



Seattle City Council

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Re: Affordable Housing

This past fall as the City Council considered a linkage fee resolution to pay for affordable housing, we received a letter dated October 13, 2014 from a number of Seattle's land-use attorneys. The attorneys objected to the resolution for legal reasons, contending that it was not a simple fee, rather it constituted an illegal tax. The attorneys ended their letter by saying "The affordable housing shortage presents a major challenge for the City, and we look forward to working with the council to find creative, lawful solutions that actually deliver more housing to the hardworking women and men who make our City function."

In response to their letter, we invited the lawyers to meet with us and our staffs to discuss the creative and lawful solutions they had in mind. We met on November 25 and December 10 where ideas were discussed and alternatives considered. We want to share with you and the HALA Committee members some of the ideas we discussed and recommendations made.

The Problem: Lack of Affordable Housing. Demographers tell us to expect thousands of new residents who will move into our city every year over the coming decades. These new residents are attracted to Seattle for many of the same reasons we are: excellent employment prospects, beautiful and varied neighborhoods, and a high quality of life.

Like many big cities including San Francisco, Boston, and New York, we do not have sufficient affordable housing stock to accommodate those who want to live here. We do not have sufficient affordable housing now, let alone to address the needs of future residents. Our goal is to increase the supply of housing, while promoting thriving and revitalized neighborhoods for the long term.

In our discussions, the land use attorneys and we agreed that we need to start with an accepted baseline to define the scope of the problem. Based on extrapolated data from the City's Office of Housing, we concurred that at least 50,000 net new units of affordable housing

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needed to be added for people with incomes ranging from 0-80% AMI over the next two decades. In fact, the Office of Housing says this number is low, and that we should be looking to increase our supply by 60,000-85,000 (0-80%AMI) total households. This includes units we need for people who are currently homeless.

To reach 60,000 – 85,000 units, we must increase our supply by over 6,000-8,500 units of affordable housing annually for the next ten years if we are to make room for the people who want to live and work in our community. If we want to extend that period to twenty years, we need 3,000-4000+ units annually to reach our goal. This will require new approaches.

During our discussions we considered various tools to expand housing supply, including the ones the City already uses successfully. For example, the Multi-Family Tax Exemption and the Housing and Family Levies have provided money and incentives to build affordable and low income housing for the past two decades. Although they have been useful, MFTE and the Housing Levy together have provided an average of only 650 units annually. That is far less than number of units needed. Therefore, expanding both the MFTE and the levy --albeit important -- will not alone allow us to reach our goal. We concur that other tools and new incentives must be considered.

As you review all the of the housing strategies over the next few months, and the City Attorney further analyzes the legal questions surrounding the proposed linkage fee, we would like to highlight options for which we already have authority and which have been considered in depth by our Planning Commission. If implemented, these options will help us build needed units of affordable housing in the near term.

1. Incentivize investments along Transit Corridors and Nodes.

We know that the lack of housing supply is partially responsible for rising housing costs, and increasing supply is fundamental to solving the problem. One practical way to increase our affordable supply is to build near the identified transit hubs in our urban villages and urban centers, and along the transit corridors.

The good news is that we don't have to start from scratch. The Planning Commission issued a report in 2010 called Seattle Transit Communities, Integrating Neighborhoods with Transit (linked here). The report "builds on the City's goals to accommodate increased jobs and housing while actively supporting urban sustainability, social equity and livability."¹ This report provides a thoughtful roadmap to accomplish what HALA is charged to do: increase housing supply while lowering overall housing costs, improving public health, supporting diversity, creating thriving neighborhoods and more.

A. Transit Oriented Development along Transit Corridors.

We suggest HALA review these recommendations from the Seattle Transit Communities Report as a foundation for renewed policy discussions, and consider implementing the

¹ Introduction, p. 4.

recommended strategies to promote livability and sustainability along the identified “nodes” and corridors. The Planning Commission spent significant time on this report but the recommendations have not to date been implemented.² This report is an excellent departure point to increase affordable units. As we have seen, a new definition of “affordable” includes transportation costs as well as rent; providing easy access to transit and other transportation alternatives keeps living costs down.

Building along our transit nodes and transit corridors will have multiple benefits. First, there is room for in-fill housing and employment centers. New communities can grow along many of our major arterials and streets, and connect to each other and to established neighborhoods with pedestrian and bicycle amenities such as Neighborhood Greenways, sidewalks, and cycletracks. Second, by extending incentives for the building of Transit Oriented Development along these corridors and in the nodes recommended by the Planning Commission, we will minimize traffic congestion and reduce overall housing and transportation costs for those living there. Third, we will also promote thriving new sustainable communities consistent with our comprehensive growth policies.

B. Affordable Housing Incentives beyond Downtown and SLU.

Next, we suggest that affordable housing incentives be extended beyond Downtown and South Lake Union. Specifically, we would encourage considering increased height of buildings³ within and along transit corridors and within the ten minute walk-sheds of these nodes, provided that such increases are considered within the context of pervious and updated neighborhood plans.

C. Negotiate for Inclusion on Site

In exchange for the height, we recommend new policies be considered to require negotiated inclusion of 10-15% affordable units within new residential and mixed-use buildings. These policies could be modeled on what other cities, including Redmond, Kirkland, and Issaquah on the eastside of Lake Washington for example, are finding successful. Redmond has negotiated hundreds of new affordable units in new projects as developers have created and profited from market rate housing. We urge that this model be reviewed and considered for application in Seattle.

We know that “inclusionary zoning” is controversial; yet it is consistent with our objectives to have decent housing for all and is something we support. As an added incentive to encourage the inclusion of substantial affordable housing units, we would like Department of Planning and Development (DPD) to offer expedited permitting. Cities including San Jose, California have found expedited permitting as an incentive successful. Our collective goal

² See, for example the Affordable Housing Action Agenda and the Addendum prepared by the Seattle Planning Commission dated February, 2008. Citations to these documents are http://www.seattle.gov/Documents/Departments/SeattlePlanningCommission/AffordableHousingAgenda/SPC_AffordableHousingRpt.pdf and <http://www.seattle.gov/Documents/Departments/SeattlePlanningCommission/AffordableHousingAgenda/Affordable%20Housing%20Action%20Agenda%20Addendum.pdf>.

³ Over 120' to address affordability demands of concrete/steel construction.

should be to encourage affordable and well-designed development where it will benefit City residents, workers and businesses most. Capitalizing on our transit corridors and nodes first will speed us along.

2. ADU's DADU's, Cottage Housing, Roommates, Tiny Houses and more

Single family neighborhoods cover 70% of Seattle's land. We have conscientiously preserved these neighborhoods and their character for decades.

As the City of Seattle looks for ways to add more than 6,000 + units of affordable housing this next decade, we must explore ways to retain neighborhood character while allowing more people to live in our neighborhoods. Our land use code currently limits ADU's, DADU's, and backyard cottages. We would like to encourage the committee to consider how adding size-appropriate housing units – with height, bulk, and distribution limitations of course – could be extended to our single family neighborhoods where transit options are available.

Parking for cars on the street has become increasingly challenging as well. As more people move in to Seattle, safe connections for pedestrians, bicyclists, and connections to transit options will become even more critical. We recognize that on-street parking for multiple cars per household is a serious challenge. As alternatives are discussed to reduce parking congestion and move people around, we recommend that participation in flexible transportation options such as Zip-Car, Car2Go and other car sharing options be explored as possible requirements of new developments or rehabilitated multi-family developments.

3. Utilize Impact Fees

Another concept for HALA to consider is impact fees. In contrast to linkage fees, impact fees are specifically allowed under current state law. Many other cities in this state assess them to mitigate the direct impacts on city infrastructure from new development, but to date Seattle does not utilize them.⁴ Impact fees cannot be used to fund affordable housing, but they can be used to pay for the capital costs of new public facilities such as roads and sidewalks; parks and recreational facilities; fire stations; and schools, in growth areas. We recommend exploring the use of impact fees as one allowable funding source to pay for facilities that will help create and support safe, connected and vibrant neighborhoods.

Conclusion

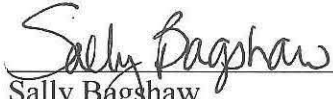
Seattle is not alone in its need to develop thousands of units of affordable housing. Most other major cities are facing similar housing challenges, and we are encouraged that the City of Seattle is creating a comprehensive housing plan that builds on our successes and learns from other cities as well. While this conversation continues, we hope that HALA members will

⁴ RCW 82.02.020-090.

consider the suggestions of our entire community – builders, housing advocates, owners and tenants – to help us reach our goals of adding thousands of units of affordable housing annually.

Thank you for your good work.

Respectfully,



Sally Bagshaw
Seattle City Councilmember



Tom Rasmussen
Seattle City Councilmember

Cc: Leslie Price, Office of Policy & Innovation