



The City of Seattle

International Special Review District

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ISRD 109/17

MINUTES FOR THE MEETING OF TUESDAY, May 9, 2017

Time: 4:30pm
Place: Bush Asia Center
409 Maynard Avenue S.
Basement meeting room

Board Members Present

Eliza Chan
Sergio Legon-Talamoni
Tiernan Martin, Chair
Herman Setijono
Valerie Tran

Staff

Rebecca Frestedt
Melinda Bloom

Absent

Stephanie Hsie, Vice Chair
Carol Leong

Chair Tiernan Martin called the meeting to order at 4:30 pm.

050917.1 APPROVAL OF MINUTES

March 28, 2017
MM/SC/VT/HS

4:0:1 Minutes approved, as amended.
Mr. Legon-Talamoni abstained.

April 11, 2017
Deferred.

050917.2 BOARD BRIEFING

050917.21 Briefing on proposed Mandatory Housing Affordability (MHA) legislation

Presenter: Brennon Staley, Office of Planning and Community Development (OPCD)

Informational briefing on proposed legislation recently introduced to the City Council's Planning, Land Use and Zoning committee to implement Mandatory Housing Affordability (MHA) requirements throughout the Chinatown/International District (excluding the National Register District). Under MHA, developers would be required to contribute to affordable housing as part of most commercial or residential development. The legislation also provides for additional development capacity in the form of an increase in the amount of height or floor area in zones where MHA would apply.

Detailed handout in DON file.

Brennon Staley, OPCD, explained that the MHA requirements are part of the Housing Affordability and Livability Agenda (HALA). He said the goal is to produce 30,000 market-rate housing units and 20,000 affordable housing units. He said under the MHA developers would either provide affordable units or pay into a fund to develop affordable housing. This legislation also provides for additional development capacity in the form of an increase in the amount of height or floor area in zones where MHA would apply. 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, both of which support the City's growth management and housing policies and will help address housing affordability. He said that the intent is for a citywide program. Currently, MHA is in effect in the U-District and parts of downtown and South Lake Union. The performance and payment requirement vary by zone.

Mr. Staley explained that the portion of the ISRD that is located within the Seattle Chinatown National Register District is exempt, as is Pioneer Square. The legislations would be applicable in the remainder of the District. He further explained that, if adopted, developers who take advantage of the program would be able to add an additional 1-2 stories, depending on the underlying zone. He went on to provide some specific examples, based on zoning. There was a discussion about sequencing of a project, if it has been vested, but not completed, and about the process for projects that will not be required to go through Early Design Guidance through the Design Review Board. He said that OPCD is still getting a sense from the development community about the level of interest in the decision whether or opt in.

Mr. Martin asked about the timing of implementation.

Mr. Staley said that there will be a public hearing June 1, and the PLUZ Committee will go over amendments June 6; it could be voted out of committee on June 6 but he said he thought it more likely that it would go to full council in early July.

Mr. Martin asked how this legislation will interact with incentive zoning.

Mr. Staley said that most zones have incentive zoning for providing affordable housing, public open space, contributions to green street, and purchase of Transferable Development Rights. He noted that commercial development can include child care. He said that under this proposal the MHA regulations would replace the affordable housing component, but the other incentive contributions would still apply. Additional height still has to be earned.

Ms. Frestedt read from email sent by absent board member, Carol Leong. Ms. Leong asked how they determine where affordable housing credits go and if they can make sure they stay here in the district.

Mr. Staley said the funds go to the Office of Housing, which will review criteria to guide where money is spent, including: high access to transit; greatest displacement; greatest need, and where payments are coming from. He said it was decided not to create specific pots of funds that apply only to specific neighborhoods, noting that could lead to a longer turnaround time. He said that the proposed approach will result in more expedient use, where the criteria apply. He said if you consider the Chinatown/International District, many of the criteria apply, so the neighborhood could be a recipient of significant amount of funding. He said they will be able to leverage tax credits for more units in the neighborhood.

Public Comment:

Mike Omura, SCIDPDA, asked about the different performance rates in the city and where the CID and Little Saigon fit in.

Mr. Staley said CID is in the high category, \$20.75 payment and 7% performance zone. He said that downtown and South Lake Union have a different set of criteria (3-5% for residential and 5-11% for commercial).

Mr. Omura said he heard from a private developer that this is a disincentive to look at CID/LS for development and that they are being asked to perform at a higher rate.

Mr. Staley said that it's difficult to reasonably compare because the market is so different.

Mr. Omura asked what affordability level the MHC is targeting.

Mr. Staley said if a developer chooses performance onsite units must be 60% of Area Media Income – roughly one bedroom unit at \$1000/year. He said with no incentives if doing performance, the payment option would meet a variety of levels to create a spectrum of affordability (30-50%).

Mr. Martin commented that whether or not developers choose to participate by building new affordable units, the area will still be a receiving area due to meeting the other criteria for payment in lieu.

Mr. Staley said that is likely but that affordable housing here will continue although it could be less if market rate doesn't happen.

Betty Lau asked why it could be seen as a disincentive.

Mr. Staley said overall the program applies requirements and increases capacity. He said the value of additional capacity to costs balances out although there is a slight disincentive.

Ms. Lau asked if there is a way to fix that – if developers perceive there is an imbalance.

Mr. Staley said they can't set one number for all. He said that sometimes it is more profitable to not go higher. He said that the ISRD is still an unproven area.

Mr. Omura said early design is vested under current code. He asked at what point in the process does that happen for the ISRD?

Ms. Frestedt asked if confirmation with SDCI happens when submitting for Certificate of Approval or MUP.

Mr. Staley said he will figure that out and get back to everyone.

Ms. Frestedt offered to follow up. She asked about the differences between apartments and condo.

Mr. Staley said MHA applies to both. Performance is more clear for apartments. With condos, either payment or performance option can be used. He said there will have to be price set from affordable to 60% median income and have lower price escalation. He said condos would be more likely to do payment option.

Mr. Omura asked if it applies to hotels.

Mr. Staley said it does to commercial. Responding to a question about what 'performance' means, he said that it means including affordable units in the building for those at 60% of median income and retain them for 75 years.

050917.3 BOARD BUSINESS

Ms. Frestedt introduced new board member, Sergio Legon-Talamoni. She said that a board retreat will be scheduled and she asked board members to suggest topics for discussion.

Adjourn 5:25 pm.

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