Seattle
Office of Housing

2025 Mandatory Housing Affordability Annual Report

July 2026

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Executive Summary

Mandatory Housing Affordability (MHA) creates homes that rent or sell at prices affordable to households with incomes below levels not typically served by market-rate residential development in Seattle. As an inclusionary zoning strategy, it mitigates some affordable housing needs associated with new development. MHA requirements apply to commercial and residential development in certain areas where upzones have increased development capacity.

Developers satisfy MHA requirements either through the performance option or the payment option. Those who choose the performance option include some number of affordable apartments or for-sale homes in their developments. Both options ensure long-term affordability of the housing provided. MHA funds contributed through the payment option are then awarded by the Seattle Office of Housing (OH) for production and preservation of housing affordable to income-eligible individuals and families.

Although current real estate development market conditions are the toughest in MHA's short history, MHA requirements continue to achieve meaningful, inclusionary outcomes for people struggling to afford housing in Seattle.

Building permits were issued for several large multifamily projects in 2025, which boosted MHA payment contributions by $22.4 million from the prior year. MHA production for the 2025 calendar year is as follows:

- $47.0 million contributed through the payment option (nearly double the amount for 2024);
- $26.7 million of MHA funding was awarded for Beacon Crossing (125 affordable apartments); and
- 86 affordable homes committed through the performance option (roughly 15 percent decrease from 2024).

For projects with building permits issued since inception of MHA through December 31, 2025, MHA payment contributions total $378.6 million and MHA performance agreements total 598 affordable homes. The Office of Housing has awarded $334 million for 4,649 new affordable homes (4,536 rental apartments and 113 ownership units). As of December 31, 2025, 343 of the 598 MHA performance units (57 percent) and 3,258 of the 4,649 MHA-funded units (70 percent) have completed construction.

Approximately one-third of MHA payments received by the Seattle Office of Housing from MHA inception through December 31, 2025 ($122.5 million) is for lowrise development. Seattle's Lowrise (LR) zones are largely favored for lower density development, especially townhomes, with project sizes averaging four units in LR1 and LR2 zones and ten units in LR3 zones. Unlike other zones, LR zone MHA payments have remained steady, averaging $21.2 million annually for building permits issued in years 2021 to 2025.

Residential development accounts for close to nine of every ten dollars of MHA payment contributions. Roughly 10 percent of MHA payment contributions are from commercial development.

Neighborhood Commercial (NC) and other midrise zones perform best for production of affordable rental housing through both the MHA performance and payment options.

Section 1: About Mandatory Housing Affordability (MHA)

Section 1.1 – What is MHA?

Mandatory Housing Affordability (MHA) creates homes that rent or sell at prices affordable to households with incomes below levels not typically served by market-rate residential development in Seattle.

MHA is Seattle's mandatory inclusionary zoning. As market-rate development is built, inclusionary zoning combats shortages of affordable housing, reduces income inequality, and prevents displacement of low-income workers. Similar policies exist in other high-cost cities, including New York City, San Francisco, Boston, and Washington DC. Incentive zoning and other enhanced land use tools, like commercial linkage fees and value capture, are common in Europe.

MHA requirements apply to new development in multifamily and commercial zones in many parts of Seattle. MHA mitigates some of the need for affordable housing associated with new development. MHA requirements apply to commercial and residential development in certain areas upzoned to increase development capacity, as explained in Section 1.2 below.

Under MHA, new development supports affordable housing through one of two options: performance or payment. With performance, a share of total residential units built (about 7.6 percent on average) is provided with rent or sale price restrictions. With payment, the developer makes a cash contribution to a City of Seattle fund used to produce and preserve low-income housing in Seattle. Section 2 of this report quantifies the affordable homes built or in the development pipeline through both the MHA performance and payment options.

Land Use Code Chapters 23.58B and 23.58C provide the regulatory framework for MHA. Chapter 23.58B applies to development that includes more than 4,000 square feet of gross floor area in commercial use. Chapter 23.58C applies to development of new residential and live-work units.

All MHA data presented in this report is from Accela, which is the City of Seattle's primary software platform to manage permitting, licensing, and inspections. MHA payment and performance contributions are reported according to building permit issuance date (the deadline for meeting a project's MHA requirements). Report findings are generally based on building permit and developer contribution data as of May 10, 2026. The historic and current MHA outcomes provided in this report are all based on this updated Accela data.

Section 1.2 – Where is MHA Required?

MHA performance and payment requirements vary based on a property's location and the MHA-related development capacity increase (i.e., upzone) adopted for the zone. The City implemented MHA incrementally starting in 2017 through area-wide zoning changes and modifications to the Land Use Code that increased development capacity in those areas. Table 1.2 summarizes the timeline for upzones paired with MHA implementation to date. MHA requirements apply to projects in upzoned areas if a land use or building permit application is completed after the area's zoning ordinance takes effect.

Table 1.2: Zoning Legislation Implementing MHA

Area	Ordinance Number	Adopted
University District Urban Center	Ordinance 125267	February 2017
Downtown and South Lake Union Urban Centers	Ordinance 125291	April 2017
23rd Avenue and Cherry Street 23rd Avenue and Union Street 23rd Avenue and Jackson Street	Ordinance 125359 Ordinance 125360 Ordinance 125361	August 2017
Chinatown-International District Urban Center Village	Ordinance 125371	August 2017
Uptown Urban Center	Ordinance 125432	October 2017
Other citywide areas zoned for commercial and multifamily residential development	Ordinance 125791	April 2019
Northgate Urban Center	Ordinance 125792	April 2019
Industrial (II 85-240 zone)	Ordinance 126862	July 2023

Ordinance 125791, adopted by City Council in 2019, was the most expansive package of rezones. Unlike the other rezone ordinances, which were neighborhood-specific, Ordinance 125791 expanded MHA requirements to the multifamily-zoned parts of most remaining neighborhoods citywide. In addition, MHA was implemented for approximately 1,240 acres of single-family zoned land, or about 6 percent of all land area previously zoned exclusively for detached single-family homes, which this legislation upzoned to allow multifamily development. When Ordinance 125791 was adopted, with only a few exceptions, all areas zoned for commercial and multifamily residential development were subject to MHA. This is consistent with legislative intent to implement MHA in all "zones in which capacity is increased" (Ordinance 125108, Section 2.B.3; Ordinance 125233, Section 2.B.4). City Council did not upzone Pioneer Square, certain zones in the Chinatown-International District (IDM-65-150 and IDM-75-85), along the downtown waterfront (DH2/55 and DH2/85), one zone in South Lake Union (SM-SLU 85/65-150), MPC-Yesler Terrace zones on First Hill, Shoreline Districts, and Landmark Districts, and therefore MHA does not apply in those areas/zones.

In late 2025, City Council adopted a major update of Seattle's Neighborhood Residential (NR) zones. Seattle has more than 32,000 acres of NR-zoned land. Historically referred to as single-family zoning, these areas represent about 75 percent of all land in the city where residential development is permitted and make up roughly 60 percent of Seattle's total landmass of 53,000 acres.

Consistent with a recently enacted State mandate, the NR legislation (Ordinance 127376) included changes to allow at least four units on all residential lots, or at least six units for sites near frequent transit or if two units are low-income housing. Current development standards (e.g., height, density, and floor area ratio (FAR) limits) for attached and detached homes and stacked flats in NR are comparable or slightly favorable to those for Lowrise (LR) 1 and 2 zones. However, the legislation adopted by City Council does not require MHA in NR-zoned areas, whereas LR zones require MHA.

The Centers and Corridors legislation transmitted in early 2026 to City Council by the Office of Planning and Community Development (OPCD) would amend the Land Use Code to provide greater parity in terms of development capacity across NR and LR zones. This legislation, which Council expects to adopt in early 2027, would rezone land in newly designated Neighborhood Centers, in new and expanded Urban Centers, and along frequent transit corridors, allowing apartments and condos to be built more widely in areas with access to transit, shops, and services. As proposed, MHA would be implemented with all these legislative rezones and would continue to apply in LR zones. Rezones from NR to LR1, LR2, and LR3 in this legislation will have an (M) suffix, regardless of degree of additional development capacity provided. This is a change from the current framework, which indicates MHA requirements with (M), (M1), and (M2) suffixes depending on the relative scale of the upzone.

Section 1.3 – About the MHA Performance Option

When project owners choose to satisfy MHA requirements through the performance option, units designated to be income- and rent-restricted (MHA units) must be comparable to other units in the development in terms of unit size, number of bedrooms, access to amenities, and location in the building. MHA units have maximum rents or sale prices and generally serve income-eligible renters or homebuyers for a minimum of 75 years.

At initial occupancy, MHA rental units provided through the performance option must serve households with incomes no greater than 40 percent of area median income (AMI) if net unit area is 400 square feet or less or households with incomes no greater than 60 percent of AMI if net unit area is greater than 400 square feet. Monthly rent, including basic utilities, cannot exceed 30 percent of 40 percent or 60 percent of AMI, as applicable.

Households eligible to purchase an affordable home provided through the MHA performance option have incomes no greater than 80 percent of AMI and meet a reasonable limit on assets. Initial sales prices are calculated so that total ongoing housing costs do not exceed 35 percent of 65 percent of AMI to allow for equity growth for the homeowners while also maintaining affordability for future buyers.

Table 1.3A shows the current income limits, by household size, for households eligible to rent or purchase an MHA unit.

Table 1.3A: Current Income Limits for Eligible Households, Effective May 15,2026

Size of Household	40% of AMI Renters	60% of AMI Renters	80% of AMI Homeowners
1	$46,040	$69,060	$92,080
2	$52,640	$78,960	$105,280
3	$59,200	$88,800	$118,400

Table 1.3B shows the current monthly housing cost limits, including basic utilities, by number of bedrooms for MHA performance units.

Table 1.3B: Current Monthly Housing Cost Limits for MHA Units, Effective May 15, 2026

Number of Bedrooms	40% of AMI Rental	60% of AMI Rental	80% of AMI Ownership
0	$1,151	$1,726	$2,302
1	$1,233	$1,850	$2,467
2	$1,480	$2,220	$2,960
3	$1,710	$2,565	$3,420

Property owners must affirmatively market MHA units to households who otherwise might be unlikely to apply to live there. For those households, affirmative marketing increases awareness of housing vacancies, broadens housing choice, and improves the likelihood of securing housing, regardless of their race, color, religion, sex, national origin, parental status, marital status, disability, or other protected class status.

Section 1.4 – About the MHA Payment Option

RCW 36.70A.540 authorizes jurisdictions that offer affordable housing incentives to accept payments in lieu of affordable homes on site if the payment would achieve an equal or better result without exceeding the approximate cost of developing the same number and quality of housing units. MHA payment funds give the City flexibility to invest in housing affordable to households with incomes as low as 30 percent of AMI. Given the compelling case for prioritizing housing for people with the greatest needs, the City has in many cases made the policy choice to support rental housing affordable at levels lower than 60 percent of AMI.

OH has a history of promoting fair housing choice and opportunity throughout the city of Seattle. Payment proceeds are invested in locations that advance any combination of the following goals:

- Affirmatively furthering fair housing choice;
- Locating housing in neighborhood or urban centers;
- Locating housing in proximity to frequent bus service or current or planned light rail or streetcar stops;
- Furthering City policies that promote economic opportunity and community development and address the needs of communities vulnerable to displacement; and
- Siting new affordable housing in or near neighborhoods with development generating MHA payments.

Funds invested in affordable housing can result in a range of other community benefits. For instance, public investment can stimulate economic development in areas of the city that lack private investment, preserve historic buildings that would otherwise be lost to deterioration or demolition, and help stabilize rents in areas where residents are at risk of displacement. Projects funded by the Seattle Office of Housing must comply with the State of Washington's Evergreen Sustainable Development Standards, which furthers energy and water efficiency, improves health and safety, and creates operational savings that benefit low-income residents over the long-term. In addition to leveraging other investments in housing, fund sources like MHA can also leverage other public investment in a range of non-residential spaces such as affordable childcare, small business retail, social service facilities, and outdoor areas and parks. Finally, affordable housing projects often include resident services and connections to social services that help individuals and families to thrive. These types of benefits are generally unique to publicly funded affordable housing.

The City has not found compelling research-based evidence showing that inclusion of a small share of units for income-eligible households in market-rate buildings results in more meaningful socio-economic integration than new affordable housing in strategic locations throughout the city, particularly if investments are made in neighborhoods that provide high levels of opportunity. Some data do show, however, that community-level inclusion, where households share the same parks, stores, libraries, and schools, can provide the kind of integration that many seek through inclusionary housing policies. In addition, some residents say they place greater value on opportunities to continue living in their communities where they can benefit from existing social networks, compared to moving to a neighborhood deemed high opportunity but without the cultural and social supports they value.

Section 1.5 – Permit Review and Compliance Monitoring Process for MHA

When land use and construction permits are submitted for a project in an MHA zone, the Office of Housing and the Seattle Department of Construction and Inspections (SDCI) must approve the developer's affordable housing contribution. MHA payment or performance requirements must be satisfied prior to issuance of the first construction permit that includes the structural frame of the building.

If a project includes both residential and commercial floor area, the property owner might satisfy requirements for floor area with one type of use (e.g., commercial) through payment and satisfy requirements for floor area with the other type of use (e.g., residential) through performance. In addition, the property owner can provide a payment in-lieu for a fraction of an MHA performance unit if they do not wish to round the up to the next whole unit.

Final plans for projects include a table showing the SDCI zoning reviewer-approved calculation(s) for MHA payment amounts or performance units. The Office of Housing documents the date an MHA payment is received, or an MHA performance agreement is executed and recorded on the title of the property and marks the housing review for the permit as approved. MHA contributions are tracked in Accela, the City's software platform for management of land use and building permits.

MHA performance requirements are conditions of a project's building permit, which is subject to enforcement according to rules of the City's land use code. The Office of Housing's Asset Management division is responsible for ongoing compliance monitoring for the duration of the MHA performance compliance period (75 years) for projects that include MHA units. Owners of buildings with MHA units must submit to the Office of Housing an annual report demonstrating compliance with the MHA agreement. Resident race and ethnicity data provided in this 2025 Annual Report is based on information submitted by property owners or managers.

Section 2: MHA Equitable Growth Outcomes in Seattle

Section 2.1 – Overview of Affordable Housing Production Supported by MHA

Market forces alone do not provide for equitable growth. In Seattle's current context of a depressed real estate development market, cost of living is continuing to escalate at rates outpacing those for household incomes (Market Rate Housing Needs and Supply Analysis, April 2021). Displacement risk for marginalized populations worsens absent actions to enhance community stability and economic mobility. A scan of key determinants of social, physical, and economic well-being indicates they are not equitably distributed; many individuals and families face instability in Seattle (Equitable Development Community Indicators Report, September 2020). MHA leverages market forces to strengthen communities and enhance stability for people who otherwise may face displacement pressure or barriers to equitable access to neighborhoods across Seattle.

When City Council adopted the MHA frameworks for commercial and multifamily development in 2015 and 2016, they announced a goal of creating at least 6,000 homes affordable to households with incomes up to 60 percent of AMI over a 10-year period commencing with MHA implementation (Mandatory Housing Affordability Production Model Summary, page 2). As of December 31, 2025, 3,557 rental apartments affordable at or below 60 percent of AMI have been built through MHA payment and performance, meaning 59 percent of that MHA goal has been met. Another 1,564 affordable rental apartments are in the pipeline, having been awarded MHA funding or slated for inclusion in market-rate multifamily buildings with MHA performance agreements. In addition, 126 for-sale homes for buyer households with incomes up to 80 percent of median income have been committed through the MHA payment and performance options. Of those 126 affordable homes, 44 have been built and sold to income-eligible buyers as of December 31, 2025.

Table 2.1 shows the status and tenure of all projects with affordable homes supported either by MHA funding awards or performance. One development, Dockside in Green Lake, is both a payment and performance project. The building permit for that development was issued with an MHA performance agreement and later the Office of Housing awarded MHA funding for its acquisition by a non-profit affordable housing provider. So that Dockside units are not double counted, the nine MHA units required by the performance agreement are not included in the MHA funded unit count.

Table 2.1: Affordable Homes from MHA Payment and Performance, by Construction Status

Construction Status	Number of Rental Projects	Rental MHA Units	Number of Ownership Projects	Ownership MHA Units	Total Projects	Total MHA Units
MHA Funded	**37**	**4,536**	**7**	**113**	**44**	**4,649**
In Service	26	3,216	3	42	29	3,258
Pipeline	11	1,320	4	71	15	1,391
Performance	**67**	**585**	**11**	**13**	**78**	**598**
In Service	36	341	2	2	38	343
Pipeline	31	244	9	11	40	255
Total Homes	**104**	**5,121**	**18**	**126**	**122**	**5,247**

As of December 31, 2025, approximately 57 percent of affordable homes promised through the MHA performance option have been built (343 homes) and construction is complete for 70 percent of affordable homes in residential development awarded MHA funds by the Seattle Office of Housing (3,258 homes).

Section 2.2 – MHA Increases Affordable Rental and For-Sale Housing Throughout Seattle

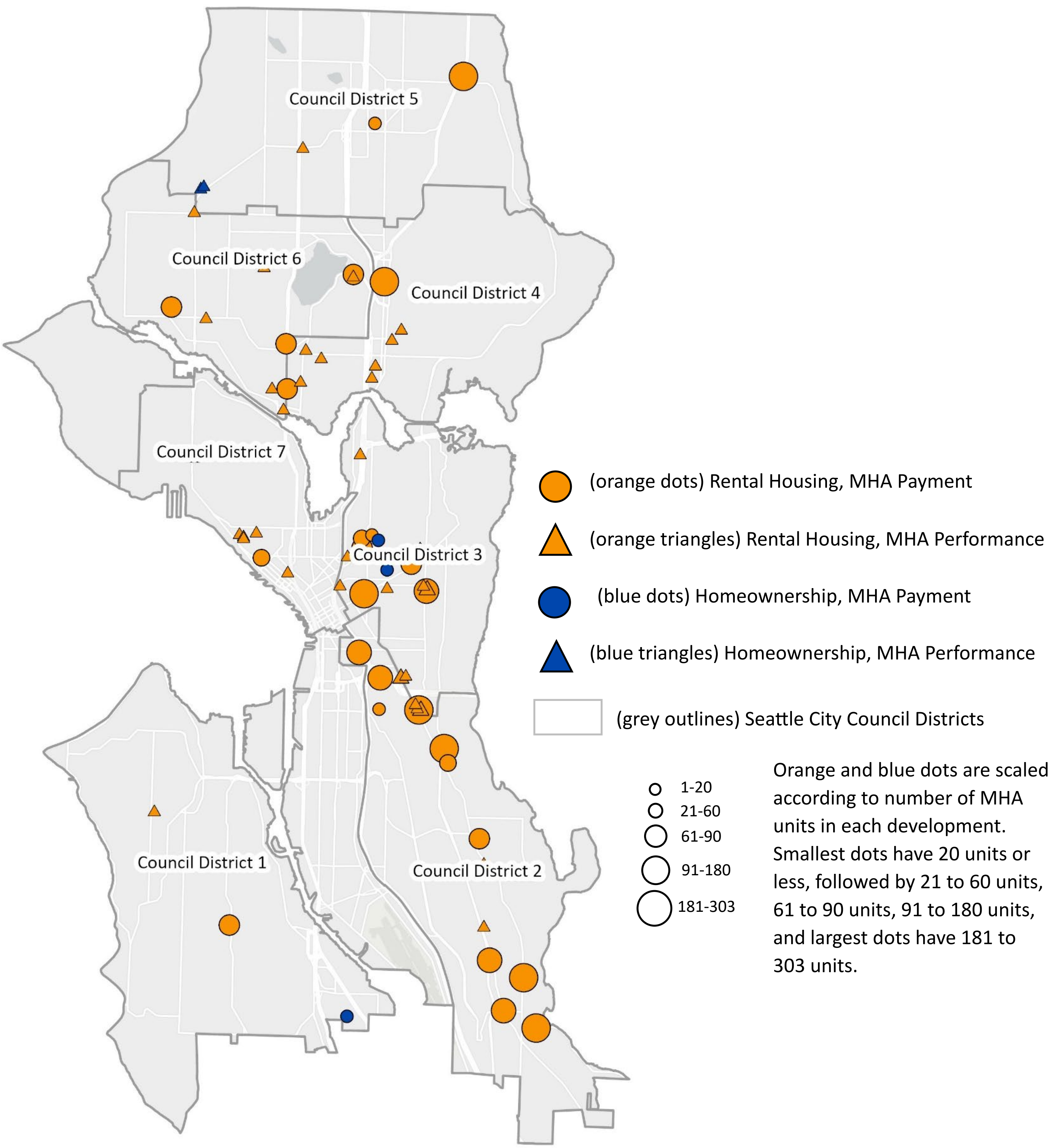
Geographic analysis finds both the MHA performance and payment options to be successful strategies for affordable housing production and preservation in areas with high access to opportunity and areas where residents with low incomes face a high risk of displacement.

Below, Map 1 shows the location of affordable homes that, as of December 31, 2025, have completed construction and are serving income-eligible individuals and families today. Affordable homes created through MHA performance and payment are complete upon issuance of a certificate of occupancy or final inspection for the development.

Map 2 shows the location of affordable homes in the MHA pipeline. MHA units committed by developers through the performance option are categorized as pipeline if a structural building permit was issued as of December 31, 2025, but construction is not yet complete. For the payment option, affordable homes are in the pipeline if the Office of Housing awarded MHA funds through a notice of funding availability announced in 2025 or prior years, but the housing has not finished construction yet.

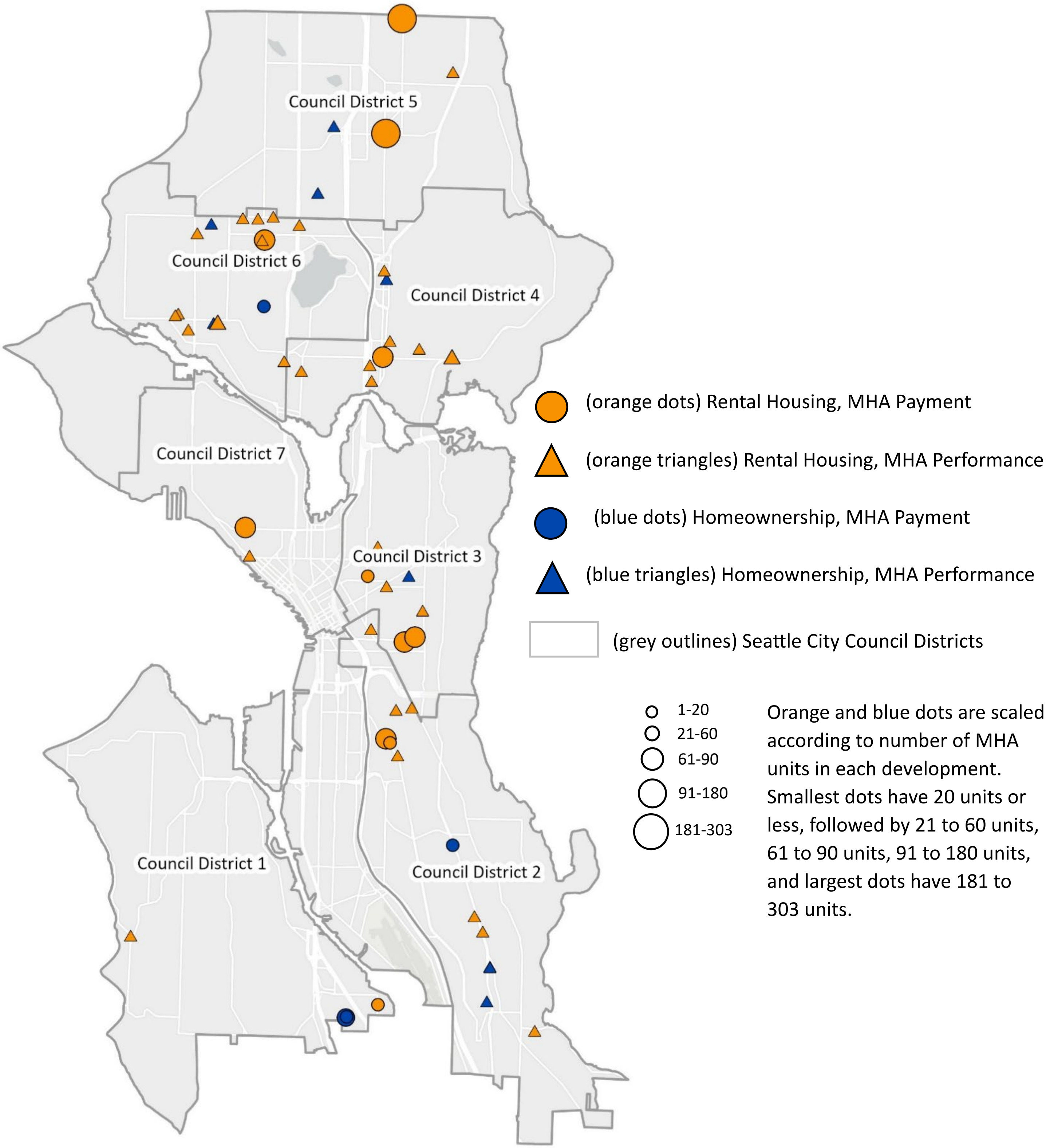
Map 2.2A: MHA Homes Completed, In Service as of December 31, 2025

This map shows affordable homes that have completed construction as of December 31, 2025.



Map 2.2B: MHA Homes in Pipeline, Building Permit Issued as of December 31, 2025

This map shows affordable homes that are in the pipeline as of December 31, 2025.



Orange and blue dots are scaled according to number of MHA units in each development. Smallest dots have 20 units or less, followed by 21 to 60 units, 61 to 90 units, 91 to 180 units, and largest dots have 181 to 303 units.

Section 2.3 – Developer MHA Performance Commitments Total 598 Affordable Homes

As of December 31, 2025, developers of 78 projects entered into agreements to provide 598 homes for income-eligible households as part of their multifamily housing developments. Total homes committed through MHA performance averages 98 total income-restricted homes annually in years 2021 through 2025. The data provided in this report excludes three performance projects with recorded MHA performance agreements from 2019 and 2023 that had permits cancelled after building permits were issued. Projects with building permits issued in 2025 will include 86 total affordable homes, which is approximately 6.6 percent of their total units. This is a 15 percent decrease from the 101 performance units in 2024.

Table 2.3A: MHA Performance Units, by Year Building Permit Issued

	2017 2018 2019	2020	2021	2022	2023	2024	2025	Total MHA Units
Number of Projects	**7**	**6**	**13**	**15**	**13**	**15**	**9**	**78**
≤ 40% of AMI (rental)	8	25	52	43	71	57	17	**273**
≤ 60% of AMI (rental)	64	11	42	31	56	41	67	**312**
≤ 80% of AMI (ownership)	0	0	1	3	4	3	2	**13**
Total MHA Units	**72**	**36**	**95**	**77**	**131**	**101**	**86**	**598**

Of the total 598 MHA homes committed as of December 31, 2025, 273 are small rental apartments (up to 400 square feet) for households with incomes 40 percent of AMI or less, and 312 are rental apartments larger than 400 square feet for households with incomes 60 percent of AMI or less. Rent limits, which include basic utilities, for MHA performance units are $1,150 for a studio that is 400 square feet or less and $1,850 for a one-bedroom apartment of more than 400 square feet.

Seattle's median gross rent for market-rate apartments of all ages ranges from $1,100 to $1,400 for 0-bedroom apartments and $1,900 and $2,100 for 1-bedroom apartments, depending on unit size. Table 2.3B provides Seattle's median gross rent by number of bedrooms and unit size. NED means not enough data. Rent limits, especially at 60 percent of AMI, are not always lower than prevailing market rent in some Seattle neighborhoods.

Table 2.3B: Median Gross Rent in Seattle (CoStar, March 2026)

Area	0-bedroom under 220 square feet	0-bedroom 220 to 400 square feet	1-bedroom 401 to 550 square feet	1-bedroom 551 to 700 square feet
District 1 - Alki, Admiral, West Seattle Junction	NED	$1,683	$1,974	$2,104
District 1 - Morgan Junction, Westwood-Highland, South Park	$1,107	$1,408	$1,477	$1,790
District 2 - South Beacon Hill/Rainier Valley	NED	$1,426	$1,756	$1,537
District 2 - South Downtown, 12th Avenue, North Rainier Valley	$931	$1,291	$1,858	$2,003
District 3 - Capitol Hill, Pike/Pine, First Hill	$1,106	$1,400	$1,890	$2,116
District 3 - Central Area	$932	$1,470	$1,892	$2,092
District 4 - University District, Roosevelt, Ravenna	$1,181	$1,455	$1,815	$1,975
District 4 - Wallingford	$1,100	$1,466	$2,057	$2,147
District 5 - Bitter Lake, Licton Springs, NW Seattle	$949	$1,136	$1,726	$1,753
District 5 - Northgate, Lake City, NE Seattle	NED	$1,267	$1,319	$1,754
District 6 - Ballard, Magnolia	$1,184	$1,407	$1,919	$2,126
District 6 - Green Lake, Phinney Ridge, Fremont	$1,195	$1,400	$1,915	$2,223
District 7 - Downtown Core, Belltown, South Lake Union	$812	$1,500	$2,303	$2,411
District 7 - Uptown, Queen Anne, Interbay	NED	$1,421	$1,976	$2,117
All	**$1,100**	**$1,405**	**$1,919**	**$2,089**

Ninety percent of the 598 MHA units in market-rate multifamily development have either no bedroom or one bedroom. Of the 598 MHA performance units, 334 are 0-bedroom units (sleeping rooms, efficiencies, and standards), 202 are 1-bedroom apartments (open configuration or standard), and 62 have two or three bedrooms. All 13 of the MHA units in homeownership developments have two or three bedrooms.

Chart 2.3C: MHA Performance Units, by Unit Type (598 total)

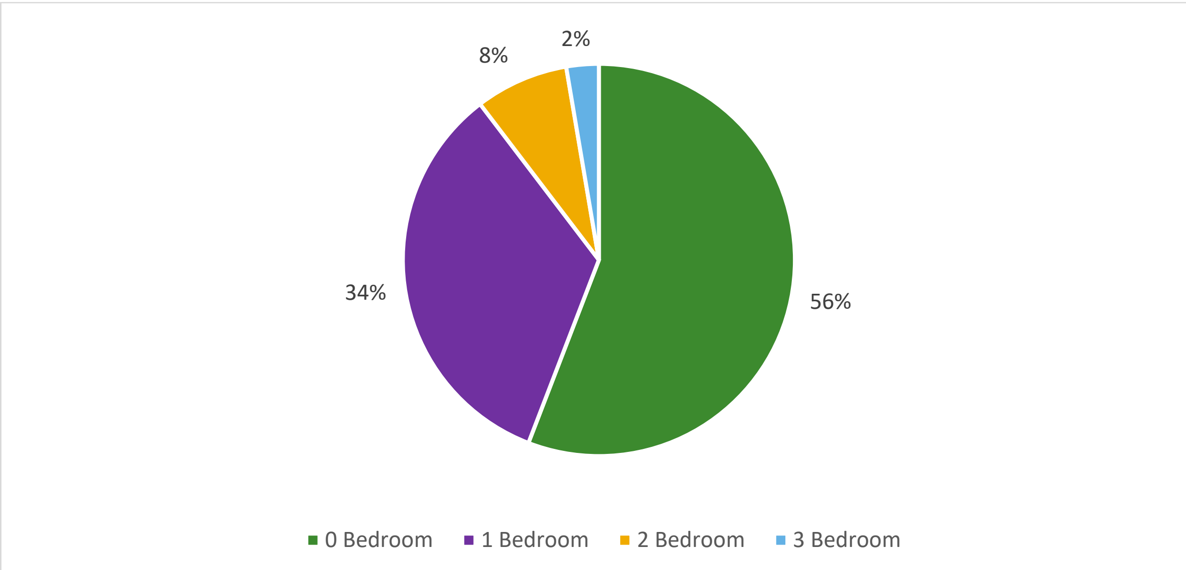


Chart Caption: Chart 2.3C is a pie chart that shows the majority (56 percent) of MHA units created through the performance option are 0-bedroom units, 34 percent have one bedroom, 8 percent have two bedrooms, and 2 percent have three bedrooms.

Thirteen of the 598 MHA homes committed through performance provide permanently affordable ownership opportunities to buyer households with incomes up to 80 percent of AMI. To date, developers of 11 homeownership developments have elected to use the performance option to satisfy MHA requirements. Nine of those projects will include one home affordable to buyer households with income not to exceed 80 percent of AMI and two projects will include two homes affordable to income-eligible buyer households, for a total of 13 homes. All but two of these 11 projects using MHA performance are larger townhouse developments ranging from 12 to 36 total units.

Eligible buyers must have incomes less than roughly $130,000 for a family of four, or lower for smaller household sizes. Maximum initial sale prices are $230,000 for a 1-bedroom condominium and $360,000 for a 3-bedroom townhome. The gap between restricted and market-rate sale prices for for-sale housing of all ages is significantly wider than for apartment rents. Limits on resale prices allow modest growth in homeowner equity while still maintaining long-term affordability for future buyers. Policies for affordable for-sale homes provided through the MHA performance option are governed by an Office of Housing Director’s Rule.

Table 2.3D shows projects with MHA performance agreements by location. Developers have committed to include at least two affordable homes (or one if it has three or more bedrooms) in new residential developments in every neighborhood group except for South Lake Union.

Table 2.3D: MHA Performance Units, by Location and AMI Limit

Tenure, Location	≤ 40% of AMI	≤ 60% of AMI	≤ 80% of AMI	Total MHA Units
Ownership	**0**	**0**	**13**	**13**
23rd & Union-Jackson, Madison-Miller	0	0	1	1
Aurora-Licton Springs, Bitter Lake Village	0	0	1	1
Ballard, Crown Hill, Greenwood-Phinney Ridge	0	0	5	5
Columbia City, Mount Baker, North Beacon Hill, Othello, Rainier Beach	0	0	3	3
Lake City, Northgate	0	0	1	1
Ravenna, Roosevelt, University District	0	0	2	2
Rental	**273**	**312**	**0**	**585**
12th Avenue, Capitol Hill, Eastlake, First Hill	31	39	0	70
23rd & Union-Jackson, Madison-Miller	25	84	0	109
Admiral, Morgan Junction, South Park, West Seattle Junction, Westwood-Highland Park	6	0	0	6
Aurora-Licton Springs, Bitter Lake Village	4	0	0	4
Ballard, Crown Hill, Greenwood-Phinney Ridge	56	35	0	91
Belltown, Chinatown-ID, Commercial Core, Denny Triangle, Pioneer Square	3	1	0	4
Columbia City, Mount Baker, North Beacon Hill, Othello, Rainier Beach	48	50	0	98
Fremont, Green Lake, Wallingford	35	10	0	45
Lake City, Northgate	10	1	0	11
Queen Anne, Uptown	25	38	0	63
Ravenna, Roosevelt, University District	30	54	0	84
Total MHA Units	**273**	**312**	**13**	**598**

Households have the option to share their demographics, including race and ethnicity, when they lease or purchase an affordable home created through MHA performance. That data is summarized in Chart 2.3E below. Based on 2025 calendar year data provided by property managers of 21 rental apartment buildings and third-party stewardship organizations for two homeownership units that completed construction as of December 31, 2025, nearly one-third of heads of households identify as White, 16 percent identify as Hispanic or Latino, 15 percent identify as Asian, 15 percent identify as Black or African American, and very small shares identify as American Indian/Alaskan Native and two or more races. Either race/ethnicity information was not collected or households declined to provide it for the remaining 17 percent. Demographic data is not available for 15 of the 38 rental buildings with MHA units in service as of December 31, 2025: nine completed construction in 2025 and occupancy has not stabilized yet (i.e., they are still in initial lease-up) and property managers for six properties did not submit their annual compliance report to the Office of Housing.

Chart 2.3E: Race of Head of Households Living in MHA Performance Units (n=181)

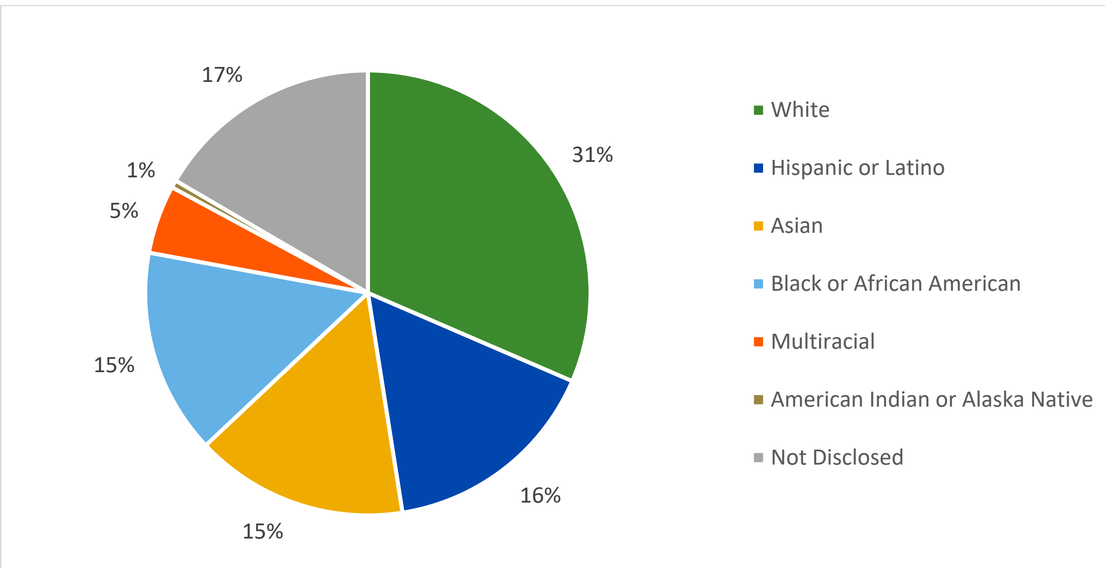


Chart Caption: Chart 2.3E is a pie chart that shows 31 percent of head of households living in MHA units are White, 16 percent are Hispanic or Latino, 15 percent are Asian, 15 percent are Black or African American, 5 percent are Multiracial, 1 percent are American Indian or Alaska Native, and 17 percent did not disclose their race.

Section 2.4 – Developer MHA Payment Contributions Total $378.6 Million

From inception of MHA through December 31, 2025, developers choosing to satisfy MHA requirements through the payment option have contributed $378.6 million to support production and preservation of affordable housing in Seattle. Table 2.4A shows the share of MHA payments for projects issued building permits in 2025 totals $47 million. This significant increase from the total for 2024 is discussed in Section 3.2 of this report.

Table 2.4A: MHA Payments from Developers, by Year Building Permit Issued ($ Million)

Year Building Permit Issued	Total MHA Payments
2017 to 2019	$29.1
2020	$66.6
2021	$70.4
2022	$77.4
2023	$63.6
2024	$24.6
2025	$47.0
Total MHA Payments	**$378.6**

Table 2.4B shows by location total and share of MHA payments received for development with building permits issued from inception of MHA through December 31, 2025, and MHA funding awards for that same period. Market real estate development in all neighborhood sectors has provided funding for production and preservation of affordable housing through the MHA payment option. The Office of Housing has awarded MHA funds for affordable housing development in every neighborhood group except Aurora-Licton Springs/Bitter Lake Village and South Lake Union.

Table 2.4B: MHA Payments Received and Awarded, by Location ($ Million, % Share)

Location	Total MHA Payments	Total MHA Funding Awards
12th Avenue, Capitol Hill, Eastlake, First Hill	$31.4, 8%	$43.5, 13%
23rd & Union-Jackson, Madison-Miller	$24.8, 7%	$16.5, 5%
Admiral, Morgan Junction, South Park, West Seattle Junction, Westwood-Highland Park	$17.0, 4%	$14.6, 4%
Aurora-Licton Springs, Bitter Lake Village	$3.9, 1%	$0, 0%
Ballard, Crown Hill, Greenwood-Phinney Ridge	$50.9, 13%	$12.2, 4%
Belltown, Chinatown-ID, Commercial Core, Denny Triangle, Pioneer Square	$56.5, 15%	$11.7, 4%
Columbia City, Mount Baker, North Beacon Hill, Othello, Rainier Beach	$17.6, 5%	$125.7, 38%
Fremont, Green Lake, Wallingford	$30.3, 8%	$35.4, 11%
Lake City, Northgate	$11.0, 3%	$53.3, 16%
Queen Anne, Uptown	$34.3, 9%	$6.2, 2%
Ravenna, Roosevelt, University District	$79.5, 21%	$15.0, 4%
South Lake Union	$21.6, 6%	$0, 0%
Total	**$378.6**	**$334.0**

MHA funds awarded through December 31, 2025, total $334 million. The balance of $44.6 million of MHA funds ($378.6M received less $334.0M awarded) is in the following four categories:

- Funding for MHA administration (up to 10 percent of payments received may be used to pay for non-capital, general Office of Housing operating costs necessary for MHA administration);
- Awards for projects in which Seattle Housing Levy funds were also used and units counted toward Levy production goals rather than MHA goals, to avoid double-counting;
- Funding to fill unanticipated construction cost increases for affordable housing development with initial awards from prior years; and
- Capital not yet awarded.

In many instances the origin and destinations of MHA payment revenues are reasonably aligned. Discrepancies can occur for a variety of reasons. First, when a location generates relatively low payment revenues (e.g., Aurora-Licton Springs and Bitter Lake, Lake City and Northgate), it is usually necessary to combine those funds with proceeds from other locations to assemble sufficient funding for a new affordable housing development. Second, investment decisions for MHA funds can reflect policy-guided priorities emphasizing areas where lower-income households are at especially high risk of displacement but also offer excellent access to transit and other public amenities (e.g., Columbia City et al., 23rd and Union et al.). As a third example, when payment proceeds originate in areas with zoning favorable to costly high-rise development (e.g., Belltown et al.), there is an inherent mismatch between affordable housing development and height and scale that is cost-effective for production of income-restricted apartments, as discussed below in Section 3.6.

Overall, awarded MHA funding supports 4,536 rental apartments for individuals and families with incomes up to 30 to 60 percent of median income. Roughly 3,200 of these apartments have been built and 1,320 are under construction or in pre-development. In addition, MHA funding has been awarded for development of 113 permanently affordable homes for buyer households with incomes up to 80 percent of median income, 42 of which have been completed and sold. Table 2.4C shows total MHA funding awards by location and AMI limit.

Table 2.4C: MHA Funded Units, by Location and AMI Limit

Tenure, Location	≤ 30% of AMI	≤ 40% of AMI	≤ 50% of AMI	≤ 60% of AMI	≤ 80% of AMI	Total MHA Funded Units
Ownership					**113**	**113**
12th Avenue, Capitol Hill, Eastlake, First Hill	**0**	**0**	**0**	**0**	**30**	**30**
In Service	0	0	0	0	30	30
Admiral, Morgan Junction, South Park, West Seattle Junction, Westwood-Highland Park	**0**	**0**	**0**	**0**	**30**	**30**
Pipeline	0	0	0	0	30	30

Tenure, Location	≤ 30% of AMI	≤ 40% of AMI	≤ 50% of AMI	≤ 60% of AMI	≤ 80% of AMI	Total MHA Funded Units
Ballard, Crown Hill, Greenwood-Phinney Ridge	**0**	**0**	**0**	**0**	**19**	**19**
Pipeline	0	0	0	0	19	19
Columbia City, Mount Baker, North Beacon Hill, Othello, Rainier Beach	**0**	**0**	**0**	**0**	**34**	**34**
In Service	0	0	0	0	12	12
Pipeline	0	0	0	0	22	22
Rental	**435**	**42**	**1,778**	**2,281**	**0**	**4,536**
12th Avenue, Capitol Hill, Eastlake, First Hill	**106**	**27**	**269**	**145**	**0**	**547**
In Service	91	0	227	145	0	463
Pipeline	15	27	42	0	0	84
23rd & Union-Jackson, Madison-Miller	**0**	**0**	**168**	**197**	**0**	**365**
In Service	0	0	0	126	0	126
Pipeline	0	0	168	71	0	239
Admiral, Morgan Junction, South Park, West Seattle Junction, Westwood-Highland Park	**85**	**0**	**39**	**34**	**0**	**158**
In Service	47	0	0	34	0	81
Pipeline	38	0	39	0	0	77
Ballard, Crown Hill, Greenwood-Phinney Ridge	**3**	**5**	**107**	**61**	**0**	**176**
In Service	0	0	59	25	0	84
Pipeline	3	5	48	36	0	92
Belltown, Chinatown-ID, Commercial Core, Denny Triangle, Pioneer Square	**0**	**0**	**125**	**60**	**0**	**185**
In Service	0	0	125	60	0	185
Columbia City, Mount Baker, North Beacon Hill, Othello, Rainier Beach	**64**	**10**	**730**	**890**	**0**	**1,694**

Tenure, Location	≤ 30% of AMI	≤ 40% of AMI	≤ 50% of AMI	≤ 60% of AMI	≤ 80% of AMI	Total MHA Funded Units
In Service	42	10	607	840	0	1,499
Pipeline	22	0	123	50	0	195
Fremont, Green Lake, Wallingford	**92**	**0**	**79**	**62**	**0**	**233**
In Service	92	0	79	62	0	233
Lake City, Northgate	**0**	**0**	**170**	**511**	**0**	**681**
In Service	0	0	52	241	0	293
Pipeline	0	0	118	270	0	388
Queen Anne, Uptown	**0**	**0**	**0**	**114**	**0**	**114**
Pipeline	0	0	0	114	0	114
Ravenna, Roosevelt, University District	**85**	**0**	**91**	**207**	**0**	**383**
In Service	40	0	40	172	0	252
Pipeline	45	0	51	35	0	131
Total	**435**	**42**	**1,778**	**2,281**	**113**	**4,649**

The $334 million MHA funds awarded as of December 31, 2025, are supporting 44 buildings with 4,649 homes for income-eligible households. In 2025, the Office of Housing awarded $26.7 million of MHA funding for one development, Beacon Crossing, which is steps from the Beacon Hill Light Rail Station and will provide 125 new affordable apartments. The developer of Beacon Crossing is a partnership between the Urban League of Metropolitan Seattle and Blue Ridge Cascade.

Development in the neighborhood group comprised of the University District, Roosevelt, and Ravenna has contributed $79.5 million of MHA funding, which is 2.5 times the average total MHA payments of $31.6 million across all geographic areas. The Office of Housing awarded MHA funds for two affordable housing developments in that neighborhood sector. Cedar Crossing, which is immediately adjacent to the Roosevelt Light Rail Station, was completed in 2022. The other project, located on a Sound Transit-owned site at the corner of 45th and Roosevelt Way in the University District, is in pre-development.

Approximately two-thirds of the 4,649 MHA-funded units in market-rate multifamily development and permanently affordable homes are sleeping rooms, studios (efficiencies and standard), and 1-bedroom apartments (open configuration and standard). Twenty percent of MHA-funded units have two bedrooms and 13 percent have three or four bedrooms.

Section 3 of this report includes additional analysis of MHA payment activity.

Chart 2.4D: MHA-Funded Units, by Number of Bedrooms (4,649 total)

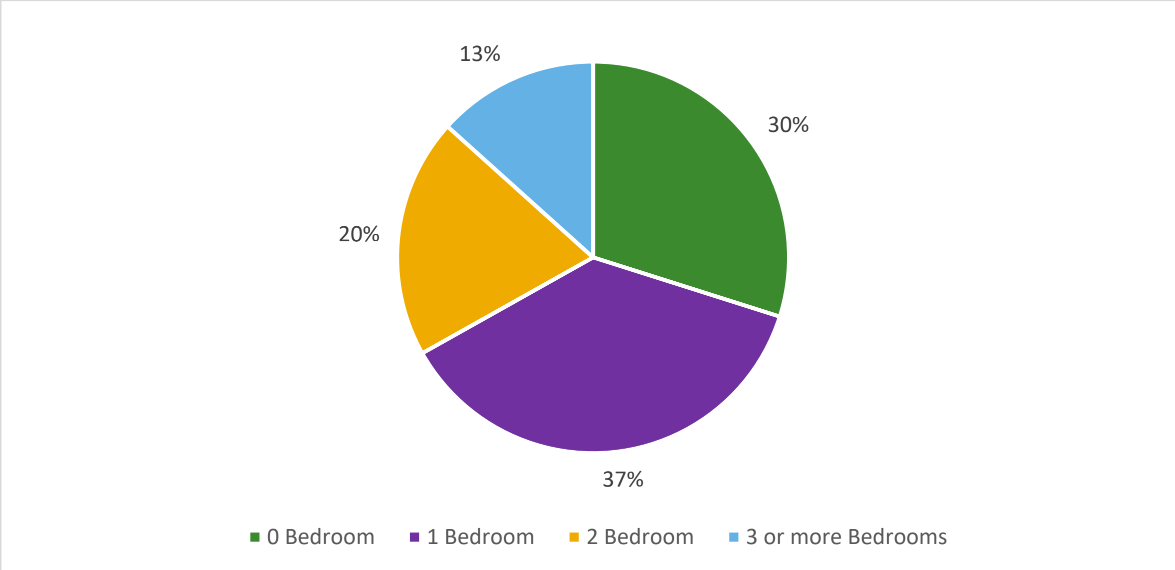


Chart Caption: Chart 2.4D is a pie chart that shows 30 percent of MHA funded units are 0-bedroom units, 37 percent are 1-bedroom, 20 percent are 2-bedroom, and 13 percent are 3- and 4-bedroom.

Chart 2.4E below provides demographic information for renter and owner households in buildings with MHA funding. Nearly 30 percent of heads of households identify as Black or African American, 20 percent identify as White, 10 percent identify as Hispanic or Latino, 6 percent identify as Asian, 4 percent identify as American Indian/Alaskan Native, and 5 percent identify as two or more races.

Chart 2.4E: Race of Head of Households Living in MHA-Funded Buildings (n=2,856)

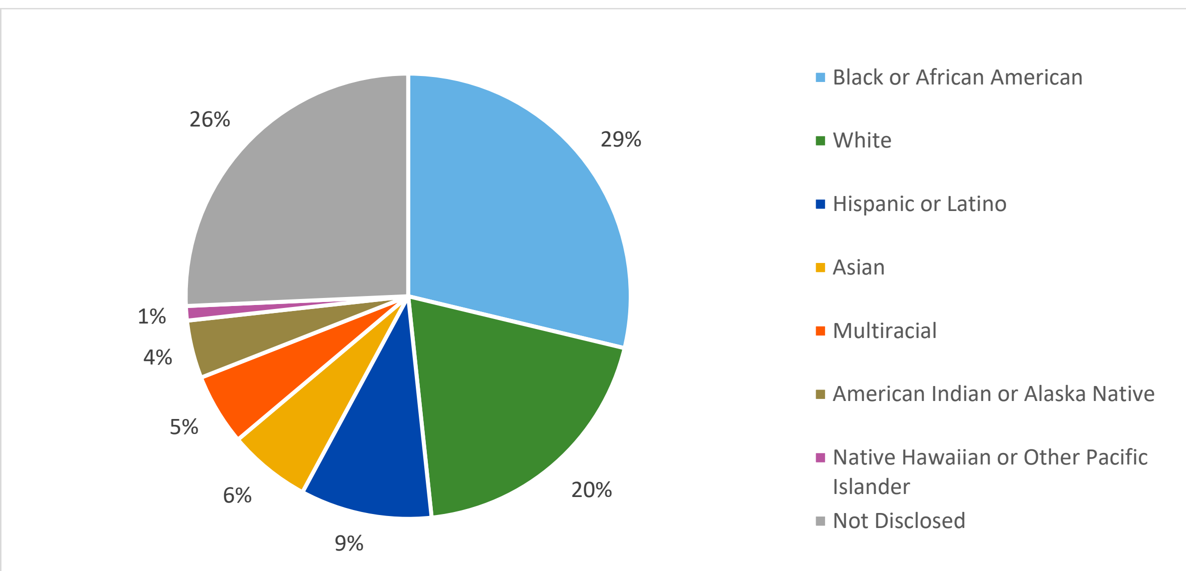


Chart Caption: Chart 2.4E is a pie chart that shows 29 percent of head of households living in MHA-Funded buildings are Black or African American, 20 percent are White, 9 percent are Hispanic or Latino, 6 percent are Asian, 5 percent are Multiracial, 4 percent are American Indian or Alaska Native, 1 percent are Native Hawaiian or Other Pacific Islander, and 26 percent did not disclose their race.

Section 3: The Market, Zoning, and MHA

Section 3.1 – How MHA is Faring Under Tough Real Estate Development Market Conditions

The region's weak real estate development market has negatively impacted development and thus also MHA outcomes the past couple of years. New building codes, high interest rates, increased construction costs, higher capitalization rate requirements, uncertain technology sector job growth, and governmental regulatory requirements all contribute to this slowdown. This post-COVID cycle appears similar to development cycles that followed the 2001-2002 dot com bust and the Great Recession of 2007-2009.

The number of MHA-applicable projects issued building permits has declined 10 percent per year on average since the 2021 peak when 286 projects satisfying MHA requirements had permits issued.

Chart 3.1A: Number of Projects, by Development Type and Year Building Permit Issued

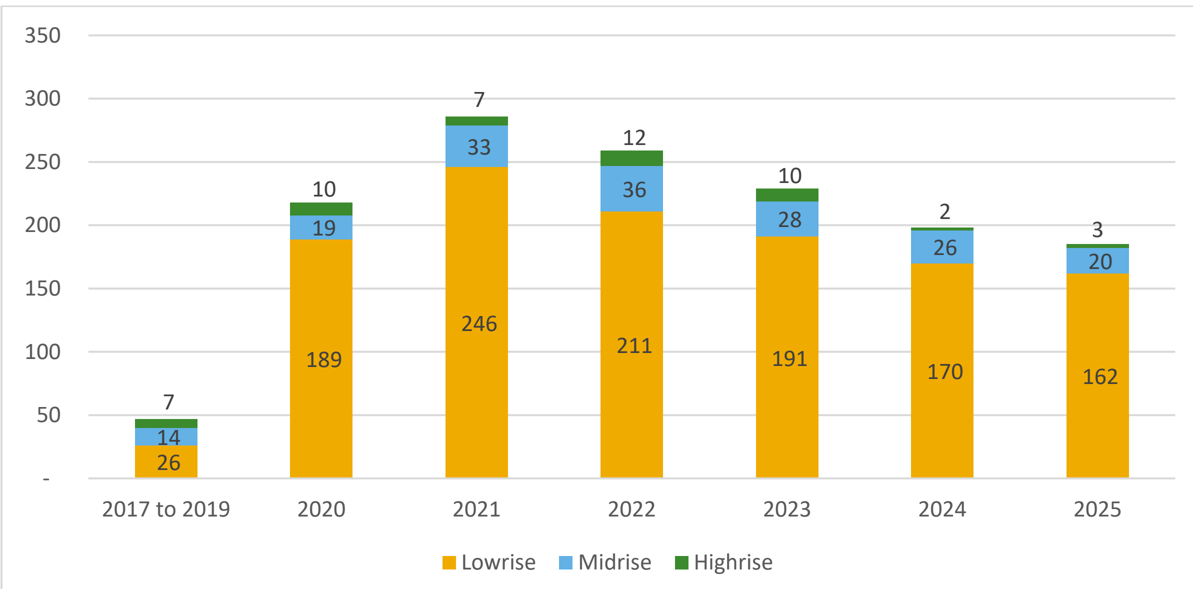


Chart Caption: Chart 3.1A above is a bar chart showing the number of projects in areas zoned for three different types of development (lowrise, midrise, highrise) by year of building permit issuance:

- 2017 to 2019: 26 projects in lowrise, 14 projects in midrise, and 7 projects in highrise;
- 2020: 189 projects in lowrise, 19 projects in midrise, and 10 projects in highrise;
- 2021: 246 projects in lowrise, 33 projects in midrise, and 7 projects in highrise;
- 2022: 211 projects in lowrise, 36 projects in midrise, and 12 projects in highrise;
- 2023: 191 projects in lowrise, 28 projects in midrise, and 10 projects in highrise;
- 2024: 170 projects in lowrise, 26 projects in midrise, and 2 projects in highrise; and
- 2025: 162 projects in lowrise, 20 projects in midrise, and 3 projects in highrise.

Chart 3.1B: Total Housing Units, by Development Type and Year Building Permit Issued

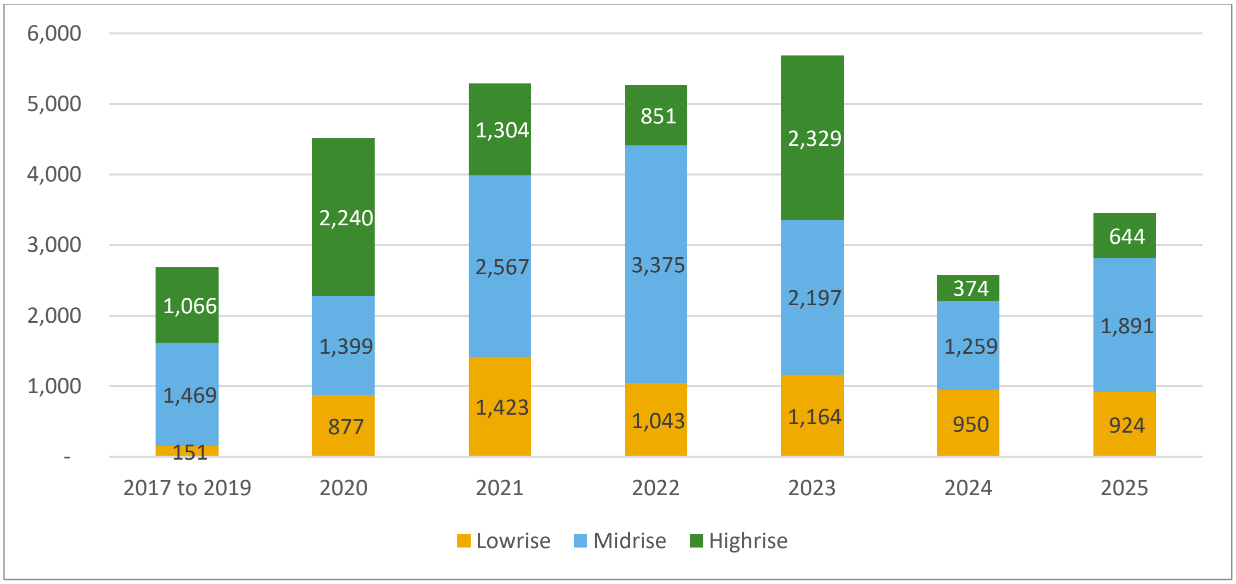


Chart Caption: Chart 3.1B is a bar chart showing the number of units in areas zoned for three different types of development (lowrise, midrise, highrise) by year of building permit issuance:

- 2017 to 2019: 151 units in lowrise, 1,469 units in midrise, and 1,066 units in highrise;
- 2020: 877 units in lowrise, 1,399 units in midrise, and 2,240 units in highrise;
- 2021: 1,423 units in lowrise, 2,567 units in midrise, and 1,304 units in highrise;
- 2022: 1,043 units in lowrise, 3,375 units in midrise, and 851 units in highrise;
- 2023: 1,164 units in lowrise, 2,197 units in midrise, and 2,329 units in highrise;
- 2024: 950 units in lowrise, 1,259 units in midrise, and 374 units in highrise; and
- 2025: 924 units in lowrise, 1,891 units in midrise, and 644 units in highrise.

Although current real estate development market conditions are the toughest in MHA's short history, MHA requirements continue to achieve meaningful, inclusionary outcomes for people with affordable housing needs. Those outcomes, which for 2025 include $47 million of MHA payment contributions and MHA performance agreements to provide 86 affordable homes, are discussed above in Section 2 of this report.

Section 3.2 – Large Multifamily Housing Projects Boost MHA Revenue Substantially

Several large multifamily projects had building permits issued in 2025, boosting City MHA revenue that year. Table 3.2A summarizes MHA requirements satisfied through the payment and performance options for projects with 100 or more units and building permits issued in years 2024 and 2025. Although the number of large projects is similar for both years, the ones approved in 2025 to start construction have over twice as many total housing units. In 2025, three large multifamily residential development projects accounted for 85 percent of the 86 MHA performance units committed, and another four projects accounted for just over one-half of the $47 million of MHA revenue for affordable housing production and preservation.

Table 3.2A: Large Housing Developments Issued Building Permits in 2024 and 2025

Option	2024 Issued Building Permits: Projects with more than 100 units	2025 Issued Building Permits: Projects with more than 100 units
Payment	0 projects No MHA payment contributions	4 projects 1,119 units total $23.8 million
Performance	6 projects 1,046 units total includes 72 MHA units	3 projects 1,085 units total includes 73 MHA units

Building permit applications are complete for 16 residential projects with 350 units or more in MHA-applicable zones. Table 3.2B shows the status of those projects (i.e., construction completed; building permit issued/construction underway; or in permitting). Current average apartment rents for the six completed multifamily rental developments are reported by Yardi Matrix. Condo prices for the one ownership development that has completed construction are from the project's marketing website. Generally, projects of this size are higher cost condominiums and apartments, including units with premium features and finishes, and some highrise residential towers have penthouses.

For the 11 projects with issued building permits (including the seven already constructed), MHA payment contributions total $4.5 million for commercial floor area and $53.8 million for residential floor area. Developers of two of those 11 are using the MHA performance option to provide 92 MHA units for income-eligible renter households.

Five projects listed in Table 3.2B have completed permit applications but their permits for above-grade construction are not issued yet. Developers can change their MHA option from performance to payment and vice versa up until the building permit is ready to issue.

Table 3.2B: MHA-Applicable Housing Developments with 350 or more Total Units

Project Name	Address	Total Units	MHA Option	Status
Seattle First Light	300 Virginia St	459	Payment $5.4 million	Completed in 2025 Condo Starting Price $800K+ plus HOA $700-$2,000 per month
Modera Northgate	10631 8th Ave NE	409	Payment $5.2 million	Completed in 2024 Monthly rent: Studio $1,746 1 BR $2,308 2 BR/2 BTH $3,261 3 BR/2 BTH $4,189
The Ayer	2010 Terry Ave	430	Payment $4.5 million	Completed in 2023 Monthly rent: Studio $2,541 1 BR $3,279 2 BR 2 BTH $5,043 Penthouses $5.2K-$17K
The Standard	4220 12th Ave NE	402	Payment $12 million	Completed in 2023 Monthly rent: Studio $2,777 1 BR $3,266 2 BR 2 BTH $4,440 3 BR 2 BTH $6,344
Midtown Square	2301 E Union St	432	Performance 44 MHA units	Completed in 2022 Monthly rent: Studio $1,622 1 BR $2,064 2 BR 2 BTH $2,629 (including 44 MHA units, all 60% of AMI)
Ivey on Boren	2019 Boren Ave	393	Payment $4.5 million	Completed in 2022 Monthly rent: Studio $2,622 1 BR $3,182 2 BR 2 BTH $5,321

Project Name	Address	Total Units	MHA Option	Status
				3 BR 2 BTH $5,141 Penthouses $9.3K-$14K
The Waverly	210 8th Ave N	374	Payment $3.4 million	Completed in 2022 Monthly rent: Studio $2,258 1 BR $2,827 2 BR 2 BTH $4,904 Penthouses $7.1K-$8.9K
TBD	2405 7th Ave	442	Payment $5.0 million	Issued permit in 2025, under construction
TBD	3020 NE 45th St	796	Performance 48 MHA units	Issued permit in 2025, under construction
TBD	2300 6th Ave	1,131	Payment $7.6 million	Issued permit in 2023, under construction
TBD	1200 Stewart St	1,048	Payment $8.1 million	Issued permit in 2020, under construction
TBD	2025 5th Ave	461	Payment TBD	Building permit is not issued yet
TBD	800 Stewart St	567	Payment TBD	Building permit is not issued yet
TBD	601 4th Ave	422	Payment TBD	Building permit is not issued yet
TBD	13711 Aurora Ave N	384	Performance TBD	Building permit is not issued yet
TBD	1032 S Jackson St	397	Payment TBD	Building permit is not issued yet

Section 3.3 – Townhouse Development Continues to be Major Contributor of MHA Revenue

Approximately one-third of total MHA payments received by the Office of Housing from MHA inception through December 31, 2025, are for development in Lowrise (LR) zones. Seattle's LR zones are largely favored for lower density development, especially townhomes, with project sizes averaging four units in

LR1 and LR2 zones and ten units in LR3 zones. Chart 3.3A provides the breakdown by zone category for total MHA payments for projects with building permits issued as of December 31, 2025.

Chart 3.3A: MHA Payments by Zone Category ($378.6 million total)

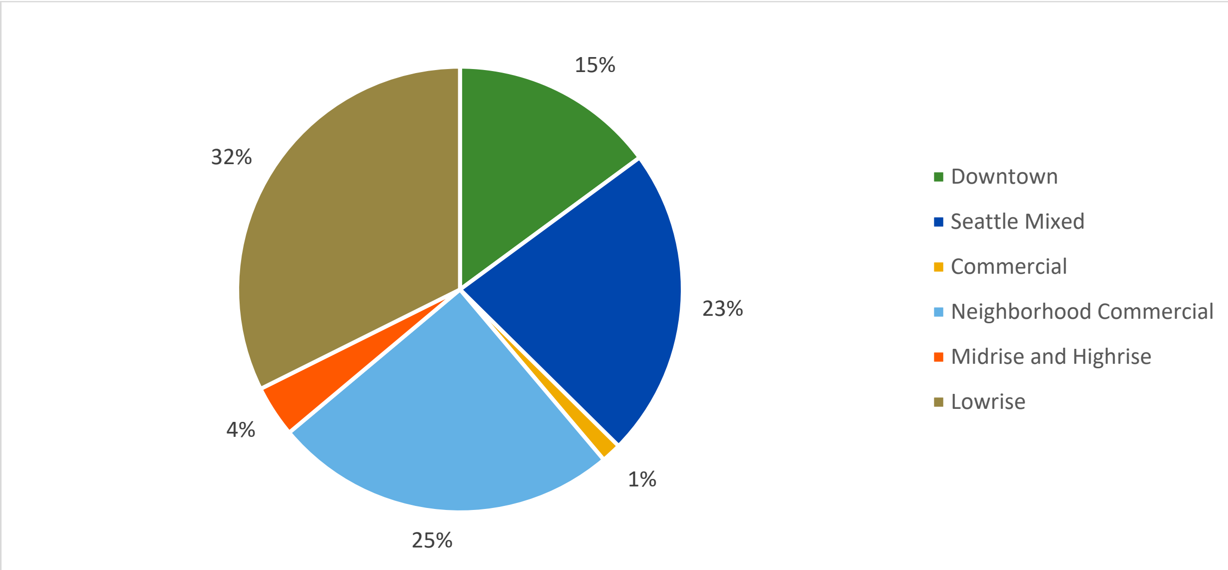


Chart Caption: Chart 3.3A is a pie chart that shows 15 percent of MHA payments are for projects in Downtown zones, 23 percent in Seattle Mixed zones, 1 percent in Commercial zones, 25 percent in Neighborhood Commercial zones, 4 percent in Midrise and Highrise zones, and 32 percent in Lowrise zones.

MHA payments for development in LR zones have remained steady, averaging $21.2 million annually for projects issued building permits in years 2021 to 2025. As shown further down in Chart 3.3C, smaller housing developments are by far the most common project type in Seattle.

Chart 3.3B: MHA Payments by Year Building Permit Issued and Zone ($ Million)

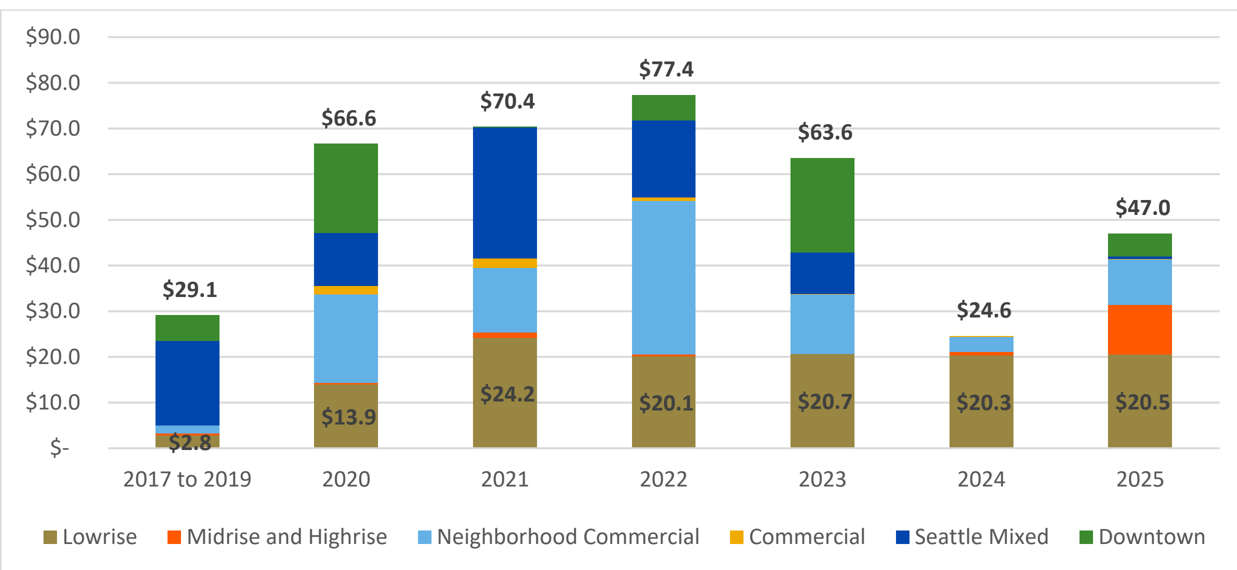


Chart Caption: Chart 3.3B is a bar chart that shows the MHA payments by zone category, including Lowrise, for projects with building permits issued in years 2017 to 2025:

- **2017 to 2019:** $2.8 million in Lowrise zones, out of $29.1 million total;
- **2020:** $13.9 million Lowrise zones, out of $66.6 million total;
- **2021:** $24.2 million Lowrise zones, out of $70.4 million total;
- **2022:** $20.1 million Lowrise zones, out of $77.4 million total;
- **2023:** $20.7 million Lowrise zones, out of $63.6 million total;
- **2024:** $20.3 million Lowrise zones, out of $24.6 million total (over 80 percent); and
- **2025:** $20.5 million Lowrise zones, out of $47 million total (44 percent).

Chart 3.3C: Size of Residential Projects Meeting MHA Requirements (1,402 total projects)

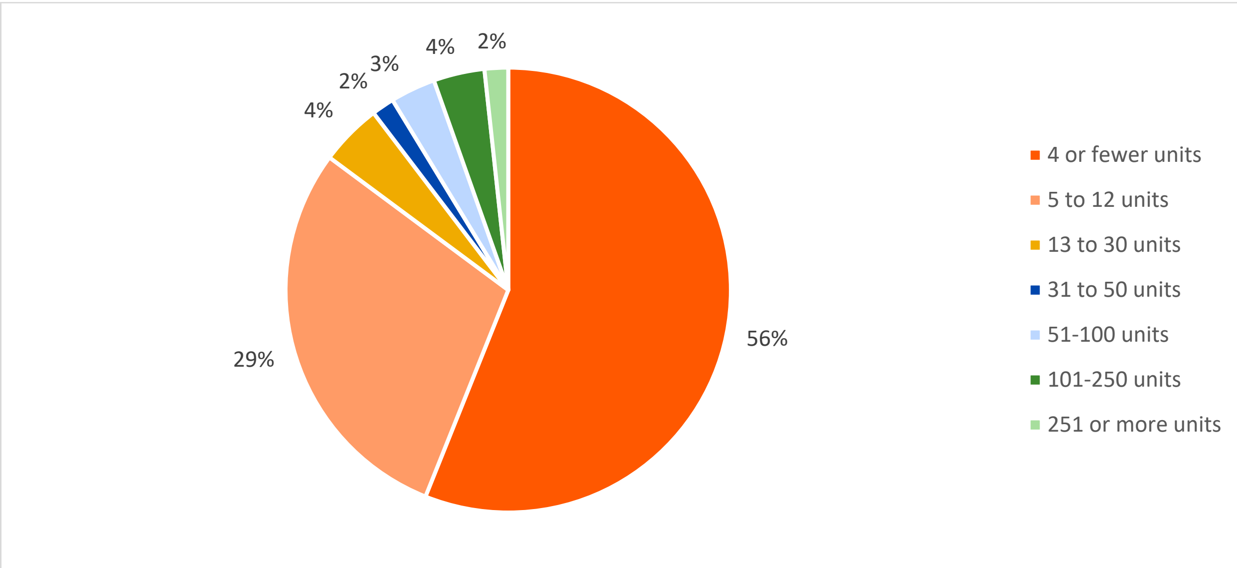


Chart Caption: Chart 3.3C is a pie chart that shows, of 1,402 total projects with issued building permits and MHA requirements satisfied (both performance and payment), 56 percent have four or fewer units, 29 percent have five to 12 units, 4 percent have 13 to 30 units, 2 percent have 31 to 50 units, 3 percent have 51 to 100 units, 4 percent have 101 to 250 units, and 2 percent have more than 250 units.

Table 3.3D shows that total MHA payments are similar across areas zoned for lowrise, midrise, and highrise development. However, the weak real estate development market has hit highrise and especially midrise development harder than lowrise. MHA payments for development in midrise and highrise zones reached their lowest point in 2024. MHA payments for development in lowrise zones remained steady through 2025.

Table 3.3D: MHA Payments, By Development Type and Year Building Permit Issued ($ Million)

Development Type	2017 2018 2019	2020	2021	2022	2023	2024	2025	Total
Lowrise	$2.8	$13.9	$24.2	$20.1	$20.7	$20.3	$20.5	**$122.5**
Midrise	$11.5	$21.4	$21.3	$34.9	$15.0	$4.3	$10.3	**$118.7**
Highrise	$14.8	$31.3	$24.9	$22.4	$27.9	$0	$16.1	**$137.4**
Total MHA Payments	**$29.1**	**$66.6**	**$70.4**	**$77.4**	**$63.6**	**$24.6**	**$47.0**	**$378.6**

The MHA performance option has proven feasible for some townhome developments, especially those with a larger number of units. By partnering with third-party stewardship organizations like Habitat for Humanity and Homestead Community Land Trust, market-rate housing developers have provided critically needed homes for buyers otherwise priced out of Seattle's homeownership market. Table 3.3E provides an overview of MHA performance activity for homeownership development.

Table 3.3E: Development of MHA Performance For-Sale Homes

Construction Status	Number of Projects	Project Size	Resale Restricted Homes Permanently Affordable to Buyer Households with Incomes ≤ 80% of AMI
Construction complete	2 projects (both in northwest Seattle)	16 units on average	2 homes
Construction not complete	9 projects (in north, central, and southeast Seattle)	18 units on average	11 homes
Total	**11 projects**	**196 units**	**13 affordable homes**

Although affordable housing contributions from Lowrise (LR) zones have proven consequential, MHA-applicable townhome development could fall off going forward. As discussed in Section 1 of this report, Seattle's lower density residential development might shift to Neighborhood Residential (NR) zones because legislation adopted by City Council in late 2025 upzoned NR to levels comparable to most LR zones, but without MHA requirements.

Section 3.4 – MHA Payments Per Square Foot of Residential Floor Area Vary by Fee Area

MHA payment amounts correlate with performance set-asides, which outside of Downtown and South Lake Union vary by market area and degree of upzone as indicated by an (M), (M1), or (M2) suffix (e.g., 5 percent, 6 percent, and 7 percent of total units built in Low, Medium, and High MHA Fee Areas with an (M) suffix). MHA payment amounts in Downtown and South Lake Union differ by zone and are currently capped to not exceed inflation-adjusted voluntary incentive zoning payment amounts that were effective before the City adopted MHA framework legislation in 2016. For that reason, per square foot MHA payment amounts in most parts of Downtown and South Lake Union are similar to Seattle neighborhoods with comparatively weaker real estate markets and categorized as Low MHA Fee Areas. MHA fees per square foot of residential floor area in High and Medium cost areas are typically two to two and one-half times as much as those for development in Downtown, South Lake Union, and Low MHA Fee Areas.

Table 3.4A shows the average and median total and per square foot payment amounts for projects with residential floor area and building permits issued as of December 31, 2025.

Table 3.4A: Average and Median MHA Payment Amounts, by Project Size and MHA Fee Area

Project Size, MHA Fee Area	Average Total MHA Payment for Residential Floor Area	Average MHA Fee per Square Foot	Median Total MHA Payment for Residential Floor Area	Median MHA Fee per Square Foot
101 or more units	**$3,909,988**	**$16.86**	**$3,784,137**	**$18.16**
Downtown/South Lake Union	$3,794,832	$9.33	$4,049,113	$8.76
High	$4,121,614	$22.35	$3,314,931	$23.06
Medium	$4,152,625	$19.78	$3,882,929	$21.83
Low	$900,359	$8.81	$900,359	$8.81
31-100 units	**$557,321**	**$16.89**	**$431,948**	**$15.36**
Downtown/South Lake Union	$38,139	$8.94	$38,139	$8.94
High	$774,589	$22.32	$940,917	$24.76
Medium	$564,083	$17.33	$440,056	$17.51
Low	$334,692	$7.72	$363,368	$8.35
30 or fewer units	**$103,251**	**$20.98**	**$84,291**	**$17.51**
Downtown/South Lake Union	$19,534	$13.29	$19,534	$13.29
High	$158,707	$26.00	$136,239	$24.76
Medium	$105,864	$23.08	$93,122	$17.51
Low	$52,020	$9.37	$41,311	$8.35
Total	**$253,931**	**$20.69**	**$89,351**	**$17.51**

Chart 3.4B provides the distribution across the four MHA Fee Areas of projects using the payment option to meet MHA requirements for residential floor area. Development in areas categorized as Medium MHA Fee Areas is the most common, comprising approximately two-thirds of total projects.

Chart 3.4B: Residential MHA Payment Projects, by MHA Fee Area (1,324 total projects)

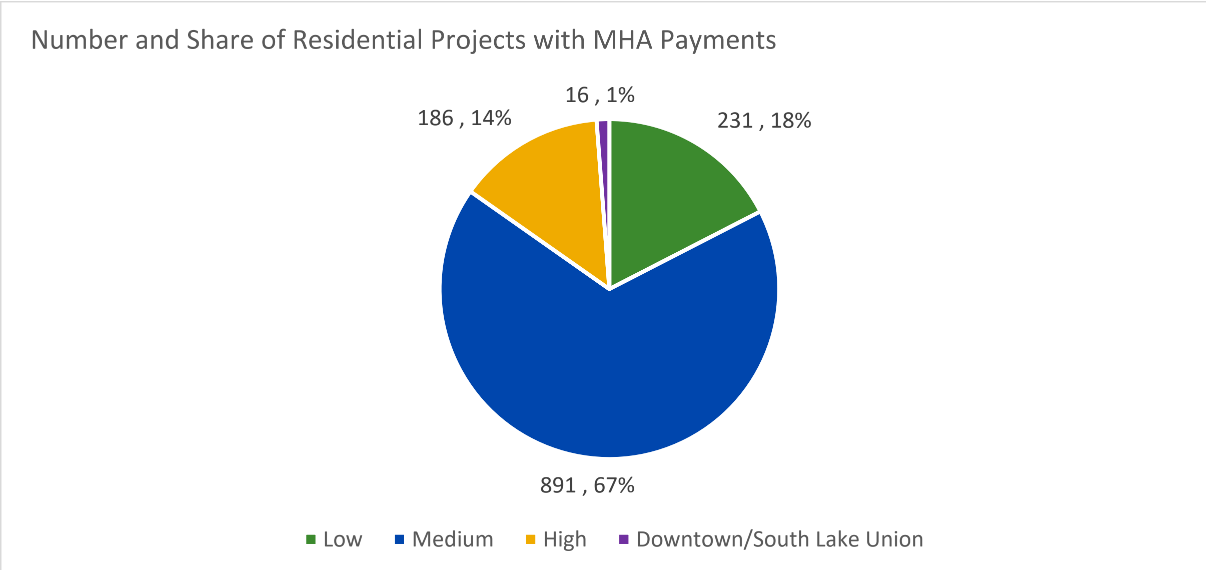


Chart Caption: Chart 3.4B is a pie chart that shows, of 1,324 total projects with MHA requirements for residential floor area met through the payment option, 18 percent of projects (231 projects) are in Low MHA Fee Areas, 67 percent (891 projects) are in Medium MHA Fee Areas, 14 percent (186 projects) are in High MHA Fee Areas, and 1 percent (16 projects) are in the Downtown/South Lake Union MHA Fee Area.

Although 18 percent of projects satisfying MHA requirements for residential floor area using the payment option are in Low MHA Fee Areas, the share of total MHA payments for those projects is 4 percent, as shown by Chart 3.4C. The Downtown/South Lake Union and High Fee Areas combined account for 35 percent of total MHA payments for residential floor area.

Chart 3.4C: Residential Floor Area MHA Payments by MHA Fee Area ($336 million total)

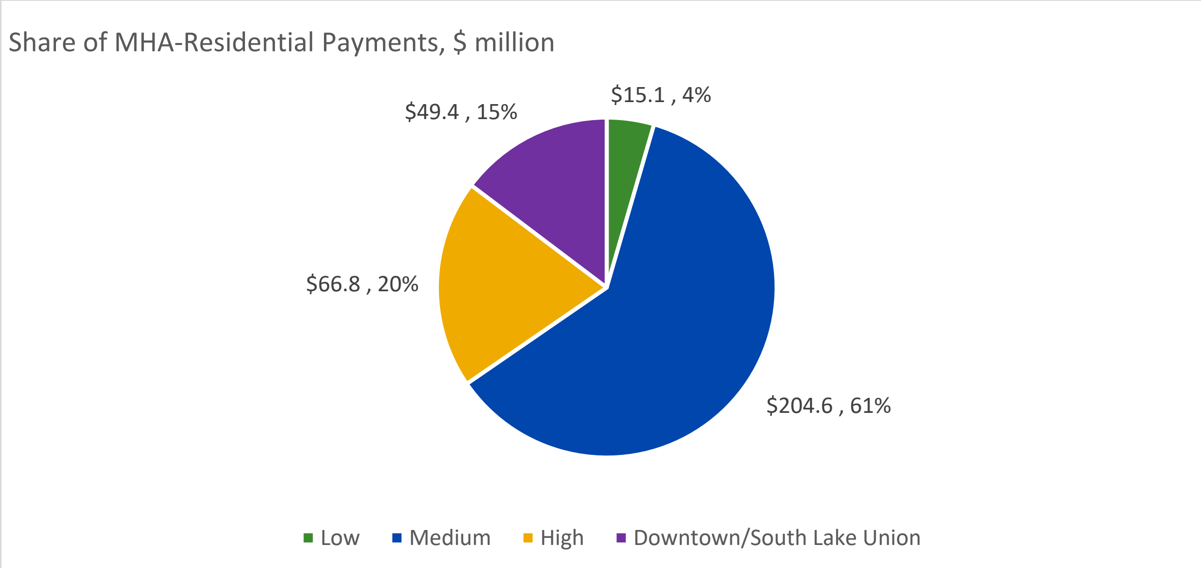


Chart Caption: Chart 3.4C is a pie chart that shows, of the $336 million total MHA payments for 1,324 projects with residential floor area, 4 percent ($15.1 million) is from Low MHA Fee Areas, 61 percent ($204.6 million) is from Medium MHA Fee Areas, 20 percent ($66.8 million) is from High MHA Fee Areas, and 15 percent ($49.4 million) is from the Downtown/South Lake Union MHA Fee Area.

Section 3.5 – Commercial Development Plays Minor Role in MHA Affordable Housing Outcomes

MHA payment contributions generally mirror the residential and commercial floor area developed in Seattle's submarkets. To date, MHA affordable housing outcomes are heavily influenced by residential development, given minimal non-residential development subject to MHA in Seattle. From MHA inception through December 31, 2025, residential development accounts for close to nine of every ten dollars of MHA payment contributions, and commercial development provides the remainder of MHA funds to help mitigate growing affordable housing needs.

Table 3.5 MHA Payments by Type of Floor Area ($ Million)

Year Building Permit Issued	Commercial Floor Area MHA Payment	Residential Floor Area MHA Payment	Total MHA Payments
2017-2019	$2.9	$26.2	**$29.1**
2020	$9.1	$57.5	**$66.6**
2021	$2.1	$68.3	**$70.4**
2022	$16.6	$60.7	**$77.4**
2023	$10.4	$53.2	**$63.6**

Year Building Permit Issued	Commercial Floor Area MHA Payment	Residential Floor Area MHA Payment	Total MHA Payments
2024	$0.0	$24.6	**$24.6**
2025	$0.9	$46.1	**$47.0**
Total	**$42.0**	**$336.6**	**$378.6**

Section 3.6 – NC Zoning Favored for Mixed-Income and Fully Affordable Buildings

Providing affordable rental housing through the MHA performance option is most productive in midrise Neighborhood Commercial (NC) zones. The same is true for development of MHA funded affordable rental housing.

Development standards in NC zones have proven particularly conducive to development of fully affordable housing. Roughly one-half of affordable homes awarded MHA funding by the Office of Housing are in NC zones, which typically allow midrise development of five to eight stories. (One of 16 MHA-funded affordable housing developments in NC zones, the 17-story Rise on Madison in First Hill, is on a lot zoned to allow up to roughly 20 stories.)

Midrise NC zones are also the zone of choice for mixed-use and residential development satisfying MHA requirements through the performance option. Nearly 60 percent of all MHA units committed to serving income-eligible households according to a performance agreement are in NC zones.

These findings are summarized in Chart 3.6A, Table 3.6B, Chart 3.6C, and Table 3.6D.

Chart 3.6A: Share of MHA Funded Affordable Homes, by Zone Category (4,649 units total)

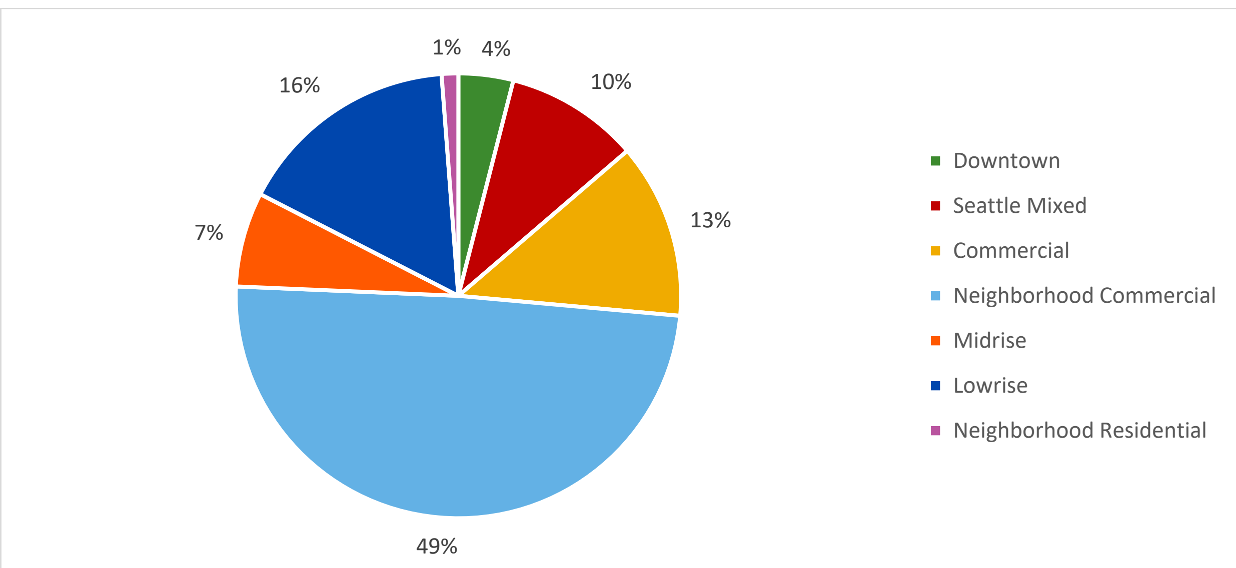


Chart Caption: Chart 3.6A is a pie chart that shows, of the total 4,649 affordable homes funded by MHA, 4 percent are in Downtown zones, 10 percent are in Seattle Mixed zones, 13 percent are in Commercial zones, 49 percent are in Neighborhood Commercial zones, 7 percent are in Midrise zones, 16 percent are in Lowrise zones, and 1 percent are in Neighborhood Residential zones.

Table 3.6B summarizes MHA payment production by tenure, zone category, and income limit. Roughly 50 percent of all MHA-funded affordable homes are in NC zones. Permanently affordable homeownership funded by MHA is largely in Seattle's lowest density zones (i.e., Lowrise and Neighborhood Residential).

Table 3.6B: MHA-Funded Affordable Homes, by Zone Category and AMI Limit

Tenure, Zone Category	≤ 30% of AMI	≤ 40% of AMI	≤ 50% of AMI	≤ 60% of AMI	≤ 80% of AMI	Total MHA Funded Units
Ownership	**0**	**0**	**0**	**0**	**113**	**113**
Lowrise	0	0	0	0	38	**38**
Neighborhood Residential	0	0	0	0	56	**56**
Neighborhood Commercial	0	0	0	0	19	**19**
Rental	**435**	**42**	**1778**	**2281**	**0**	**4,536**
Downtown	0	0	125	60	0	**185**
Seattle Mixed	45	0	213	194	0	**452**
Commercial	69	0	271	252	0	**592**
Neighborhood Commercial	155	32	778	1305	0	**2,270**
Midrise	61	0	120	139	0	**320**
Lowrise	105	10	271	331	0	**717**
Total MHA Funded Units	**435**	**42**	**1778**	**2281**	**113**	**4,649**

Chart 3.6C: Share of MHA Performance Affordable Homes, by Zone Category (598 units total)

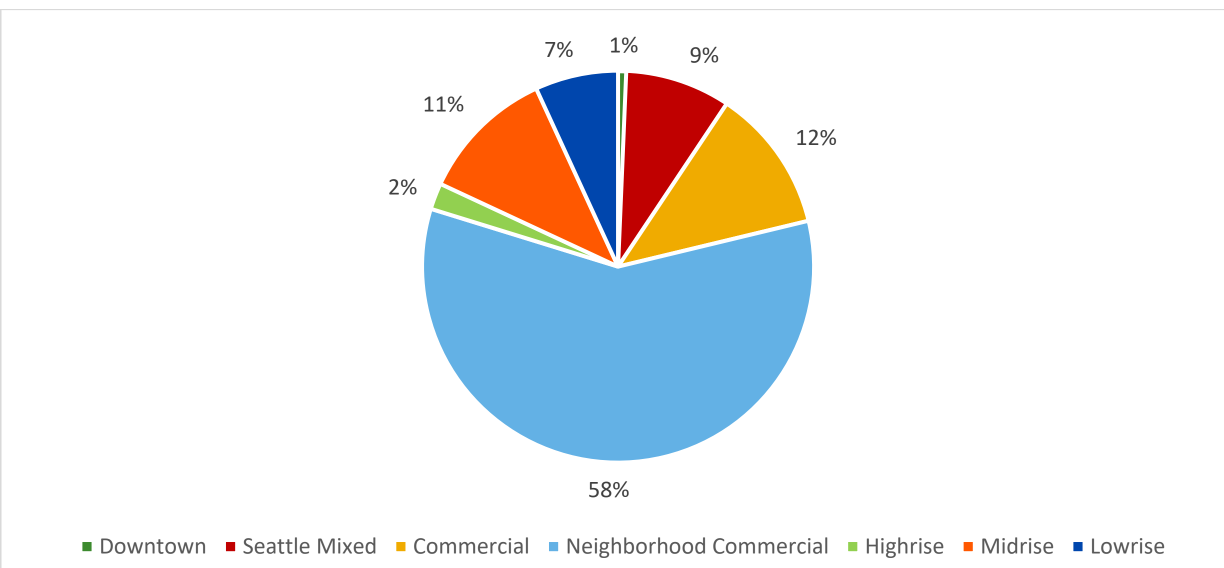


Chart Caption: Chart 3.6C is a pie chart that shows, of the total 598 MHA units developers have committed to provide through the MHA performance option, 1 percent are in Downtown zones, 9 percent are in Seattle Mixed zones, 12 percent are in Commercial zones, 58 percent are in Neighborhood Commercial zones, 2 percent are in Highrise zones, 11 percent are in Midrise zones, and 7 percent are in Lowrise zones.

Of the 598 total MHA units, 350 are in developments in NC zones. This is nearly 60 percent of all affordable homes created through the MHA performance option. Development of homes for owner-occupancy using the MHA performance option is largely in Lowrise zones.

Table 3.6D: MHA Performance Affordable Homes, by Zone Category and AMI Limit

Tenure, Zone Category	≤ 40% of AMI	≤ 60% of AMI	≤ 80% of AMI	Total MHA Units
Ownership	**0**	**0**	**13**	**13**
Neighborhood Commercial	0	0	1	1
Lowrise	0	0	12	12
Rental	**273**	**312**	**0**	**585**
Downtown	3	1	0	4
Seattle Mixed	24	28	0	52
Commercial	5	66	0	71
Neighborhood Commercial	181	168	0	349
Highrise	1	12	0	13
Midrise	43	24	0	67
Lowrise	16	13	0	29
Total MHA Units	**273**	**312**	**13**	**598**

Over 85 percent of MHA performance units committed as of December 31, 2025, are in areas zoned for midrise development.

Table 3.6E: MHA Performance Affordable Homes, by Development Type and Year Building Permit Issued

Development Type	2017-2019	2020	2021	2022	2023	2024	2025	Total
Lowrise	0	3	16	8	5	7	2	**41**
Midrise	72	29	79	59	126	71	84	**520**
Highrise	0	4	0	10	0	23	0	**37**
Total MHA Units	**72**	**36**	**95**	**77**	**131**	**101**	**86**	**598**

The findings in this Section 3.6 mirror findings about development standards, including height limits, most conducive to financing affordable housing (Comprehensive Plan Appendices, Housing Appendix, "Midrise housing setbacks" p. A-209, "Other Barriers" p. A-221). In NC zones, development can include a mix of uses, but residential is the predominant one. These zones have relatively few development standards that directly hamper housing production, and setbacks and floor area ratio limits are more generous. Zoning that allows seven or eight stories of height tends to produce the most cost-efficient multifamily housing since builders can maximize the number of lower cost wood-frame stories allowed under construction codes.

City-funded affordable housing development typically comprises about 85-125 rental apartments in five floors of wood frame construction over a one- or two-floor concrete podium. Approximately 10 percent of developable land in Seattle is zoned for multifamily construction of five to eight stories. The share of zoned land for new midrise development is limited because much of this area is already developed or requires lot assembly. Even so, NC and other midrise zones perform best in terms of affordable rental housing production through MHA payment and performance. Highrise residential towers and townhomes generally have above average pricing for renter households, and creating new affordable apartments in areas zoned for that type of development is challenging.

Section 3.7 – MHA Activity the City of Seattle is Seeing So Far for 2026

For budget purposes, for 2026 the Office of Housing projected $20 million of 2026 MHA payment receipts to support production and preservation of homes affordable to individuals and families with modest incomes (e.g., less than $30,000 to $98,000 for renters, and less than $90,000 to $130,000 for owners, depending on household size). This projection is far lower than the $47 million realized in 2025, because market development conditions are still relatively weak and recent upzoning of Seattle's expansive Neighborhood Residential areas without MHA requirements could cause developers to favor those zones for townhome development over Lowrise (LR) zones.

Permit data indicates MHA as generally on pace to meet the Office of Housing's 2026 budget projections. Table 3.7 shows MHA activity for projects that met MHA requirements and for which building permits were issued between January 1 and June 20, 2026. As noted in Section 1.5, with the MHA performance option, developers can choose to pay a fee-in-lieu rather than round up to the next whole MHA unit, which is why the one mixed-use project with MHA requirements met through performance also has a payment amount.

Table 3.7: MHA Activity for Projects Issued Building Permits 1/1/2026 to 6/20/2026

Development use and MHA option	Number of projects	Total MHA Payment $	Total MHA Performance Units	Total Units Permitted
Mixed-Use (Residential and Commercial)	**3**	**$3.12 million**	**8**	**358**
Payment	2	$3.12 million	0	240
Performance	1	$0.06 million	8	118
Residential	**55**	**$5.79 million**	**12**	**371**
Payment	51	$5.79 million	0	224
Performance	4	$0	12	147
Total	**58**	**$8.91 million**	**20**	**729**

More Information

For more information, contact the City of Seattle Office of Housing or visit seattle.gov/housing.

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