

**Summary of SEPA Draft Proposal**  
**Implementation of Mandatory Housing Affordability Requirements**  
**in Downtown and South Lake Union**  
**June 2016**

**SUMMARY**

This proposed legislation would increase development capacity and implement Mandatory Housing Affordability (MHA) requirements in Downtown and South Lake Union. This legislation is a key piece of the Housing Affordability and Livability Agenda (HALA), a multi-pronged approach to address the housing affordability crisis in Seattle. It is estimated that the proposed MHA requirements for Downtown and South Lake Union will produce more than 2,300 new affordable housing units over 10 years.

Under MHA, developers would be required to contribute to affordable housing as part of most commercial or residential development. This requirement would be met by including affordable housing within new development or paying into a fund that will support development of affordable housing. At the same time, some additional development capacity would be added in the form of an increase in the amount of height or floor area. By enacting these two changes together, the proposed legislation will both increase the supply of new market-rate housing and result in the creation of new rent- and income-restricted housing, in furtherance of the City's growth management and housing policies.

The legislation would include provisions for modifying development standards and payment and performance amounts to address limited instances in which development standards in the Land Use Code would prevent a residential development from being able to use the additional development capacity. It would also clarify existing provisions regarding which development is considered to be first when reviewing existing tower standards.

In addition to this proposed legislation, it is anticipated that the MHA requirements will be implemented in zones that allow commercial and multi-family development citywide. Separate rezone legislation for such areas outside of Downtown and South Lake Union is expected in 2017, although the MHA requirements may be implemented earlier in certain areas where rezones have been under discussion for a long time such as the University District and 23<sup>rd</sup> and Union. More information on these initiatives and HALA generally is available at: [www.seattle.gov/HALA](http://www.seattle.gov/HALA).

**PROPOSAL**

The proposed legislation would allow additional development capacity in the form of an increase in the amount of height or floor area allowed by zoning in most zones in the Downtown and South Lake Union Urban Centers, while implementing MHA requirements in those zones. Below is a summary of key aspects of the proposal.

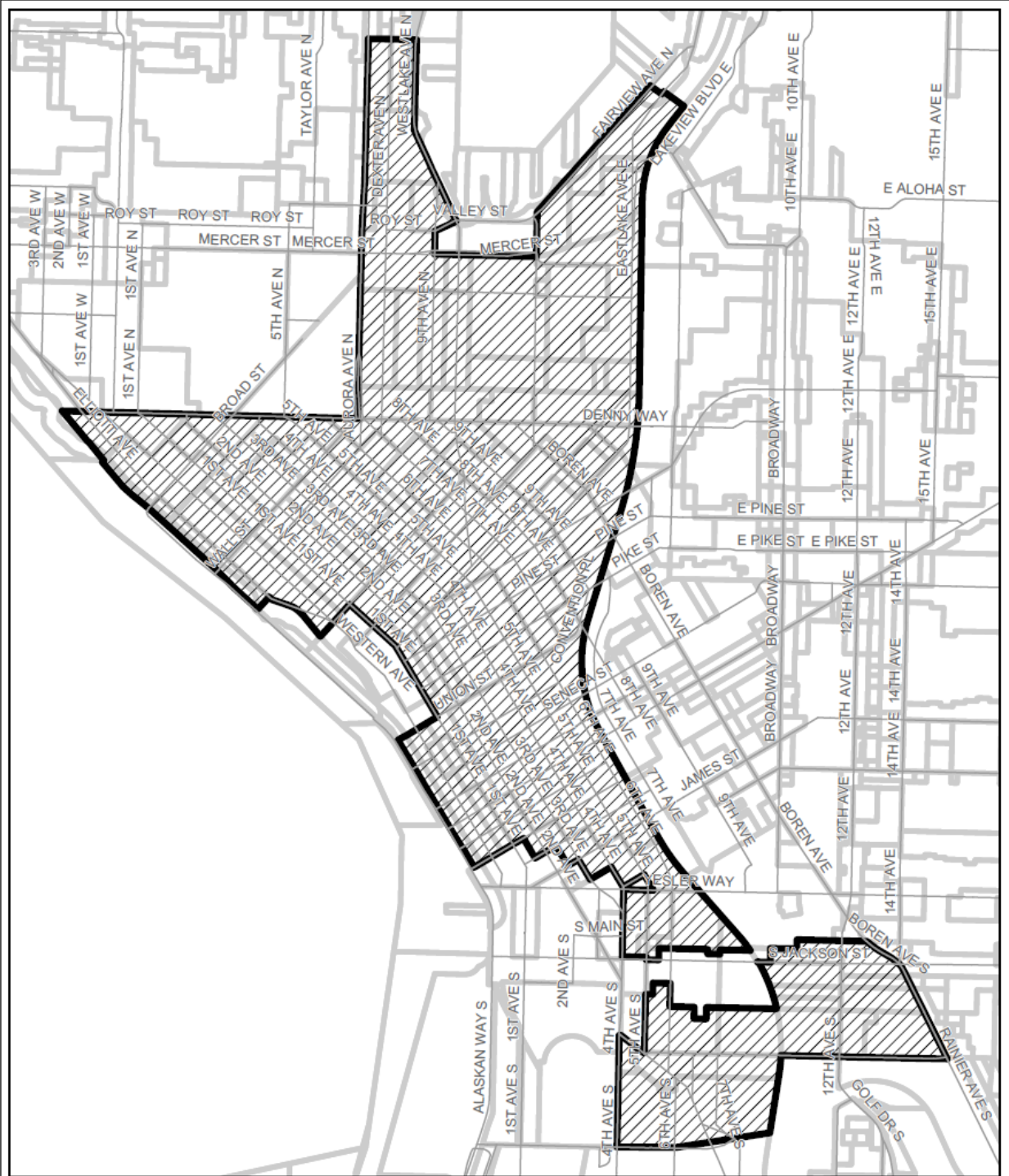
## Affected Zones

This proposal would affect all zones in the Downtown and South Lake Union Urban Centers except for the following: all Pioneer Square Mixed zones, Pike Market Mixed, DH1, DH2/55, DH2/85, SM-SLU 85/65-160, IDM 65-150, IDM 75-85, and C2-40. Most of these zones were excluded due to their location in a national historic district; however few of the zones were excluded for other reasons:

- DH1 and C2-40 zones within this area are subject to shoreline master program regulations which limit the ability to provide additional development capacity
- DH2/55 and DH2/85 zones are located in a SEPA-designated view corridor from Victor Steinbrueck Park that could have been impacted by providing additional height
- SM-SLU 85/65-160 zones are subject to specific massing view corridor regulations negotiated as part of the 2013 South Lake Union rezone
- IDM 65-150 zones are subject to specific planned community development regulations and are already built out

Additionally, this proposal would affect a limited geographic area zoned Industrial Commercial 85-160 that abuts the southern boundary of the Downtown Urban Center. While the IC 85-160 zone is outside of the Downtown and South Lake Union Urban Centers, it was included in this legislation because it is contiguous with the Downtown Urban Center, allows development similar in scale to other parts of South Downtown, and is generally separated from other adjacent neighborhoods by I-5 and the I-90 ramps.

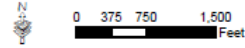
Below is a map depicting the affected zones.



**Areas being Rezoned  
MHA Implementation in  
Downtown and South Lake Union**



**Rezoned Area**



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## Development Capacity

Additional development capacity would be given in each zone that is subject to MHA affordable housing requirements. The chart below details the additional capacity that would be added for each zone where the affordable housing requirements apply. Analysis conducted as part of the MHA Downtown and SLU Urban Design Study (which is available at [www.seattle.gov/hala/policies](http://www.seattle.gov/hala/policies)) suggests this proposal would increase the overall development capacity in Downtown and South Lake Union by about 9% overall.

In some zones that allow towers, the SEPA materials analyze two different options for providing additional residential capacity. One option would allow taller towers and the other would allow wider towers. The final legislation forwarded to Council is anticipated to contain one of these options, not both. Both options were studied as part of SEPA to provide additional documentation of the impacts of each approach and to allow additional time for feedback on this proposal. Visual analysis of the different options is included in the MHA Downtown and SLU Urban Design Study. The proposal for additional development capacity is shown in Table A. Where two options were studied under SEPA, the table list both options separated by an “OR”.

**Table A: Summary of Development Capacity Increases**

Current Zone Name	New Zone Name	Additional Capacity	
		Residential	Commercial
DH2/65	DH2/75	10 feet height	10 feet height
DMC-65	DMC 75	10 feet height	1 FAR and 10 feet height
DMC-85	DMC 95	10 feet height	1 FAR and 10 feet height
DMC 85/65-150	DMC 85/65-160	10 feet height	1 FAR increase
DMC-125	DMC 145	20 feet height	1 FAR and 20 feet height
DMC-160	DMC 170	10 feet height	1 FAR and 10 feet height
DMC 240/290-400	DMC 240/290-440	40 feet height <u>OR</u> 1,000 foot increase in the average tower floor plate	1 FAR
DMC 340/290-400	DMC 340/290-440	40 feet height <u>OR</u> 1,000 foot increase in the average tower floor plate	1 FAR
DMR/C 65/65-85	DMR/C 75/75-95	10 feet height	0.5 FAR and 10 feet height
DMR/C 65/65-150	DMR/C 75/75-170	20 feet height and 10% increase in tower floor plate above 125 ft <sup>1</sup>	0.5 FAR and 10 feet height
DMR/C 85/65	DMR/C 95/75	10 feet height	0.5 FAR and 10 feet height
DMR/C 125/65	DMR/C 145/65	20 feet height <sup>1</sup>	0.5 FAR
DMR/C 240/125	DMR/C 270/125	30 feet height and 10% increase in tower floor plate above 125 feet	0.5 FAR
DMR/R 85/65	DMR/R 95/65	10 feet height <sup>1</sup>	0.5 FAR
DMR/R 125/65	DMR/R 145/65	20 feet height <sup>1</sup>	0.5 FAR
DMR/R 240/65	DMR/R 270/65	30 feet height and 10% tower floor plate	0.5 FAR
DOC1 U/450/U	DOC1 U/450-U	1,000 sf tower floor plate	1 FAR
DOC2 500/300-500	DOC2 500/300-540	40 feet height <u>OR</u> 1,000 foot increase in the average tower floor plate	1 FAR
DRC 85-150	DRC 85-170	20 feet height <sup>1</sup>	1 FAR

IC 85-160	IC 85-175	none	0.5 FAR and 15 feet height
IDM 75/85-150	IDM 85/85-170	20 feet height	1 FAR and 10 feet height
IDM 150/85-150	IDM 150/85-170	20 feet height	1 FAR and 15 feet height
IDR 45/125-240	IDR 45/125-270	30 feet height and 5% increase in coverage above 125 ft <sup>1</sup>	0.5 FAR
IDR 150	IDR 170	20 feet height*	0.5 FAR
IDR/C 125/150-240	IDR/C 125/150-270	30 feet height and 5% increase in coverage above 125 ft <sup>1</sup>	1 FAR
SM-85	SM-SLU 95	10 feet and 0.75 FAR	0.5 FAR and 15 feet height
SM-125	SM-SLU 145	20 feet height and 1.5 FAR	0.5 FAR and 20 feet height
SM-SLU 85/65-125	SM-SLU 100/65-145	20 feet height <u>OR</u> 1,000 foot increase in the average tower floor plate	0.5 FAR and 15 foot height
SM-SLU 85-240	SM-SLU 85-270	30 feet height <u>OR</u> 1,000 foot increase in the average tower floor plate	None
SM-SLU 160/85-240	SM-SLU 175/85-270	30 feet height <u>OR</u> 1,000 foot increase in the average tower floor plate	1 FAR and 15 foot height
SM-SLU 240/125-400	SM-SLU 240/125-440	40 feet height <u>OR</u> 1,000 foot increase in the average tower floor plate	1 FAR
SM-SLU/R 55/85	SM-SLU/R 65/95	10 feet height	10 feet height

<sup>1</sup> In these zones, height breakpoints for coverage and floor plate limits would also be modified

### Affordable Housing Requirements

Applicable development in zones where development capacity is increased will be required to contribute to affordable housing by either constructing units of affordable housing (the performance option) or paying into a fund used to support development of affordable housing (the payment option). Specific standards for using either the payment or performance option are included in Seattle Municipal Code Chapter 23.58B for commercial development and will be included in Chapter 23.58C for residential development as part of legislation that is currently being considered by Council. The performance and payment requirements vary by zone and are shown in Table B.

All affordable housing provided through the performance option must meet a set of standards outlined in Seattle Municipal Code Chapters 23.58B and (upon adoption of the MHA-R framework) 23.58C. In general, it is anticipated that affordable housing units would be rent- and income-restricted for 50 years and would be affordable to households with incomes less than 40% of AMI for rental units less than 400 square feet in size, 60% of AMI for rental units 400 square feet or larger, or 80% of AMI for ownership units. Units would have to be distributed through the building and be comparable to other market-rate units.

Developers that choose to use the payment option would be required to provide a cash contribution to the City that would be used to provide affordable housing. The Office of Housing will deposit all cash contributions into a special account established solely for the purpose of supporting housing for (in the case of both MHA-C and MHA-R) renter households with incomes at or below 60% of AMI, or (in the case of MHA-R only) owner households with incomes at or below 80% of AMI. When determining the location of affordable housing funded with cash contributions, the Office of Housing is required to consider the following factors:

1. Affirmatively furthering fair housing choice
2. Locating within an urban center or urban village
3. Locating in proximity to frequent bus service or current or planned light rail or street car stops
4. Furthering City policies to promote economic opportunity and community development and addressing the needs of communities vulnerable to displacement

**Table B: Summary of Payment and Performance Amounts**

Zone	Residential (adopted in the proposed legislation)		Commercial (set forth in Chapter 23.58B)	
	Payment (per Sq Ft)	Performance (% of units)	Payment (per Sq Ft)	Performance (% of area)
DH2/65	\$ 12.75	5.0%	\$ 15.00	9.1%
DMC-65	\$ 12.75	5.0%	\$ 8.25	5.0%
DMC-85	\$ 12.75	5.0%	\$ 8.00	5.0%
DMC 85/65-150	\$ 10.00	3.9%	\$ 11.50	7.0%
DMC-125	\$ 13.00	5.1%	\$ 10.00	6.1%
DMC-160	\$ 5.50	2.1%	\$ 8.00	5.0%
DMC 240/290-400	\$ 8.25	3.2%	\$ 10.00	6.1%
DMC 340/290-400	\$ 8.25	3.2%	\$ 12.75	7.7%
DMR/C 65/65-85	\$ 7.25	2.8%	\$ 9.75	5.9%
DMR/C 65/65-150	\$ 8.50	3.3%	\$ 9.75	5.9%
DMR/C 85/65	\$ 12.75	5.0%	\$ 17.75	10.8%
DMR/C 125/65	\$ 11.75	4.6%	\$ 17.75	10.8%
DMR/C 240/125	\$ 10.75	4.2%	\$ 14.50	8.8%
DMR/R 85/65	\$ 12.75	5.0%	\$ 14.00	8.5%
DMR/R 125/65	\$ 11.75	4.6%	\$ 16.25	9.9%
DMR/R 240/65	\$ 10.75	4.2%	\$ 16.25	9.9%
DOC1 U/450/U	\$ 12.00	4.7%	\$ 15.00	9.1%
DOC2 500/300-500	\$ 10.00	3.9%	\$ 14.50	8.8%
DRC 85-150	\$ 10.00	3.9%	\$ 13.50	8.2%
IC 85-160	N/A		\$ 10.00	6.1%
IDM 75/85-150	\$ 8.25	3.2%	\$ 8.00	5.0%
IDM 150/85-150	\$ 8.25	3.2%	\$ 12.75	7.7%
IDR 45/125-240	\$ 8.25	3.2%	\$ 10.00	6.1%
IDR 150	\$ 9.50	3.7%	\$ 10.00	6.1%
IDR/C 125/150-240	\$ 7.50	2.9%	\$ 8.00	5.0%
SM-85	\$ 7.50	2.9%	\$ 8.00	5.0%
SM-125	\$ 7.75	3.0%	\$ 9.25	5.6%
SM-SLU 85/65-125	\$ 7.75	3.0%	\$ 8.00	5.0%
SM-SLU 85-240	\$ 9.75	3.8%	\$ 8.00	5.0%

SM-SLU 160/85-240	\$ 9.75	3.8%	\$ 11.25	6.8%
SM-SLU 240/125-400	\$ 10.00	3.9%	\$ 10.00	6.1%
SM-SLU/R 55/85	\$ 12.75	5.0%	\$ 8.25	5.0%

**Modifications**

OPCD comprehensively reviewed applicable development standards in the Downtown and South Lake Union zones in which residential development capacity is proposed to be increased, in order to determine whether any development standards could preclude the additional capacity from being achieved. OPCD identified only a few, very limited situations in which this could occur. The proposal addresses these situations through a two-step process. First, the proposal includes provisions for certain zones under which, if certain identified development standards would prevent a development from achieving certain measures of capacity (for example, a certain average tower floor plate size), other development standards would be modified (for example, slightly increasing the height above which a development is considered a tower). OPCD expect that these provisions would ensure the additional residential development capacity could be achieved in virtually every case. Second, to address a scenario where that did not occur, the proposal includes a provision by which payment and performance amounts under the MHA-R program would be modestly reduced if a development could not achieve certain size thresholds.

*Modifications to Development Standards*

The specific modifications to development standards that would be allowed will vary based on whether the additional development capacity provided for towers allows taller tower or wider towers. Below is a summary of the modifications that would be allowed if taller towers were allowed.

- In a DMC 240/290-400, DMC 340/290-400, SM-SLU 85-240, or SM-SLU 240/125-400 zone or in a SM-SLU 160/85-240 zone located outside of the South Lake Union Seaport Flight Corridor where development standards, such as limits on the number of towers per block, tower separation requirements, or setbacks, would prohibit a tower or would result in a tower less than 7,500 square feet in area, the maximum height for structures that would be allowed without meeting tower standards would be increased by 10 feet. This allowance would change the height limit for structures that do not meet tower standards from 160 to 170 feet in DMC 240/290-400 and DMC 340/290-400 zones and from 125 to 135 feet in the SM-SLU 240/125-400 zone and from 85 to 95 feet in SM-SLU 85-240 and SM-SLU 160/85-240 zones and from 65 to 75 feet in SM-SLU 85/65-125 zones.
- For projects in a SM-SLU 160/85-240 zone located in South Lake Union Seaport Flight Corridor that could not achieve their maximum height, the average gross floor area of all stories with residential use above the podium height would be allowed to increase by 10%. If the project could not use the 10% increase due to development standards in Title 23, the maximum height for structures that would be allowed without meeting tower standards would be increased by 10 feet. This allowance would change the height limit for structures that do not meet tower standards from 85 to 95 feet.

### *Modification of payment and performance amounts*

A reduction of the payment and performance amounts would be allowed if development standards in Title 23 would prohibit use of the additional development capacity that was provided as part of this proposal, even after the modifications to development standards were considered. The maximum reduction would be 10% for zones that currently have incentive zoning and 25% for zones that don't. The actual percent reduction would be based on the percentage of the additional development capacity that a development is unable to access due to development standards in the Land Use Code.

### **Tower Vesting Clarification**

Under existing rules in certain zones, new towers must be separated from existing towers by specified distances and, in some cases, may not be located on the same half block as an existing tower. Where two towers are proposed to be located in close proximity, the City relies on the provisions of Seattle Municipal Code Section 23.48.245 for Seattle Mixed zones and Section 23.49.058 for Downtown zones to determine which project is first (and is not subject to separation and maximum number rules) and which project is second (and must be set back from the other tower or may not be allowed to have towers at all). Currently, this decision is generally based on which project is issued a master use permit first. This situation poses difficulties when projects have similar timelines since the project applicants do not know until the end of the permit process whether they will be able to build the project they are proposing.

This proposal would change the point in the permit process that would be used for determining which proposal is first for purposes of tower regulations. This proposal would change the requirements such that it would be considered first once a complete application for early design guidance has been filed, which is substantially earlier in the permit process. This would ensure that the standard would be based on who submitted first (which is in the control of the applicant) rather than which permit got through the permit process faster.