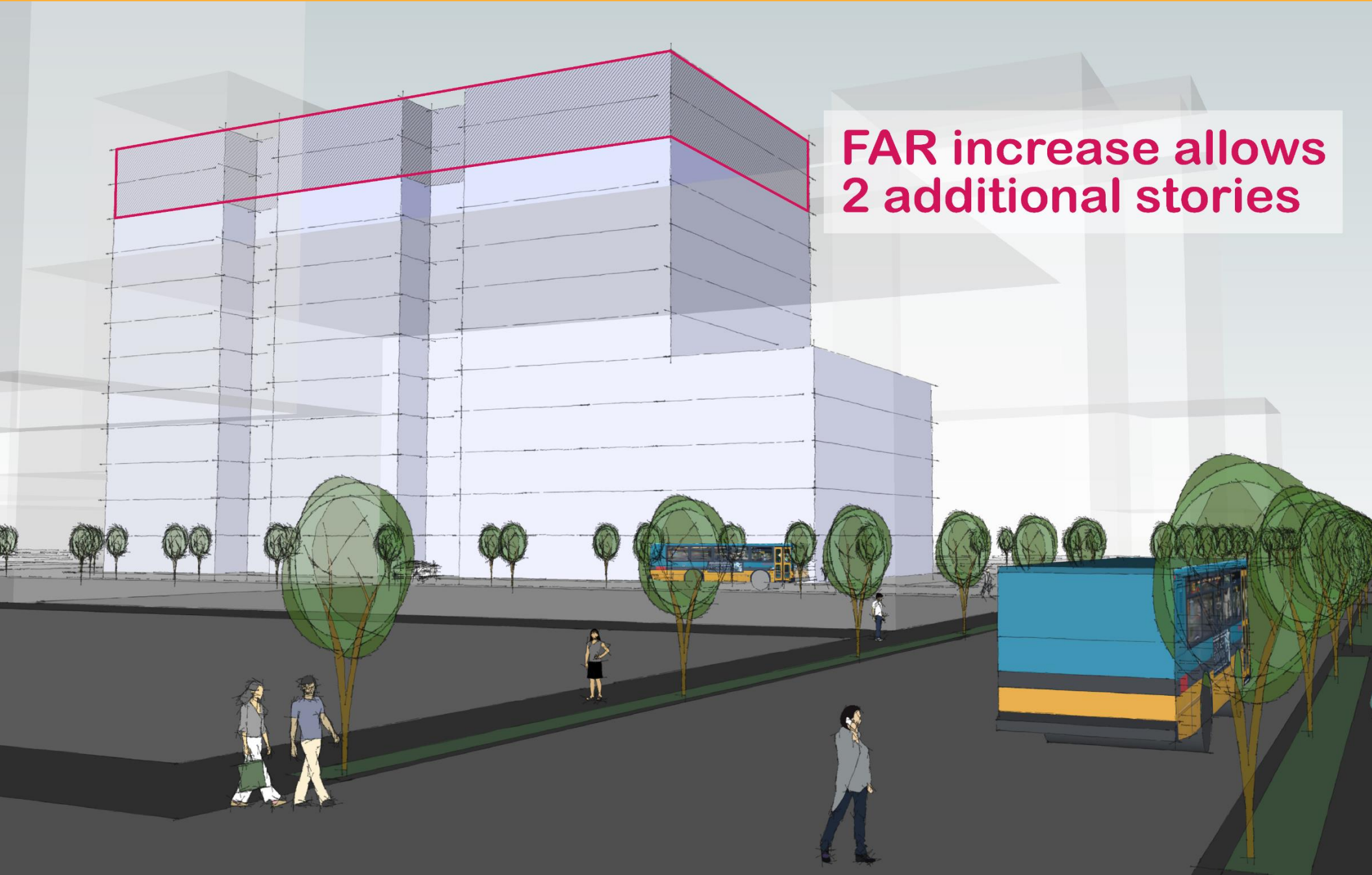
- Commercial: Additional 0.5 to 1.0 FAR
- Residential Towers: Additional Height

Zones	Capacity Increase
Zones with heights of 85 feet or less	10 feet
DMC-160	10 feet
Zones with heights of 125 or 150 feet	20 feet
Zones with heights of 240 or 400 feet	40 feet
DOC2 (Height of 500 feet)	50 feet
DOC1	1,000 sf tower floor plate

SLU 160/85-240 Commercial



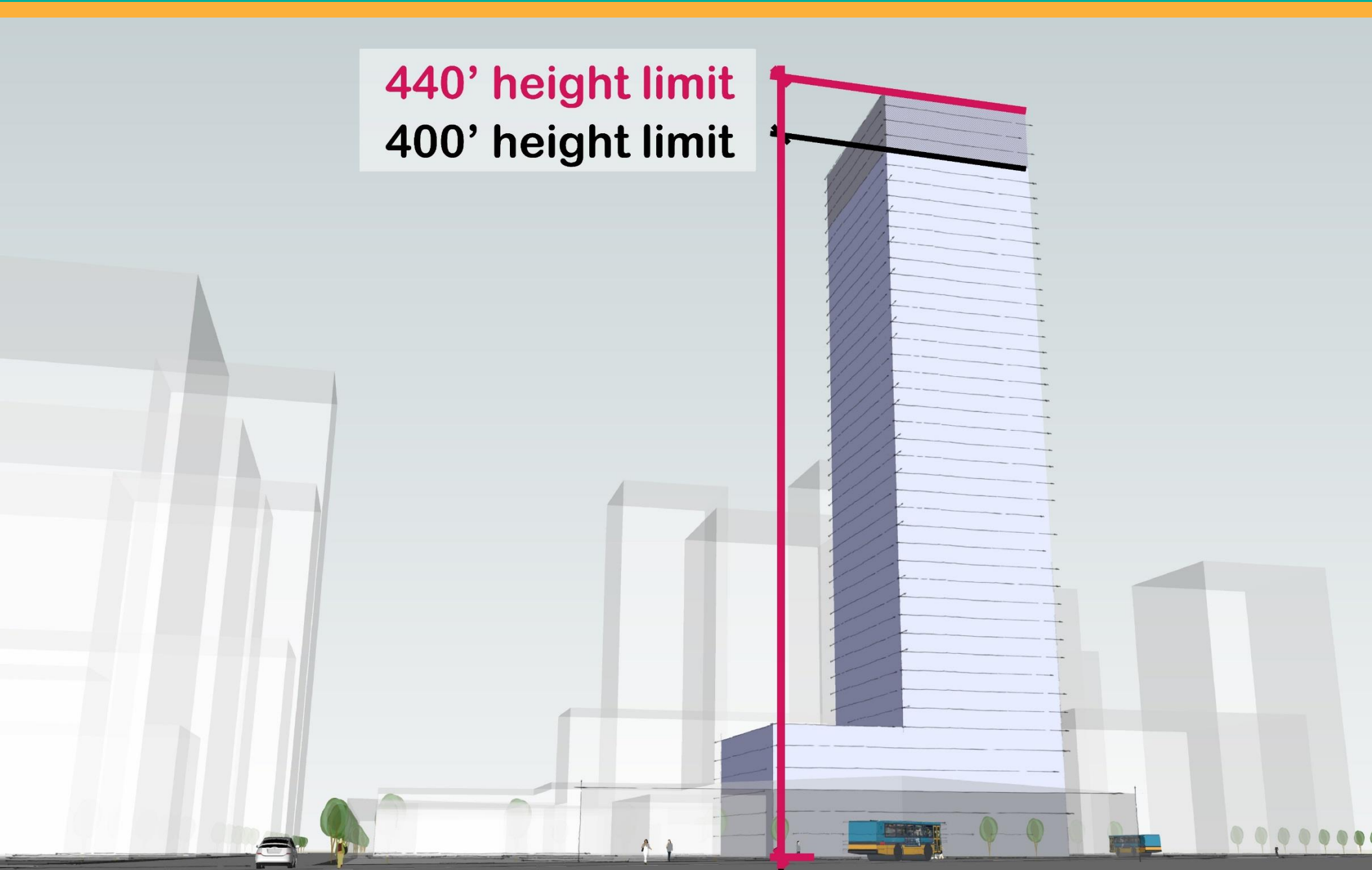
**FAR increase allows
2 additional stories**



DMC 240/290-400 Residential



440' height limit
400' height limit



DMR/C 125/65 Residential



145'
125'

Height limit increase
allows 2 additional
stories



MHA requirements



Requirements vary by zone:

	Payment Option	Performance Option	Units
Residential	\$7.50 – \$13.00*	2.9% – 5.0%*	700
Commercial	\$8.00 – \$17.50	5.0% – 10.6%	1,400

* except in DMC 160: \$5.50 and 2.1%

Incentive Zoning



Projects using additional height or floor area must:

- Acquire TDR from open space, landmarks, or regional farms and forests;
- Provide Privately Owned Public Space (POPS); or
- Provide green street improvements

Commercial properties also contribute to childcare



MHA Payment and Performance Examples



Project example	Requirement	Performance outcome	Payment outcome
35-story commercial tower <ul style="list-style-type: none"> • DOC2 zone • Half block • 550,000 gross residential square feet 	8.6% or \$14.25 per sq. ft.	74.0 affordable homes	93 affordable homes (\$7.8M)
		\$2.0M in TDR, POPS, or combination	
44-story residential tower <ul style="list-style-type: none"> • SM-SLU 240/125-440 zone • Quarter block • 630 total homes • 500,000 gross residential square feet 	3.9% or \$10.00 per sq. ft. + Incentive Zoning	24.6 affordable homes	59.4 affordable homes (\$5.0M)
		\$2.4M in TDR, POPS, or combination	

Displacement



- **The proposal will not result in significant direct displacement:**
 - Analysis identified only 7 residential buildings with a total of 78 residential units as candidates for redevelopment.
 - Scale of proposed additional capacity is not expected to significantly change the likelihood that parcels will redevelop.
- **The proposal will have a significant positive impact in relieving displacement pressures citywide:**
 - Proposal will result in estimated 2,100 new income- and rent-restricted homes over the next 10 years. These affordable homes will relieve displacement pressures for low-income residents across the city.

Outcomes



Expected outcomes from development over 20 years

- 21,000 new market-rate homes
- 53,000 new jobs
- \$90 million in TDR, open space, and Green Street investments
- **2,100 new affordable homes over 10 years**

Modifications



- **Reviewed additional capacity to make sure it was achievable**
- **Modifications address limited cases where it might not be achievable**
 - **Modifications to development standards:** allow alternative additional capacity in certain zones (ex. allow wider towers if SLU flight path prevents taller towers)
 - **Modifications to payment & performance amounts:** allows reductions of 10%-25% if development standards directly preclude use of additional capacity
 - Analysis did not identify any cases where existing standards result in reduction of payment & performance amounts
 - In no case would requirement be less than incentive zoning

Tower Race Amendment



New towers in most areas must be separated.

Under existing rules,

- Where two towers are proposed to be located in close proximity, tower separation requirement is imposed on project that is issued Master Use Permit second
- No certainty until end of process; projects in “race” to get MUP

Under proposed change,

- Requirements applied based on time of complete application of early design guidance
- Provides certainty upfront; prevents “race”

Tower Separation in DOC zones



DOC zones have no tower separation requirements. Staff considered implementing tower separation requirements for residential towers.

- Currently, there are no redevelopable lots without permits pending on blocks that currently have a residential tower. There are some lots on blocks that could accommodate two new towers.
- Developers already have an incentive to locate new residential towers as far from existing towers as possible. Tower separation generally results in preventing towers or, in some cases, requiring skinnier tower.
- Both of these results tend to reduce capacity or value which conflicts with the basic goal of MHA.
- We are proposing to update design guidelines to encourage strategies to minimize impacts.



There are several projects currently in permitting that are potentially interested in voluntarily opting to use additional capacity and meet MHA requirements.

- SDCI has created a clear process to support these projects
- We are reaching out to potential projects to help them understand process

Family Size Units



70% of condos and 20% of apartment units are 2-bedroom. Less than 1% are 3-bedroom.

- Significant subsidy would be necessary to make 3-bedroom units common, given market cost of unit compared to other options.
- No guarantee that 3-bedroom units would actually be used for families.
- Staff felt that subsidy could be better put toward smaller, affordable units rather than large, market-rate units.





Diversity of ongoing projects to support livability:

- One Center City - Mobility optimization + Public Realm Planning + Increased Transit Service
- Waterfront
- Green Street Improvements
- 3rd Avenue Improvements
- Pike Pine Renaissance Act One - pedestrian improvement
- Market to MOHAI- pedestrian corridor project from PP Market through Belltown, Denny Triangle and SLU to MOHAI
- Updates to Downtown and Belltown Design Guidelines
- Downtown School (site planning process underway)

6,000 new affordable homes



thank you.



HOUSING AFFORDABILITY
AND LIVABILITY AGENDA