

# HALA RECOMMENDATIONS

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DRAFT

## Acknowledgments

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*Seattle seeks to be a diverse, prosperous, and equitable community where individuals and families can build good lives in vibrant neighborhoods. Housing costs rising faster than incomes threatens to make that aspiration unattainable.*

Letter from the Co-Chairs [working in separate doc]

Executive Summary [working in separate doc]

## Background

In September 2014, Mayor Ed Murray and the City Council adopted Resolution 31546 (Appendix A) calling for the development of a Seattle Housing Affordability and Livability Agenda to support development and preservation of a diversity of housing types at a broad range of prices for city residents over the next ten years. Resolution 31546 directs the agenda to include:

- Current and estimated needs for affordable rental and homeownership housing according to household size and income, as follows: up to 30% AMI, greater than 30% of AMI to 60% AMI, greater than 60% of AMI to 80% AMI, and, if data is available, greater than 80% of AMI based on reliable data sources including the United States Census Bureau and U.S. Department of Housing and Urban Development (HUD);<sup>1</sup>
- Current and estimated housing development, both income/rent-restricted and market-rate;
- Current and estimated funding for affordable housing in Seattle and estimated net-new affordable housing and populations served by household income level as a result of such funding;
- Recommendations concerning new programs or policies targeted to market-rate housing development and projected impact on housing affordability and expected availability of housing from such recommendations;
- Recommendations concerning new funding, programs, or policies for affordable housing production and preservation;
- Recommendations for preserving existing affordable housing, subsidized by any source or naturally occurring; and
- Recommendations regarding increasing access to permanent housing for people who are currently homeless.

The Mayor and City Council called together leaders in our community to help develop this bold agenda for increasing the affordability and availability of housing in our city by convening a 28-member Housing

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<sup>1</sup> The draft Housing Appendix prepared for the staff draft of the Seattle 2035 Comprehensive Plan update provides relevant housing needs information in its most current form: <http://murray.seattle.gov/wp-content/uploads/2015/06/DraftHNA.pdf>

Affordability and Livability Advisory (HALA) Committee. The HALA worked in partnership with a Steering Committee, comprised of key elected and appointed officials from the City, the State, and the Seattle Housing Authority that will, in large part, be responsible for implementation of the HALA's recommendations.

The HALA committee has developed the recommendations in this report as outlined in the HALA resolution.

## Goals and Values

The HALA Steering Committee set out the following goals and values to guide the process:

- **Strengthen our City through Housing Affordability:** When people of all incomes, from individuals to multigenerational families, have the opportunity to live throughout Seattle, our city achieves greater economic growth, environmental sustainability and equity.
- **Ensure Equal Access to Housing to Advance Social and Racial Justice:** People of all races, ethnicities and abilities should be able to access housing in Seattle.
- **Promote the Livability of Seattle's Neighborhoods:** Deliberate planning for how new housing is built should be guided by the values of equity and sustainability to create strong, sustainable communities with good transportation choices, open space and amenities that ensure a good quality of life for all.
- **Promote Housing Opportunity across Seattle:** Communities and people thrive when safe, healthy and affordable housing options are available throughout the city.
- **Promote Equitable Growth:** People who live in Seattle should be able to afford to stay in their communities as the city grows and prospers. People should benefit from growth, not be displaced by growth.
- **Continue our Commitment to Prioritizing those Most in Need:** When we invest public resources to build homes for people with the lowest incomes, our whole city benefits.
- **Embrace Innovation and Build upon Current, Proven Programs and Policies:** As a national leader in the funding and development of affordable housing, Seattle must continue to take bold and innovative actions to address the housing affordability crisis.

## The HALA Process

To accomplish this body of work, the HALA process was broken into 3 phases of work:

- Understanding housing affordability needs through data and public input
- In depth discussions of potential solutions and strategies
- Crafting and refining a suite of recommendations

### Shared Foundational Knowledge

In order to build foundational knowledge and develop a shared understanding of the issues at hand, city staff presented the HALA committee with data on Seattle demographics and the housing market, housing needs and affordability metrics and an overview of the existing housing programs. These materials are provided in Appendix B.

In addition, the HALA Committee received Racial and Social Justice training from the Seattle Office of Civil Rights (SOCR). SOCR also developed a HALA-specific “Racial Equity Lens” tool<sup>2</sup> for the Committee to use throughout the policy evaluation process. The tool served as a check point for accountability to racial equity and created an awareness within the group of the potential opportunities to increase racial equity and the potential unintended consequences.

#### **Community Input**

The HALA Committee hosted three Community Open Houses during the months of November and December 2014 to receive community feedback early in its process. An online survey was also made available from December 2014 through January 2015. A summary of the public input received is available in Appendix C.

#### **Strategy Work Groups**

HALA Committee and other key stakeholders listed in Appendix D collaborated in workgroups for four months, from January 2015 through April 2015. Each workgroup studied a specific area of housing policy and made detailed recommendations. Breaking into strategy work groups allowed the HALA effort to take advantage of more of Seattle citizens’ immense expertise to delve into the policy details within each topic area. Staff from the Mayor’s Office, the Office of Housing, the Department of Planning and Development and the Office of Civil Rights provided support to the workgroups.

The policy discussions and strategy recommendations generated by each of the work groups were documented and submitted to the full HALA Committee for consideration.

#### **Recommendations**

The HALA Committee carefully considered the recommendations put forward by the work groups and crafted the suite of recommendations and priorities put forth in this document.

The HALA has identified a total of 67 strategies to increase affordable housing in the city. These strategies fall into four main categories:

1. MORE HOUSING: Strategies to Increase and diversify the supply of housing
2. MORE RESOURCES FOR AFFORDABLE HOUSING: Strategies to Increase funding and subsidy sources to produce housing
3. MORE SUPPORTS: Strategies to protect vulnerable tenants and increase access to housing
4. INNOVATION: Strategies to increase efficiencies in housing production

In each strategic category, the HALA was asked to consider ways to ensure alignment with the City’s racial and social justice initiative goals. This important issue increased the complexity of the issues being addressed in the context of a large urban environment with highly diverse populations and communities.

## **I. MORE HOUSING: Recommended Strategies to Increase and Diversify Seattle’s Housing Supply**

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<sup>2</sup> [LINK TO Racial Equity Lens](#)

## Increase Opportunities for Multifamily Housing

Opportunities to create new housing to help meet Seattle's growing population and corresponding demand for housing are limited by the relatively small portion of Seattle's land zoned for multifamily housing. In addition, only about 10% of the parcel land area is zoned for Lowrise (LR), Midrise (MR) or Highrise (HR) multifamily housing. In areas of the city where new multifamily development is feasible and where demand is highest (i.e. where people want to live, based on access to amenities, transit and other livability factors), development sites are in short supply.

### Increase the Amount of Land Zoned for Multifamily

HALA recommends devoting more land to multifamily housing especially in areas near amenities and services such as transit and schools. Any increase in development capacity should be tied to requirements for providing affordable housing.

There are a wide range of circumstances that present good opportunities to add or expand multifamily zoning in ways that complement neighborhoods, leverage existing resources, and help the environment. New multifamily zoned land should be prioritized near green belts, open space and parks; near schools and community centers; and within walking distance of the frequent transit network. While an increase in multifamily zoned land to spur production of new multifamily housing is not expected to immediately decrease rents in the short term, ensuring a growing supply of larger multifamily housing across the city can help to stem rent increases over the longer term. This strategy should be viewed as an investment in Seattle's overall housing market affordability for both current and future generations. Strategies to preserve quality affordable housing and mitigate displacement must be a critical component of *any* plan for short- and long-term growth. There is risk of some increased displacement pressure in areas that are upzoned. [However, linking upzones directly to a requirement for affordable housing responds to some of the need that is fueled in part by growth.] Additional strategies focused specifically on mitigating displacement will also be needed.

Commented [LBP1]: PLACEHOLDER LANGUAGE

### Expand the boundaries of Urban Villages to reflect walksheds for transit and services

The city's designated Urban Villages are the places where the most new multifamily housing and other amenities like transit service, parks, and libraries are directed according to plans and policies. Some urban village boundaries do not reflect logical and rational land use patterns or proximity to transit and services. The City should expand urban village boundaries to areas within a 10 minute walking distance to frequent transit. A 10 minute walk – or about ½ mile – is the rule of thumb distance for how far most people are willing to walk to transit. The City should also expand urban village boundaries to areas adjacent to major community resources and amenities such as schools, parks, community centers and green belts. Locating a variety of multifamily housing types adjacent to these resources would allow more residents, with a greater variety of household sizes and incomes, to make full use of public investments in urban infrastructures, and it supports the livability of Seattle's growing population of multifamily housing residents. The City should accomplish this action through policy and map changes in the major update of Seattle's Comprehensive Plan, referred to as "Seattle 2035," expected in early 2016.

### Increase housing options on single family zoned land within Urban Villages

Currently there are more than 800 acres and more than 6,500 lots zoned for single family homes within existing Urban Village boundaries. However, Urban Villages are the lynchpin of Seattle's growth strategy,



due to the concentration of community services, amenities and frequent transit in those areas. In order to increase the range of housing options and encourage the addition of new housing in appropriate locations, the City should convert land within Urban Villages zoned primarily for detached single-family development to the City's existing Residential Small Lot (RSL) zone, a new "Low Density Residential Zone" as proposed below, or Lowrise multifamily zones. These actions would provide a greater array of housing options in order to accommodate a greater proportion of growth within Seattle's Urban Villages.

#### **Add multifamily zoning to create transitions next to more intensive zones**

Throughout Seattle there are places where mixed use or commercial zones back up directly to single family zones. This is most common within a block or two from arterial roadways. Lack of transitions between sometimes large commercial or mixed use structures and single-family backyards or side yards creates odd scale relationships and underused space. To create better transitions between areas allowing for higher and lower density areas, the block(s) just outside the higher density area should be converted to Lowrise multifamily zoning. These transitional areas will create new opportunities for multifamily housing. Generally, residents of new multifamily housing in these areas will benefit from proximity to services and transit corridors. The strategy will have positive long-term livability and urban design benefits by creating logical and sensitive transitions between high and low density areas.

### **Maximize Housing Opportunities in Existing Multifamily Areas**

In addition to designating new lands for multifamily housing, there are a number of ways existing zoning and building codes can be modified to maximize housing opportunities in places already designated for multifamily housing. The strategies below should be used in conjunction with the [development strategy] as a way to ensure that any increase in density produces affordable housing.

#### **Modify height limits and codes to maximize economical wood frame construction**

Wood frame construction is among the most cost effective new buildings for housing. This economical "Type V" building type can generally be built to 75' when 5 stories of wood frame construction is built on top of a 2 story concrete base. Height limits in the zoning code and to some extent limitations in the building code curtail construction in this cost-effective "sweet spot" – with a maximum number of stories that can be built safely and practically with low-cost wood framing. Fire and life safety protections require high rise structures that are 75' tall and above to use more expensive concrete or steel framing, which adds to the per square foot cost of building.

- **Change 65' zoning code height limits to 75' or 85':** 65 feet is the common height limit in Seattle multifamily zoned areas and makes up 65% of all lands zoned for Commercial or Neighborhood Commercial. The City should change zoning code height limits from 65' to 75' to harmonize zoning regulations with maximum height for Type V wood frame construction in the building code. This change would allow buildings to maximize cost efficiencies in "Five over Two" construction and would allow another story of housing on some sites without dramatically changing the scale of development. An 85' height limit could also be explored in conjunction with other adjustments to the building code to allow a sixth story of wood frame construction.

An increase in height to 75' (or 85') would create significant value and should be tied to requirements for affordable housing.

- **Consider increasing 30' and 40' zones to 75':** Upzones of this increment would significantly lower the per square foot cost of building new housing. The same or similar investments in construction of a base story and infrastructure could support 5 stories of housing instead of 2 or 3 with this change. These increases in development capacity would create significant value and should be linked to affordable housing requirements.
- **Consider building and fire code modifications to allow 6 stories of wood frame construction:** The City should review the possibility of stretching economical wood frame construction even further. This could take the form of building code changes to increase the height limit or allowed number of wood frame stories. This action needs careful vetting to ensure fire and life safety protection. It could be accomplished by expediting review and approval of emerging building technologies such as **Cross Laminated Timber (CLT)** as is being done in the province of British Columbia, and has been explored in demonstration projects in London and Melbourne.<sup>3</sup>

#### **Remove code barriers to small flats or apartments in some multifamily zones**

In some of the Lowrise multifamily zones, townhouse or rowhouse forms of development are favored by the code over stacked flats (apartments or condominiums located on different levels in a building). This can limit production of potentially greater numbers of housing units, or limit the housing product to ownership units instead of rental units. The City should change the code to allow more stacked flats in all Lowrise zones.

#### **Focus on existing multifamily zoned areas with significant underused development capacity**

Some parts of the city have multifamily zoning that is not being developed. These may be lower rent areas, including areas lagging in livability features and amenities. The City should identify these areas and focus livability components, such as streetscape improvements and parks, or other targeted incentives to spur housing development there.

## **Increase Flexibility and Variety in Single Family Zones**

Approximately 65% of Seattle's land<sup>4</sup> --not just its residential land but all its land--is zoned single family, severely constraining how much the city can increase housing supply. Among its peer cities, Seattle has one of the highest percentages of land dedicated *exclusively* to detached single family structures and a

<sup>3</sup> Through local amendments to State and National building codes, Seattle currently allows one more story of wood frame construction over a concrete base (5), and greater maximum height of a wood framed structure from grade than most other cities in the country. Limits on the height and number of stories of wood structures are generally linked to two things: the maximum heights fire ladder trucks can access, and seismic/structural limitations on the forces wood framing can withstand. An independent Construction Codes Advisory Board (CCAB) approves any local amendments to the Seattle Building Code. In 2013 and 2014 an innovation committee of CCAB received presentations and had discussion of CLT advanced technologies. To approve CLT, further specific review by CCAB, as well as drafting of specific building code standards to demonstrate equivalent safety protections would be required.

<sup>4</sup> excluding street ROWs and including parks and open spaces

small number of accessory dwelling units. The exclusivity of Single Family Zones limits the type of housing available for sale or rent, limits the presence of smaller format housing and limits access for those with less income. Seattle's zoning has roots in racial and class exclusion and remains among the largest obstacles to realizing the city's goals for equity and affordability. In a city experiencing rapid growth and intense pressures on access to affordable housing, the historic level of Single Family zoning is no longer either realistic or sustainable. HALA recommends allowing more flexibility and variety of housing in Single Family zones to increase the economic and demographic diversity of those who are able to live in these family oriented neighborhoods. In fact, HALA recommends we abandon the term "single family zone" and refer to such areas as low-density residential zones.

While strategies to increase flexibility and variety in Single Family zones have strong potential to improve housing affordability and access, some question whether they go far enough to remedy past racial and social injustice. Limiting the locations where a low density residential zone would apply could continue patterns of exclusion. And in the absence of specific affordability restrictions, it may not be certain that expanding housing types would result in housing opportunities for households with incomes generally between 80-120% AMI and persons of color. Therefore, monitoring of efforts to diversify housing options in single family areas should be included as the strategies are implemented.

### **Increase Supply of Accessory Dwelling Units and Backyard Cottages**

Although both types of accessory units are allowed<sup>5</sup>, citywide production has been lower than expected. Only about 1% of single family lots have an accessory dwelling unit ("ADU"), and only 159 Backyard Cottages (also known as detached accessory dwelling units, or "DADUs") have been built since they were legalized in 2010. ADUs and DADUs can help provide housing in a number of ways. Accessory units are a good option for extended family or for the sharing of housing resources. They allow homeowners to earn additional income which can help some homeowners stay in their homes. ADUs and DADUs can also provide an additional rental housing option in family-friendly parts of the city. The scale of the opportunity is large, since there are roughly 120,000 single family lots in Seattle. ADUs and DADUs are expected to serve moderate income households in the 80% to 120% AMI range.

### **Remove Code Barriers to Accessory Dwelling Units and Backyard Cottages**

Although both Accessory Dwelling Units and Backyard Cottages are allowed in Single Family zones, several of the associated land use regulations are deterring their production in significant quantities. Some of the land use code regulations that are in place function as a barrier for a homeowner to take on adding an accessory unit to their home. The same code barriers may not be providing a strong public policy benefit. Therefore, in order to boost production, the City should remove specific code barriers that make it difficult to build ADUs and DADUs:

- Remove the parking requirement. Currently, an off-street parking space must be created for an additional ADU or DADU.
- Remove the ownership requirement. Allow both the accessory and principal unit to be rented. Currently, the owner must live in one of the two. The ownership requirement is a barrier to securing financing to build an ADU/DADU. Explore the opportunities and implications of Unit Lot

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<sup>5</sup> ADUs were legalized citywide in 1994 and DADUs in 2010.

Subdivision which would allow separate ownership of the primary dwelling and the accessory dwelling.

- Allow a single lot to have both an ADU and a DADU. Currently only one is allowed.
- Make minor modifications to remove barriers within existing development standards for DADUs, such as height limits, setbacks, maximum square footage, and minimum lot size to ensure constructability.

Removing these barriers is expected to boost production of ADUs and DADUs to levels in the range of 5% or more of all single family lots within 10 years, which could produce 4,000 or more new homes.

#### **Create Pre-approved Standard Plans for Backyard Cottages**

Most homeowners are not in the design or construction business, so taking on a DADU construction process can be daunting. The City should make this process easier by creating a set of pre-approved plans for Backyard Cottages. The City should sponsor a design competition or call for submittals from architects or designers that could be broadly publicized to help increase awareness and interest in backyard cottages. The catalogue of pre-approved plans could include a wide range of options including plans to meet a variety of site conditions, pre-fabricated or modular homes, or other options. Once pre-approved, homeowners could easily access the pre-approved plans by selecting from a catalogue or online resource, and they could be potentially provided at no cost. Pre-approved plans would allow a homeowner to receive a permit 'over-the-counter' from DPD.

#### **Develop a clemency program to legalize undocumented ADUs and DADUs**

Due to strong demand for housing options, there may be a large number of unpermitted informal ADUs and DADUs in Seattle's single family neighborhoods today. The City should provide an opportunity for these units to be legalized, so that the ADUs and DADUs become subject to the City's Rental Registration and Inspection Ordinance (RRIO) and the City can ensure these units are safe. Legalization would also provide occupants with better access to tenant protections regulations and allow the City to establish accurate counts for housing planning and policies. The City should create a clemency program for a set duration and invite owners of unpermitted units to receive free permits to legalize and document these existing units with the city. The clemency program should occur after other remaining code barriers – such as the ownership requirement – are removed.

#### **Create a Low Density Residential Zone**

The City should pursue changing Single Family zoning to a low density residential zone that allows more variety of housing in these areas. A broader range of low density housing types, such as small lot dwellings, cottages or courtyard housing, duplexes and triplexes, would all fit within the character and scale of traditional single-family areas. This "low density residential zone" will allow more variety than single family housing but will be less intense than the Lowrise 1 multifamily (LR1) zone. The City could also modify and expand use of the Residential Small Lot (RSL) zone that is already in the Land Use Code. The City should allow units in a duplex or a triplex to be separately owned or to be a condominium, as well as allowing a traditionally scaled single family structure to be occupied by multiple different households in different units within the structure.

The low-density residential zoning could be tested in single family areas that are within walking distance to an urban village or commercial area, or places close to frequent transit service. The program could take the form of land use code changes, or it could begin as a pilot program with a limited time period and a maximum number of units. At the conclusion of a pilot phase, final code changes should be developed based on the best examples. The City should also explore methods to create affordability restrictions, perhaps through community land trusts, in these new housing types.

New housing types produced in the new low-density residential zone are expected to serve moderate income households above 80% AMI and represent increased homeownership opportunities and more family-sized housing. While homes produced are not expected to be affordable at lower income levels, they should be significantly less expensive than new large detached single family structures – the only other type of new housing commonly produced in single family areas. The program could also make development of new housing more feasible in some of the lower cost single family areas of the city.

### Allow Flexible Reuse of Large, Unique Development Sites

When former school sites, church properties, military installations, publicly owned lands, corporate campuses among others are ready for redevelopment, these sites are often not zoned to allow multifamily housing. When they become available, these sites present a good opportunity for infill housing. There is a strong connection between this land use action, and other actions described in this report to encourage the use of surplus public property because many publicly owned properties that become available are not already zoned to support housing.

The City should revise the Planned Residential Development (PRD) zoning tool to enable denser multifamily housing through a master plan (not a rezone), and to allow its use without requiring City Council action. The current requirement of a City Council vote to approve a PRD results in high uncertainty and long approval timelines due to the volatility of land use decisions when they become politicized – especially when there is strong localized advocacy against a development. A revised PRD should still include a strong public outreach component that would take place during the review of a coordinated master plan – including the Design Review process and other community engagement as needed. In order for a developer to access this tool, the City should require the inclusion of rent- and income-restricted housing. The City should ensure that the affordable housing produced is at a very low income level (such as 60% AMI and below), and that it has a long term or permanent affordability (such as 50 years). This tool could be used in conjunction with strategies below to create opportunities for permanent affordable homeownership units.

### Oppose Neighborhood Conservation Districts

**[It is my understanding that CM Rasmussen is overhauling his proposal on Conservation Districts. The Planning Commission has not been briefed on this yet and I do not know the new recommendations or structure for this proposal. As a result, this section might need an overhaul before the final draft.]**

During 2015, a proposal to establish a Neighborhood Conservation District program was brought forward by City Council staff at the direction of a Councilmember. The program would allow groups of property owners in single family areas and lowrise multifamily zoned areas to establish conservation design guidelines that would be specific to areas as small as a block or two. The guidelines would limit architectural style of new development in those areas and the program would set up an additional review panel that would need to give approval before building permits could be issued for infill

development or alterations. The HALA recommends that the City not establish a Neighborhood Conservation District program. Such a program could reduce the areas of the city available to increase housing supply and affordability, and is thus at cross purposes with other recommendations in this report. The program could make approvals for new housing more time consuming and expensive. The program could also be used to limit the diversification of lower density areas of the city by creating a new avenue for existing homeowners to oppose the addition of new infill housing in their neighborhoods.

## Reduce Housing Costs by Reforming Parking Policies

City requirements that developers provide quotas of off-street car parking for each residential unit they construct are a little-attended but critical factor in Seattle's housing affordability challenge. Parking quotas are a major driver of the construction cost of new housing, especially of small dwellings in more-urban zones. They can dramatically constrain the supply of new dwellings built, because off-street parking requirements consume large shares of building lots. Off-street parking requirements or quotas have a large impact on the financial viability of new housing for both market and affordable housing development. Parking quotas act as density limits, inflate the average size and price of housing units, and prevent some smaller properties from being developed altogether. The City should review parking policies and requirements to make sure they support housing affordability.

### **Reduce parking requirements for multifamily housing outside of Urban Villages or Centers**

Development in multifamily zones outside of Urban Villages and Centers must provide one parking space for each housing unit (except when the frequent transit reduction discussed above is applied). Recent research shows that throughout Seattle, multifamily buildings continue to have excess parking capacity. The City should consider reducing parking quotas further in circumstances when a project outside Urban Villages and Urban Centers are served by frequent transit, or if the housing is near other services or community resources.

### **Do not re-introduce parking mandates in Urban Villages or Centers**

There is typically no requirement to build new off-street parking when housing is developed in Urban Villages and Centers. The City should maintain this policy of not requiring off-street parking in Urban Villages and Centers as reintroducing parking mandates would increase both the cost and reduce the supply of housing.

### **Definition of Frequent Transit Service**

New housing development in multifamily zones that are outside of Urban Villages and Centers can access a 50% reduction in their parking quotas if the site is within ¼ mile of a frequent transit stop. In the past, averaging of the transit service schedule at a stop or station could be used to meet the criteria for frequent transit service. A recent Hearing Examiner decision invalidated the averaging technique making fewer potential project sites eligible to access the parking quota reduction. The City should pass legislation to clarify and change the code to allow averaging. This change will allow production of more housing and reduce the cost of the construction by requiring fewer costly parking stalls to be built.

### **Remove the parking requirements for smaller format housing types in single family areas**

The Low Density Residential Zone described above would introduce into single-family zones a variety of smaller format housing such as cottages, courtyard housing or small duplexes or triplexes. Fitting additional housing on a lot while maintaining the character of a single family neighborhood might not be possible if a new parking space for each dwelling is also required. To make these innovative housing

types work, the 1:1 parking requirement should be reduced or removed. The City should not require parking for these new low-density residential housing types.

#### **Consider removing the parking requirement for single family homes**

Requiring one off-street parking space for every single family home is an artifact of an earlier era and is not a necessary or effective requirement. The space occupied by an off-street garage or parking space could be used instead to accommodate space for housing, including an accessory dwelling unit. The most common parking configuration – a driveway and curb cut accessing a garage from the street – occupies curb space that could be used to provide a parking space on the street. A 1:1 parking requirement eliminates exactly as many on-street spaces as it mandates off the street, causing no increase in parking supply, bisecting sidewalks with countless driveways, and gobbling buildable housing space for redundant (and expensive) parking. Therefore, the City should consider removing the parking requirement for single family homes.

### **Promoting Family Friendly Housing**

Seattle has a very low percentage of families with children compared to peer cities and the remainder of King County. Most new multifamily housing consists of only studio and one bedroom units. Many families can't find housing that meets their needs that they can afford. HALA recommends increasing production of new family-friendly rental housing – both affordable and market rate – primarily through funding priorities, and secondarily through zoning tools.

#### **Formalize family-sized units and/or family-friendly housing design**

The City should establish clear criteria in the zoning code for family-sized housing units or family-friendly housing design features. With these criteria in place, family housing can be supported through incentive zoning or other programs. Criteria could include minimum unit size and/or number of bedrooms for a family-sized unit. Another approach could be to create family friendly design guidelines to encourage a broader range of family friendly design features, like sightlines to useable open space, stroller-friendly entries, or mudrooms.

#### **Maintain a family-friendly housing focus when implementing other housing actions**

A number of the other recommendations in this report can be tailored to help support families. For example, the Multifamily Tax Exemption (MFTE) program categories should be recalibrated so that the incentive for 2-bedroom units is stronger and 3-bedroom and larger units are encouraged. As new resources to build housing become available through other actions, the City should prioritize programs that house families most in need. Land use actions, particularly those that expand housing options in Low-density zones and Low and Midrise Multifamily zones, can also support more opportunities for family housing.

Three bedroom or larger units in market-rate multifamily buildings make up only 2% of the existing supply and only half of those, or 1%, are affordable to people at 80% of AMI. In order to encourage market-rate developers to build 3 bedroom or larger units, greater incentives should be provided as part of incentive zoning to developers who include family-sized units in their developments. One way this could be achieved would be through exempting some number of 3 bedroom units from the Floor Area Ratio calculations.

In addition, the HALA recommendation for an increase in multifamily zoned lands with an emphasis on additional Lowrise zones, can spur more affordable alternatives for families if specifically done for that purpose. The City should explore new tools to help ensure that the development capacity added through rezoning actually yields a greater supply of family sized housing. For example, the City could look at how it might implement a family-friendly multifamily zoning classification.

#### **Family-sized Housing Action Plan**

In 2014, the Seattle Planning Commission released a thorough *Family Sized Housing* report. The report recommended that the City develop, fund and monitor a plan specific to housing families in order to more fully understand family housing needs and to arrive at effective solutions to support families staying in Seattle. Actions could include researching best practices in other cities, adopting and monitoring a goal for production of new family-sized units in multifamily housing, researching trends to better understand changing housing needs and preferences of families with children, and/or appointing family constituents to key housing, land use and urban design advisory boards.

## **II. MORE RESOURCES: Recommended Strategies to Increase Funding and Sources of Subsidy**

### **Increase Resources**

Seattle voters have a history of taxing themselves to support the common good. The vital Housing Levy, which has been renewed five times, is an important source of funding for affordable housing in the city. But it isn't enough. In order to produce 20,000 affordable units in ten years, more than tripling current production, we will need new sources of funds. Taxpayers, nonprofits, the business community, and the public sector will all need to work together to produce a comprehensive suite of resources which are dependable through economic, development, and political cycles. Resources help to build a more economically and racially equitable city, and provides housing opportunities near transit to connect workers to jobs and reduce household costs.

#### **[PLACEHOLDER for DEVELOPMENT DRIVEN STRATEGY or STRATEGIES]**

#### **Enact a Real Estate Excise Tax (REET) for Affordable Housing**

Washington's REET is an excise tax imposed any time that a property is conveyed to a new owner. It is assessed on the property seller, and levied as a percentage of the sale price. King County currently collects REET at the maximum rate allowed under state law: 1.78%. The state legislature should enact legislation that would allow cities with - via council action to impose an additional REET, so long as it is specifically dedicated for affordable housing. This additional REET capacity, which the HALA recommends be 0.25% above and beyond the existing State cap, would allow local jurisdictions to capture a portion of the appreciation of real-estate prices upon the transfer of property and reinvest it in affordable housing. This increased REET would provide a relatively stable source of funding for investments in affordable housing for low-income people.

#### **Renew and Increase the Seattle Housing Levy**



In 2009, Seattle voters approved, for the fifth time, a property tax levy dedicated to affordable housing for low-income residents. The Seattle Housing Levy is a cornerstone of the City's housing resources and is critical to addressing the housing needs of the most vulnerable people in our city. The Seattle Housing Levy funds affordable housing development and preservation, rental assistance to prevent homelessness, and support for first-time homebuyers. The levy directs a significant portion of funding to homeless and extremely low-income households. Housing Levy capital funds are currently leveraged three to one, bringing other public, philanthropic, and private resources for affordable housing to our community. The current \$145 million Seattle Housing Levy runs through 2016. The City should renew and double the size of the Seattle Housing Levy to provide more local resources to build and preserve housing for low-income people.

#### **Renew and Expand the Multifamily Tax Exemption Program**

Since 2004, the City of Seattle has administered a Multifamily Tax Exemption (MFTE) program that provides a property tax exemption to market-rate and non-profit housing developers who build housing units affordable to renter households between 65-85% AMI. This program supports nearly 2,000 affordable units in mixed income buildings across the city. The current program is set to expire at the end of 2015. The City should renew the program while continuing to calibrate program requirements to achieve participation from a range of projects, including projects in areas with rapidly rising rents and areas with lower rents that provide the added value of economic development. The MFTE program should continue to target affordability to low-income households (roughly 60-80% AMI). In addition, the City should strengthen the program with the following measures:

- **Expand Residential Target Areas.** State law requires the MFTE program to be limited to designated Residential Target Areas (RTAs), which currently generally coincide with the boundaries of urban centers and villages. To allow this program to create affordable units outside Urban Villages and Urban Centers, the City should expand eligible RTAs to all areas zoned for multifamily housing.
- **Expand Unit Types to Include Congregate Residences.** City code currently excludes congregate residences from MFTE participation. The City should include a congregate unit type to provide the tax exemption for smaller units restricted at lower affordable rents.
- **Promote Family-Sized Units.** Currently, the program addresses units with more than 2 bedrooms by applying the 2 bedroom rent and income limits but assuming higher occupancy rates. In some cases, this could act as a disincentive to the creation of larger bedroom units because it requires deeper affordability than may be feasible. To address this, the City should create a 3 bedroom unit type with an appropriate income/rent requirement that provides an incentive equal to creating other types of units.
- **State Law Changes to Expand Affordability Options.** State law currently limits the tax exemption on a development that sets aside 20% of its units to a maximum of 12 years. This tool works well for creating units affordable at 65-85% AMI for a limited period of time, but creates a barrier for achieving longer-term affordability, or affordability to households with lower incomes. The City should pursue State legislation to create a more flexible program that allows a range of options, including options for up to 24 years of participation, to serve lower-income households in a smaller percentage of units, and to create the opportunity for projects to renew eligibility beyond the initial 12 year period.

#### **Establish a Local Voluntary Employers Fund**

#### **Explore Partnerships with Employers and Major Institutions**

Attracting and retaining workers at all skill levels is vital our economy, particularly in a time of robust job growth. Employers can and should be part of the solution to provide workforce housing for their employees in Seattle. The City should identify local employers willing to voluntarily contribute to a city fund that builds and preserves affordable workforce housing. This model has proven successful in other high cost areas, including in Silicon Valley, where scores of employers, employer foundations, state and federal housing agencies and private citizens have voluntarily donated to a trust fund for over a decade to address the community's full range of affordable housing needs, including but not limited to the needs of their employees. Building on successful models in other cities, the City should also explore partnering with major local employers and institutions to collaborate on innovative co-developments or social investment platforms.

#### **Expand the State Housing Trust Fund**

The Washington State Housing Trust Fund is a critical component of the funding system needed to build and preserve affordable homes in Seattle and an important source of leverage of the Seattle Housing Levy. The Housing Trust Fund provides funding for housing for low- and moderate- income households, people with special needs, seniors and persons with disabilities. The majority of housing funded with the Housing Trust Fund serves households with special needs or incomes below 30% AMI. In addition, the Housing Trust Fund supports weatherization and home repair programs like Energy Matchmakers, which can help decrease the cost of energy for low-income families. The State Legislature should increase the size of the State Housing Trust Fund to help cities across the state create safe, healthy, and affordable homes for Washington residents.

#### **Reinstate the City Growth Fund**

In 1985, City Council established a growth-related program to address the large amount of low-income housing being lost in Seattle's downtown area due to redevelopment. The Growth Fund used a set formula to calculate the amount of funding generated from property tax revenues tied to new construction downtown and used that revenue to acquire and rehabilitate existing low-income housing that was at risk of being redeveloped and to develop new low-income housing. The program was eliminated in 2002. The City should reestablish a citywide Growth Fund that dedicates a portion of the property tax revenue tied to new construction to the production of affordable housing. The City should consider the impacts the scale of a growth fund could have on other critical general fund investments that relate to housing stability, including human services allocations.

#### **Establish a Supportive Housing Medicaid Benefit**

Some people in Seattle not only suffer severe mental or physical illness but also lack safe housing. For these people, among the most vulnerable members of our community, homelessness and health challenges reinforce and worsen one another. Research shows that for many of these people, permanent supportive housing—combining affordable housing with tenancy supports and housing case management for people with complex health challenges and long histories of homelessness—is the solution. The City's ability to sustain and expand this resource of permanent supportive housing is constrained by the lack of adequate operating and services funding. In light of the opportunities created by the Affordable Care Act, Medicaid expansion and the State Innovations in Medicaid grant, the State should create, and the federal government should approve, a Medicaid benefit for services in permanent supportive housing for chronically homeless people with disabilities. This item should be included in the 1115 Medicaid Waiver currently being prepared for submission to the federal government by the Washington State Health Care Authority. The benefit would reimburse housing providers for tenancy support services that help Medicaid-eligible residents maintain stable housing, increase access to health care, and reduce health care costs over both the short and long terms.

#### **Hotel Tax on Short-Term Rentals**

Following the lead of other jurisdictions, the City should, in conjunction with the county and state governments, explore regulating and collecting hotel taxes from short-term rentals such as Airbnb or VRBO. Under such an approach, short term rentals would collect and remit taxes to the county that originate directly from guests as an extra charge on their bill, the same way that hotels collect them. In addition, the city should commit to dedicating these taxes to affordable housing.

#### **Explore a Social Impact Investing Model for Housing in Seattle**

The City should use the opportunities of significant regional growth in private venture capital activities to convene stakeholders to explore local opportunities for Social Investments in housing. This can include the use of social impact investments and social impact bonds. Social Impact Bonds use private investments to implement or expand prevention and early intervention social programs. Private investors can earn a financial return if programs achieve desired goals, as demonstrated by third party evaluators, and potentially reduce future government expenses for the target populations. Other jurisdictions have explored or piloted Social Impact Bond models that address various issues, including chronic homelessness, homeless children, and jail recidivism. Social Impact Investments are usually loans provided by social investors to nonprofit organizations. Unlike grants and donations, these are loans which organizations repay and use to create real social impact. They can be used for a host of purposes, including capital investments.

### **Siting Opportunities**

#### **Prioritize Use of Public Property for Affordable Housing**

Quality infill sites for multifamily development are both limited and costly in Seattle, especially in areas that are desirable for their location efficiency and access to amenities. The City and other public entities own surplus and underutilized land that should be evaluated as resources that could facilitate the development of affordable housing.

The City should work with other jurisdictions including the State of Washington, King County, Port of Seattle, Seattle School District and Sound Transit, to create an inventory of public properties and evaluate these to determine potential opportunities for affordable housing.

For city-owned property, the City should mandate that surplus and underutilized properties that are suitable for housing development be prioritized for affordable housing. It explicitly allow the sale or lease of city-owned land at less than Fair Market Value for affordable housing purposes, recognizing that this comes at a cost to other city needs and general funds.

When land is not suitable for housing development, the unrestricted proceeds from sale should be dedicated to affordable housing development. The City should also create a mandate for the co-development of affordable housing in conjunction with new public buildings and investments such as community centers, libraries, charter schools, etc.

#### **Support Strategic Site Acquisition for Affordable Housing**

While proximity to transit hubs can be especially beneficial for lower income households, land in these prime locations can be prohibitively expensive for those who develop income- and rent-restricted housing. The City should expand resources available for site acquisition either directly or indirectly in the following ways:

- Explore establishing a Public Development Authority to purchase, receive, hold, and transfer properties for affordable housing development.
- Provide seed capital to the Regional Equitable Development Initiative (REDI) revolving fund to support land acquisition
- Explicitly allow the sale or lease of city-owned land at less than Fair Market Value for affordable housing purposes
- Use Sound Transit 3 funding to buy land around stations to increase ridership through provision of affordable housing.

## Financing Options to Lower Costs of Building Affordable Housing

Current financing options for the development of affordable housing in Seattle limit the range of projects built and are restricted by the availability of public resources. The City of Seattle should develop new financing tools to increase public and private investment in income restricted housing.

### Provide Flexible Low Cost Loans

Seattle has an established program and history of providing low-interest loans of City funds to help finance affordable housing development. To build upon this success, the City should expand its loan offerings to accommodate a range of project types, such as large projects that can support debt service on a subordinate permanent loan, or projects that only need short- to medium-term financing to reduce upfront equity investment. The City should explore a bond issue to seed capital to the loan fund, which could revolve and provide new loans as old loans mature or refinance.

### Develop a Credit Enhancement Program

The cost of financing is a significant constraint on affordable housing development. The City's high credit rating provides an opportunity to lower the cost of financing to facilitate development, helping to achieve long-term affordability. The City should develop a credit enhancement program in partnership with multiple lending institutions, focused on increasing developers' long-term borrowing power for affordable and mixed-income projects. The program should be executed in a way that does not increase the development timeline.

### Explore Short-Term Lending

Fund balances maintained across the City of Seattle could provide a modest resource for short-term lending at a low cost. The City of Seattle Office of Housing currently has a program that authorizes use of certain fund balances for this type of activity, but the use of these funds is generally limited by the availability of take-out financing. In the event there is a rise in demand for short-term loans, the City should research and thoroughly understand the potential and limitations of this resource; for instance, the length of time such funds could be outstanding, the expected interest rates charged by different funds over time, and the rough order of magnitude of fund balances that would be suitable for lending.

### III. MORE SUPPORTS: Recommended Strategies for Preserving Housing and Increasing Access for Vulnerable Tenants and Homeowners

Tenants become increasingly vulnerable in a competitive rental market with rapidly escalating housing costs. These recommendations support housing affordability through preservation, tenant protections and increasing access to housing. They include engaging private and non-profit landlords in serving more renters with barriers to help the city's affordability challenges and providing landlord supports. A number of these strategies seek to address racial inequity.

#### Launch a Proactive Preservation Effort

Cities are in a constant process of depreciation and renewal. Old buildings come down; new ones go up. In Seattle right now, we are in a boom of demolition and construction, as the city's population and economy boom. The redevelopment process sometimes causes displacement. When older housing is demolished, the previous tenants rarely can afford the significantly higher rents of newly constructed housing. Efforts to mitigate displacement, without interrupting housing growth critically needed to keep pace with strong demand in our city, must be a foundational element of Seattle's housing strategy.

Every year the city loses some amount of less-expensive private market housing due to demolition, and redevelopment, fueled by rising demand in neighborhoods across the city. Additional affordable housing is sometimes lost through expiring use restrictions. The reality of ongoing displacement of low-income households and the need to mitigate its impacts – was a consistent theme in many HALA discussions and a major concern raised in the public forums. This attention to displacement was particularly acute, especially given concerns that the impacts of displacement are felt disproportionately by communities of color. While the City is planning for growth and new development, the City must also institute a fully funded preservation strategy to reduce displacement and minimize the loss of affordable housing.

#### Pursue Opportunities to Acquire Existing Affordable Housing Stock

The City should commit financial resources to empower the Office of Housing to lead an expansive preservation effort. This effort would involve seeding a large-scale fund to finance activities such as the acquisition/renovation of multifamily properties. This effort should signal an expansion in the mission of the Office of Housing to oversee the broader affordable housing stock of the city and ensuring the necessary staffing for the Office of Housing to lead the effort. The effort should strive to take advantage of acquisition opportunities in areas of the market that remain affordable, but that are at risk due to increasing market pressures across Seattle.

#### Make Strategic Investments to Minimize Displacement

The City of Seattle should continue its current efforts to invest in and develop data and geospatial tools to identify displacement risks throughout the city. This analysis will help identify how growth may benefit or burden marginalized populations and should inform potential strategies to lessen impacts and maximize opportunity for marginalized populations. In areas with a high risk of displacement, strategic investments may include deploying geographically targeted preservation strategies and increasing affordable housing development to reduce displacement and enhance community anchors as well as supporting other public investments in economic development, parks and transit. In areas with high opportunity, strategic investments may include developing affordable housing and leveraging private

development to fill gaps in amenities to improve equitable access to neighborhoods. These tools should be proactively utilized and paired with effective community engagement and other intervention strategies in areas where residents may be at high risk of displacement.

#### **Engage Private Owners with New Financing Tools and Technical Assistance**

Some owners who operate rental housing that is currently priced for lower income tenants are faced with a tradeoff between raising rents and making much needed improvements, or selling their property due to an inability to obtain needed financing when major repairs are required. As part of expanding its preservation efforts, the City should develop and market a low-cost rehab loan program to complement its existing weatherization grants. This program would provide a compelling incentive for existing owners to improve their properties in exchange for an affordability covenant. Effective outreach, marketing and technical support will be critical components to the success of the program. The City should build on the success of its weatherization program by helping owners through the contracting process and with ongoing program compliance.

#### **Pursue a Preservation Property Tax Exemption**

A property tax exemption could be an effective tool for motivating private landlords to preserve and create even greater affordability in existing housing, while also ensuring that the housing is available to those who need it most. The City should capitalize on the success of the MFTE program and pursue State legislation to provide a targeted property tax exemption to existing property owners who agree to income and rent restrictions within their properties for a minimum period of time. This tool could be targeted to properties at greatest risk of rent increases (e.g. those in close proximity to job and transit hubs) or applied in conjunction with an acquisition/renovation project.

#### **Mitigate the Impact of City Code Requirements: Unreinforced Masonry Buildings and Rental Registration and Inspection Ordinance**

The City administers a number of codes that affect existing buildings, and should seek to mitigate the impact of code requirements that could unintentionally cause a loss of affordable housing. For example, the City has been considering a mandate that unreinforced masonry (URM) buildings undergo a seismic retrofit to reduce the risk of injury and loss of life in the case of an earthquake. URM buildings are found in many of the city's oldest neighborhoods and commercial centers. A portion of these may not be able to withstand the financial impact of a code change without greatly increasing rents or being compelled to sell. Similarly, the Rental Registration and Inspection Ordinances (RRIO) aims to register and inspect all rental dwellings in the city of Seattle on a ten-year schedule, so that those few truly unsafe living spaces are removed from the market or upgraded by their owners. As these programs are implemented the city should closely monitor the impacts on existing lower-cost housing stock and take action to preserve strategic assets.

## **Increase Tenant Supports**

#### **Increase Access to Housing for People with Criminal Records**

An estimated one in every three to four adults in the US has a criminal record which can have a lifelong impact on access to housing. Persons with a criminal record, who are disproportionately lower income and people of color, need fair access to suitable housing options. Studies show that people with stable housing are more likely to successfully reintegrate into society and less likely to reoffend. The City should pursue a combination of local legislation, education, and technical assistance to ensure fair

access to Seattle's housing options for people with criminal records. Any legislation should provide fair access to people with criminal records yet protect property owner's rights and interests.

#### **Explore Local Rental/Operating Subsidies to Serve the Lowest Income**

Affordable housing financing tools are insufficient alone to create housing affordable to households with the lowest incomes, and traditional federal subsidies to help serve this population such as public housing and Housing Choice Vouchers (Section 8) have stagnated in recent years. For the foreseeable future, federal housing subsidies alone are insufficient, as they currently address less than 25% of identified, local needs. Together with the expansion of financing tools generally designed to create new units affordable at 60% AMI, the City, in partnership with the Seattle Housing Authority, for-profit, non-profit affordable housing providers, and private market landlords, should explore using city funding to expand rental/operating subsidies to help further subsidize units to serve households with extremely low incomes. This may include short term operating subsidies and/or long-term targeted subsidies.

#### **Increase Tenant Counseling and Landlord Education Funding**

The City should fund agencies and organizations that provide general landlord-tenant education and outreach for tenants or landlords. The City should also fund legal aid assistance for lower-income landlords and tenants.

#### **Allow for Local Portability of Tenant Screening Reports**

People seeking to rent housing pay for a screening report each time they submit an application. For low-income and homeless people, the cost of these reports can mount and become a barrier to securing housing. Portable screening reports, based on standard criteria for a comprehensive screening report, will reduce costs for tenants and preserve landlords' interest in receiving complete, high quality reports. Legislation on this issue has been introduced several times at the state legislature but has failed to become law. Absent adoption of state legislation, the City should bring together representatives of the City, tenant advocates, the screening report industry, and local landlords to collaborate on providing a solution for portability.

#### **Increase Impact of Tenant Relocation Assistance Ordinance (TRAO)**

Displacement of households due to demolition, substantial rehabilitation, or change of use is more common during times of rapid redevelopment. Due to high housing costs, displaced lower income tenants have difficulty finding replacement housing in Seattle. The TRA0 program currently provides a payment of \$3,255 to tenant households earning  $\leq$  50% AMI to help them secure new housing. The City should increase the effectiveness of the TRA0 program by:

- Providing assistance to tenants with language barriers or those suffering from mental illness or cognitive disabilities.
- Revising the definition of "tenant household." Under the existing definition, all low-income tenants on a lease are treated as members of one household and granted only one quota of relocation assistance, even if they are roommates who do not intend to seek housing together again.
- Developing legislation that seeks to prevent a practice of evading the TRA0 ordinance by significantly increasing rents so that tenants choose to move prior to demolition, substantial rehabilitation or change of use that would trigger TRA0 eligibility.

#### **Support the Landlord Liaison Project**

Many homeless individuals and families have access to housing vouchers, but have credit issues, a history of evictions or criminal records which can act as barriers to accessing housing in the private market. The King County Landlord Liaison Project (LLP) is a partnership among landlords and property managers, service providers, and homeless individuals and families. Participating landlords agree to apply alternative screening criteria to applicants referred for housing through this program. In exchange, social service agencies provide continuing support services to LLP tenants and respond promptly any time a landlord has concerns. These services ensure that tenants and landlords receive support and assistance. The City should explore whether there are ways to increase access to private market housing for homeless people by enhancing the Landlord Liaison Project.

#### **Explore Solutions to Housing for People Exiting Incarceration**

Most people sentenced to prison in Washington State are required to provide a reasonable and safe release plan that identifies where they will live. Some find that after paying their debt to society, they do not have any release options due to a lack of family or community support, a lack of suitable housing options, or simply a lack of funds to pay for housing. The City should convene stakeholders to explore housing solutions for people leaving incarceration and re-integrating into the community, including incentives for private market housing and additional resources for publicly funded housing.

#### **Restore Community Service Officers**

Community Service Officers (CSOs) are civilians employed by the Seattle Police Department who act as helpful intermediaries to resolve conflicts among landlords, tenants, the Department of Planning and Development, and the police. The police department eliminated its CSO positions during budget cuts a number of years ago. The City should restore the CSO program to help resolve landlord-tenant conflicts.

#### **Explore Effects of Housing Costs on Protected Classes**

The City should explore available data on protected classes within Seattle to determine how they have been impacted by displacement from rising rents and the impact of public resources that have been deployed to address such displacement. If additional data are needed, the Seattle Office for Civil Rights could work with a reputable academic institution to collect further data to inform policy and fair housing efforts.

#### **Expand Source of Income Protection**

Renters who receive a verifiable source of ongoing legal income, such as Social Security, child support, Supplemental Security Income (SSI) and Housing Choice vouchers (or any other governmental or non-profit subsidy) deserve a rental environment that treats these types of income fairly. Currently, it is illegal under the City's Fair Housing law to discriminate against a tenant based on the use of a Housing Choice voucher. The City should expand protection to include other verifiable sources of income. Representatives of the City of Seattle, tenant advocates, and local landlords should collaborate in determining which additional sources of income should be protected.

### **Promote Sustainable Homeownership**

As the cost of buying a home in Seattle continues to increase, it has become more challenging to provide opportunities for low-income homebuyers to purchase homes in Seattle. Housing prices in Seattle have risen to such astronomical levels that city funds dedicated to allowing at least a few low-income households to reap the benefits of homeownership are stretched extremely thin. Still, the HALA committee supports maintaining a modest, targeted program of supporting homeownership.



**Support Permanently Affordable Homeownership and Stewardship**

Permanently affordable homes are a lasting community asset enjoyed by many low-income households over time. The City should explore models to develop permanently affordable homeownership units, including land trusts, to preserve ongoing homeownership opportunities in an increasingly expensive housing market. This strategy should be accompanied by an appropriate stewardship mechanism to ensure long-term affordability, including a revenue source to pay for stewardship over the long-term.

**Explore the Development of a Sharia-compliant Financing Product**

Limited options for financing a home purchase are available for Muslim households who abide by Sharia law. The city can help fill this gap by convening lenders, housing nonprofits, and community leaders to explore how the market might develop Sharia-compliant loan products. The City should evaluate current available loan products to determine barriers to their use due to religious or other restrictions.

**Seek to Remove Barriers to Condo Development**

Condominium developers are subject to an implied warranty for construction under the State's Condominium Act. Courts in Washington have interpreted the statutory language broadly, resulting in a plethora of law suits against condo developers, a chilling of condo development in the state, and - often - adverse consequences for the condo owners, despite significant improvements in condo construction practices. The City should work with the Runstad Center to explore options to stimulate the condo development market, including revising the warranty scheme in the Condo Act. Areas to explore include working with the state Insurance Commissioner to develop a condo defect insurance program such as exists in British Columbia, and establishment of a board of professionals to review warranty matters before litigation is commenced.

**Increase Impact of the Down Payment Assistance Program**

Buying a home in a high cost market is out of reach for most low-income households. The City currently operates a program to provide down payment assistance to help low-income people at or below 80% AMI purchase a home in Seattle. Even with support from City and other programs, low-income buyers struggle to compete in Seattle's real estate market. The City should conduct a review of its program policies and learn more about the needs of low-income buyers to identify whether there are opportunities to create efficiencies and increase opportunities for potential homebuyers to become successful homeowners.

**Enhance Programs to Preserve Homeownership for Low-income Homeowners**

The City should explore ways to help low-income homeowners in need remain stably housed. In addition to the existing HomeWise Weatherization Program and the Home Repair Loan Program, the City could explore creating a pool of funds for higher risk home repair loans or helping homeowners with their housing costs when temporary financial hardships (such as a medical crisis) threaten their housing stability. The City should also explore providing additional resource support to supporting low-income seniors at risk of displacement.

**Support Coordinated, Culturally Appropriate Homebuyer Education**

Buying a home is a process, not an event. For many people, months, if not years, pass between taking the first step of completing a homebuyer education class and actually buying a home. The City should build on its current funding for Homebuyer Education and Counseling program by supporting a coordinated system of intakes, referrals, financial counseling and other support for homebuyers, which would be designed to help homebuyers successfully navigate and complete the entire home buying

process, even if the process is lengthy. Counseling and education must be culturally appropriate and available in multiple languages.

## IV. INNOVATION: Recommended Strategies to Create Efficiencies in Housing Production

Construction of housing requires permits from a range of different agencies within the City of Seattle – Department of Planning and Development (DPD), Seattle Department of Transportation (SDOT), Seattle Public Utilities (SPU), and Seattle City Light (SCL). Long permitting processes and unpredictable timelines make housing projects difficult to develop and add to the cost of new housing. It is estimated that if significant reforms were made to Design Review and Historic Review, and improvements were made to the predictability of permitting within and between departments, total timelines for a complex multifamily development could be reduced by up to 2 months, and cost savings could total up to \$4,000 per housing unit.

### Reform Review Processes

#### **Reform the Design Review and Historic Review Processes**

Seattle has operated a Design Review program since 1994. Most multifamily and mixed-use projects undergo design review by an appointed citizen Design Review Board. Design review addresses elements of project design such as overall appearance of the building and how the proposal relates to adjacent sites and the street. Benefits of design review include better collaboration between developers and community members, improved design outcomes, and opportunities for flexibility in application of land use code standards. Design Review is administered by the Department of Planning and Development (DPD).

Separate from Design Review, Seattle has established eight historic districts and has operated historic district reviews since 1970. The appearance and historical integrity of structures and public spaces within each district are regulated by a citizens' board and/or the Landmarks Preservation Board in accordance with historic design review guidelines. Historic District review is overseen by the Department of Neighborhoods (DON).

Some builders and designers report design review and historic district review substantially increase the timeline and cost of obtaining land use permits, which raises the cost of building housing. Design review and historic review are among the primary drivers of the permitting timeline, because they must be completed before other building and utility permits. As discretionary processes, design review and historic review are sometimes unpredictable, which can lead to cost increases and high development contingencies. A complex multifamily project with design review or historic review takes on average 14 months from permit application to building permit issuance.

The City of Seattle should make major reforms to the design review and historic review processes to improve predictability and consistency, including:

- Make procedural changes to improve 2-way dialogue at board meetings
- Change Design Review board structure for more available review times and more professionalism of boards
- Provide training to all Design Review and Historic Review board members, and all program staff members to allow them to consider the impacts of their decisions on housing costs
- Limit commentary on aspects outside the purview of the Design Review or Historic Review program
- Limit extent of packet materials, and number of meetings.
- Increase accountability of individual planners and historic review board staff members
- Reevaluate the structure and procedures of the historic districts preservation boards to ensure code compliant development projects are able to proceed through permitting on an efficient timeline.

#### **Reduce the number of housing projects subject to SEPA**

Washington's State Environmental Policy Act (SEPA) (RCW 43.21C.229) requires cities to establish thresholds for when a development must complete a project-specific SEPA analysis as part of their permitting processes. SEPA requires projects sponsors to analyze a range of potential impacts including Transportation, Water, Air, Habitat, Noise, Light, Land Use, and Public Utilities. In the past, the city relied on SEPA to help it address topics for which codes did not provide sufficient protections. As the City has developed more specific codes, the importance of SEPA has diminished. Relevant policies and codes include comprehensive plan policies, environmental critical areas rules, shoreline rules, grading and drainage codes, stormwater regulations, parking codes, design review, land use/zoning code, noise codes, transportation mitigation programs, energy code, building code, and historic preservation policies.

Today, SEPA analysis rarely changes the outcome of development within urban areas. Research on development in Seattle from 1995-2010 found few examples of mitigation required through SEPA that were not already required by other codes. As SEPA's legitimate public policy purposes have waned, its role in shaping development has not. It is used to obstruct rather than promote sustainable development. SEPA challenges can increase the cost of housing by raising development costs and knocking some proposed new buildings out of the queue. To facilitate housing construction, Seattle can raise SEPA thresholds to reduce the number of housing projects that must undergo environmental review. The City should perform a comprehensive review of projects that have gone through SEPA to determine the scale below which it is uncommon for projects to have conditions placed on the development. Projects sizes that typically do not generate conditions should be exempt from SEPA review. The City should also adjust the SEPA thresholds based on new Comprehensive Plan (Seattle 2035) growth estimates.

#### **Improve Interdepartmental Coordination**

To build in Seattle, developers must first obtain permits from at least 3 departments of city government. Running the permitting gauntlet commonly takes 10 – 14 months from permit application to building permit issuance for a complex multifamily development, and adds thousands or tens of thousands of dollars to the cost of each new dwelling. Each of the permits required has a legitimate purpose, but the city could dramatically speed housing construction in Seattle, lower its cost, and temper housing prices by better coordinating the way these public agencies process permit applications. The city created the

Preliminary Assessment Tool and the Development Services Office of SPU to improve coordination of permit processing. However, projects still get stuck in one in-box or another. To further improve interdepartmental coordination, the City can ensure full staffing by all reviewing departments (DPD, SCL, SDOT, SPU) at the pre-submittal conference and in Preliminary Assessment Reports (PARs). The City can also improve the timing and coordination of utility service application review with other permits to avoid mandates for changes in the field at time of inspection.

#### **Increase the predictability of utility charges**

Some builders and designers of housing report that they have little way to predict how much city utilities will charge them in fees due to a lack of clarity and transparency in fee structures. Sometimes, housing developers do not know what the utility fees are until the building is complete, the project's books are closed, and a bill arrives in the mail from a utility--sometimes for many thousands of dollars. Uncertainty is a cost—a damper on investment—and it raises the price of housing. If utility charges were more predictable, project costs could be reduced up front. In particular, charges from Seattle City Light (SCL) for electrical service connections, including mandates for late changes to utility vault sizing or location, have been cited as a source of unpredictability. Late billing is particularly problematic for non-profit affordable housing developers.

The City can improve the transparency of fee structures, provide an early cost estimates on request, and instruct SCL and SPU to set timely deadlines for billing.

#### **Provide Staffing Contingencies**

Housing construction tends to surge and lag. It's a cyclical industry, subject to interest rates and the vagaries of regional trends in population and income growth. The city's permitting agencies, meanwhile, have a hard time staffing their permit application review teams in sync with market trends. If the City could staff up—and down—quickly in step with the ebbs and flows of construction, permitting would not be one of the principal roadblocks to inexpensive housing in the city. The bulk of the funding for permit review staff – particularly in the Department of Planning and Development (DPD) comes directly from permit application fees. During busy development cycles DPD needs additional staff to keep up with the pace of development; however, there is significant lead time between when an uptick in permit fees (applications) are collected and when DPD can hire and train new staff. This can lead to permit timelines increasing due to backlog at the very time when there is the most demand to build more housing.

To ensure consistent staffing through development cycles, the City should establish a non-permit revenue dependent funding source, such as General Fund, or as contingent budget authority, to create a reserve so reviewing departments can ramp up staff during the busiest times. This approach would allow the city to begin ramping up review staffing in advance, or at the beginning of a development cycle, to keep up with demand.

### **Reduce housing costs with pre-fabricated and modular construction**

The cost of physical construction is the largest portion of what it costs to build new housing. To reduce the cost of new housing, the City should make changes to building codes to allow the use of new building technologies like Cross Laminated Timber (as described above) and other innovations to maximize the efficiency of constructing new housing. The City should continue to support modular and pre-fabricated construction because of its potential to reduce construction costs, or substantially compress the timeline of the construction.

## Comprehensive Reform to On-street Parking Regulations

On-street parking is often one of the most contentious topics when a new housing development is proposed in a neighborhood: current residents do not want newcomers competing with them for on-street spaces. Comprehensive reforms to improve how on-street parking is managed could go a long way towards improving how new housing is welcomed.

### **Create a parking benefit district and "cap and trade" demonstration/pilot program.**

Parking Benefit Districts establish pay-for-parking districts, using either meters or parking badges, and return on-street parking revenues to the neighborhood. Parking "cap and trade" districts award on-street parking permits to residents and allow those residents to rent or trade their permits, thereby recouping financial benefits from visitors who park in their neighborhoods. These approaches temper neighbors' opposition to infill development. First, more people parking in their neighborhoods are no longer simply an inconvenience; they provide tangible community benefits (such as sidewalk improvements or open space upgrades that could be purchased with Parking Benefit District funds) or personal financial gain (to the holders of tradable parking permits). Secondly, charging even minimal amounts for on-street parking would discourage the storage of vehicles in the public right of way and might encourage new residents to choose alternatives to personal car ownership. Many other cities, such as San Diego and Pasadena, have launched Parking Benefit Districts. A demonstration/pilot project in Seattle could lead to widespread adoption of these approaches, which could diffuse the intense parking-based opposition new housing incites in many parts of the city.

### **Explore revising the Restricted Parking Zone (RPZ) program.**

The RPZ program is the existing program for how resident on-street parking is managed in areas of the city with constrained on-street parking. The Program helps ease parking congestion in residential neighborhoods, while balancing the needs of all people to be able to use the public streets. RPZs help neighborhoods deal with the impacts through signed time limits from which vehicles displaying a valid RPZ permit are exempt. There are 31 RPZ zones in the city.

Reforms to the RPZ program could implement the parking benefit district and cap-and-trade demonstration project described above. They could also help mitigate conflict over infill housing development due to vehicle parking concerns. The City should explore revising the RPZ program in the following ways:

**Update Pricing of Residential Parking Permits** – Link pricing structure for RPZ permits to demand for parking in a neighborhood. Pricing structure would make off-street parking rates more competitive with on-street rates. Current rates provide an incentive for many car owners to choose on-street parking instead of off-street pay garages.

**Limit Supply of On-Street Parking Permits** - Reduce the quantity of RPZ passes issued in an area, connecting quantity of permits to number of available spaces. Consider creating a private market for the available permits, similar to parking "cap and trade."

### **Explore improving Right of Way (ROW) management of curb space**

In some areas of the city, Right of Way space could be organized better to improve the balance of transportation and parking needs. In some cases, a sizeable quantity of on-street parking could be added without reducing transportation needs for all modes. SDOT and DPD should explore reconfiguring ROW areas in these instances to make more efficient use of space. This action should be a part of

comprehensive reforms to improve how on-street parking is managed, in order to accommodate residential growth and reduce parking-related friction.

DRAFT

## Appendix A: Resolution 31546

<http://clerk.seattle.gov/~scripts/nph-brs.exe?s1=31546&Sect4=AND&l=MAX&Sect1=IMAGE&Sect2=THESON&Sect3=PLURON&Sect5=LEGI2&Sect6=HITOFF&d=LEGA&p=1&u=http%3A%2F%2Fclerk.seattle.gov%2F~public%2Flegisearch.htm&r=4&f=G>

## Appendix B: Foundational Data

[http://murray.seattle.gov/wp-content/uploads/2015/06/Short\\_BackgroundDataSlides\\_4Nov14-FINAL-Updated-6-26-2015.pdf](http://murray.seattle.gov/wp-content/uploads/2015/06/Short_BackgroundDataSlides_4Nov14-FINAL-Updated-6-26-2015.pdf)

## Appendix C: HALA Public Outreach Summary

The Housing Affordability and Livability Committee (HALA) hosted three Community Open Houses on November 19<sup>th</sup>, 20<sup>th</sup> and December 4<sup>th</sup> 2014 to provide educational information and receive community feedback early in their process from a diverse range of residents. An online survey was also made available from December 2014 through January 2015 to provide another point of input beyond the community events. Below is a summary of the open houses and the online survey, which combined provide a sense of some of the public's suggestions, ideas, and concerns around housing affordability, growth, and livability issues in Seattle. In total, 2,709 residents from across the city participated in the open houses and online survey.

### Community Meetings

The Housing Affordability and Livability Agenda Community Open Houses occurred at the beginning of the committee process to hear from the public on housing affordability and livability issues in Seattle. Three meetings were held across the city to provide an understanding of differences in opinion by geography and to ensure broader participation. The events provided an opportunity for direct feedback on display boards, through comment cards, with City staff, direct conversations with the committee co-chairs, and via a live survey tool. Display boards provided information on growth trends and neighborhood impact, zoning and urban planning typologies, affordable housing definitions and programs, housing cost burden and rent trends, fair housing history, and offered people a chance to write down their own experiences and ideas on these topics. In addition, a presentation provided much information and data on housing affordability in Seattle. Translation services were provided at all three events.

Each open house was unique in many respects, and is thus summarized separately below. There were some commonalities in the participants and their responses. Most have lived in Seattle for more than 10 years, are in single family homes, and live near to where the open house was held. In addition participants were very informed and engaged on housing affordability issues and came to learn more and help solve the affordability challenges faced in our city.

## Public Comments and Suggestions

### South Seattle – November 19, 2014 – Ethiopian Community Center

In South Seattle, 57 people signed in, but more than 65 attended. Due to the expected population of limited English speakers, translators were integral to the success of this meeting. Some of the common concerns were related to displacement and rising housing costs limiting friends and family from moving into the neighborhood. Participants generally supported density as a means to achieve affordability, providing housing for a range of income levels and housing type needs, and encouraging housing near transit hubs. Credit and background checks were listed as barriers to housing and rent control was mentioned as one way to increase affordability.

### Central Seattle – November 20, 2014 – Garfield Community Center

In Central Seattle, 79 people signed in and participated in the event. Many participants struggled with rent increases and were very concerned about displacement of existing residents. Participants generally supported housing near transit, reducing parking requirements, increasing density through infill development and distributing affordable housing throughout the city, including single family zones. Participants also had an interest in providing more family housing.

### North Seattle – December 4, 2014 – Olympic View Elementary School

In North Seattle, 64 people signed in but there were over 100 people in attendance from all parts of north Seattle. Many participants have run into cost burden issues, and supported finding new ways to increase affordability. Rent control, increasing density through infill development, supporting housing type options (with mixed support for microhousing), and increasing transit access were all seen as ways to increase affordability. Participants generally valued mixed-income and mixed-use developments as well as listed walkability and neighborhood amenities.

## Survey Responses

During the public open houses, participants were offered the opportunity to share their opinions on a variety of subjects through live digital responses. While participants at each of the community meetings weighed their answers differently, one commonality rose to the top. The majority of all respondents preferred to live in Seattle closer to jobs and transit even if it meant living in a smaller or less desirable home, a less desirable neighborhood, or with increased density. The main challenge identified was finding housing that was affordable.

### South Seattle

In South Seattle, 69 people participated in the survey. Most participants were 36-50 years old and rented in a mix of housing types. Most people could afford their rent, and anecdotal evidence suggests that many people were from the nearby Seattle Housing Authority developments and thus likely lived in rent- and income-restricted, subsidized housing. The primary concern of participants was that friends and family are moving out of neighborhood or can't afford to move into it. Participants highly valued safety and commute times and believe that growth provides jobs. They overwhelmingly agreed with the statement that housing is a human right.

### Central Seattle

Central Seattle's 71 survey participants were primarily 26-50 years old, and were primarily renters in either single family homes or large apartment buildings. Over half of them currently struggle to afford



rent. Participants generally valued neighborhood amenities and walkability and would prefer a small house in a more desirable neighborhood. Generally participants responded that growth brings amenities and businesses.

### North Seattle

There was a large turnout in North Seattle, with 103 people participating in the survey. The audience trended slightly older, with most over 35 years old and 25% over 65 years old. Participants generally have lived in Seattle for more than 20 years and were predominantly homeowners. Neighborhood walkability and amenities were seen as very important. Participants generally were most concerned that others can't afford to move to the neighborhood or have had to move out due to high costs. Participants also indicated that have benefitted from increased property values. Participants most strongly agreed with the statement that growth leads to compact development, which increases services and amenities.

### Online Survey

Following the public open houses, the public was invited to take an online survey and share their thoughts on housing affordability and livability issues in Seattle. The survey was hosted on the Mayor's website in December 2014 and January 2015 and received 2,466 responses during that time. Like the public meeting survey, participants self-selected and the results are meant to be informative, but not representative of the entire city. The top results from the 20 question survey are summarized below.

In describing their housing situation, the majority of respondents rent in a single family house or townhouse, with a third struggling to afford rent, and either live with one person or alone. Most people have either one or two cars with onsite parking or one car with no onsite parking.

When looking for a place to live, the top considerations were the cost of housing and neighborhood walkability, followed by the proximity to work, school, and transit. Nearly all respondents would choose a smaller house or apartment in Seattle with shorter commute time than a larger house with a longer commute. Similarly, a vast majority value living in their dream neighborhood over their dream home. There was an interesting split in barriers to housing, with 41% experiencing housing costs that are over half of their income and over a third running into issues with credit checks, while another third had no barriers at all.

Rising housing costs have impacted almost everyone who took the survey. Most people struggle to afford their rent, have not been able to purchase a home because the competition is too great, or have had to move to a less expensive neighborhood. Friends and family either cannot move to the neighborhood due to high costs or have had to move out because of them. Respondents did see a benefit to growth in the increased job opportunities and improved transit and public services, but they reiterated their concern for displacement and high housing costs due to that growth. Yet, all said, three-quarters of survey respondents would be comfortable with increased density if housing prices were more affordable, so housing cost is a primary driver for people's decisions.

Additional questions on demographics, personal housing stories, and respondent suggestions are available here: [LINK](#).

**Commented [PL2]:** Link to HALA website summary.

## Appendix D: Additional Participants in Strategy Work Groups

### New Affordable Housing Resources

Rachael Myers	Washington Low-Income Housing Alliance
Paul Purcell	Beacon Development Group
Scott Matthews	Vulcan
Hillary Franz	Futurewise
Pat Foley	Lake Union Partners
Megan Hyla	King County Housing Authority

### Financing

Mark Dean	Citibank
Greg Dunfield	GMD Development
Jay Reich	Pacifica Law Group
Darin Davidson	Inland Development
Cindy Proctor	Beacon Development Group
Tory Laughlin Taylor	Bellwether Housing
Tory Quinn	US Bank
Mark Ellerbrook	King County

### Zoning and Housing Types

Bradley Khouri	b9 Architects
Betsy Hunter	Plymouth Housing Group
Erich Armbruster	Ashworth Homes
Renee Staton	Community Member
Sam Lai	Green Canopy Homes
Catherine Weatbrook	Community Member

### Construction Costs and Timelines

Markham McIntyre	Chamber of Commerce
Doug Ito	SMR Architects
Heather Bunn	RAFN
Al Levine	Community Member
Grace Kim	Seattle Planning Commission
Jake McKinstry	Spectrum Development
Brandon Morgan	Vulcan
Dale Sperling	OneBuild
Linda Anderson	Community Member

## Tenant Access and Protections

Natalie Quick	Quick Consulting
Joe Puckett	Washington Multifamily Housing Association
Kira Zylstra	Solid Ground
Billie Abers	Capitol Hill Housing
Vanessa Hernandez	ACLU
Jim Thorpe	Unity House
Lisa Wolters	Seattle Housing Authority

## Preservation

Mike Rooney	Mt. Baker Housing
George Petrie	Goodman Real Estate
Brian Lloyd	Beacon Development Group
Mercedes Elizalde	LIHI
Denny Onslow	O+S Partners
Sarajane Siegfried	Community Member
Ann-Marie Lindboe	Seattle Housing Authority
John Poulsen	Bellwether Housing
Beth Dwyer	GGLO

## Sustainable Homeownership

Terri Miller	Coldwell Banker Bain
Ania Beszterda Alyson	Habitat for Humanity
Dwight Prevo	Wells Fargo
Aaron Fairchild	Green Canopy Homes
Lili Sotelo	Northwest Justice Project
Lisa DeBrock	WA State Housing Finance Commission
Tony To	Homesight
Diane Wasson	Homestreet Bank
John Forsyth	Seattle Housing Authority

## Appendix E: HALA Strategy Voting Process

[see attached PDF]

## Appendix F: Concepts Explored for which there was not Consensus

**Rent Control:** The HALA Committee discussed whether the City should explore options for supporting moderate-income homebuyers, recognizing that the state constitution prohibits direct housing subsidies for households above 80% AMI. The HALA Committee discussed a few options, including property tax exemptions, which many members did not support. Proponents acknowledged that many major U. S. cities have some kind of assistance for homebuyers at these income levels and that moderate income homebuyers are being priced out of Seattle. Committee member raised that the policy generally seems valid but there is much stronger need for at lower income levels, so assistance and attention should be focused on creating opportunities for lower income homebuyers. Committee members also raised that zoning flexibility, which could result in smaller homes at lower price points, might be the best approach at this time to support moderate-income homebuyers.

**Include a Penalty for MFTE Opt-out:** The HALA Committee discussed whether the MFTE program should include a provision that assesses a penalty fee in cases where participating buildings elect to exit the program prior to the 12 year expiration. The MFTE program, which received strong HALA support for renewal and expansion, currently allows participating buildings to exit the program at any time without penalty. Some proponents explained that the penalty fee could be sized appropriately (not the full value of the tax exemption) and could be used to help support tenants whose rents could rise if an owner opts out. There was a concern that opting out could happen more frequently as market rents rise. Opponents offered that opt-outs have not been a problem to date, and that an opt-out penalty could dissuade investors and ultimately reduce participation in the MFTE program.

**Pursue an Anti-Speculation Tax:** The HALA Committee discussed whether the City should impose an excise tax on multifamily housing to prevent sales within 5 years of purchase, in order to prevent the displacement of existing tenants through rehabs and rent increases. This tax, which was presented to voters in San Francisco, would require a change in state law related to real estate excise taxes. Questions and discussion from the committee raised the following: Flipping occurs often when a building that is family-owned is passed to another family member in an estate and that family member sells it to someone who spruces it up to resell. Many times a family-owned building is an underperforming asset, but the family is not actively pursuing market rates for it. An owner may be charging below-market rents now but assume he/she will get the full value for the building when selling it to fund his/her retirement. Imposing an anti-speculation tax might discourage this kind of building ownership. Other members asked how big of a problem multifamily flipping is in Seattle and needed the data to demonstrate how many multifamily buildings were being purchased, rehabbed and quickly sold to a new owner who in turn charges higher rents. Without this data, some members felt ill-equipped to support the proposal. Some members expressed concern that this would frustrate the strategy to adopt a Real Estate Excise Tax dedicated for affordable housing, which received unanimous group support.

**Create a Right of First Refusal:** The HALA Committee discussed whether the City should pursue legislation to create a right of first refusal for the City in existing affordable multifamily housing. Some committee members questioned whether a state legislative change would be necessary. Proponents raised that a right of first refusal provides a way to get affordable housing that is distinctly different from other strategies, so should be kept on the list and that the District of Columbia has retained affordable housing with such a strategy. Opponents raised that a right of first refusal is a property right, so this would be a government taking. In addition, members raised that it does not seem practical for the City to act quickly enough or to offer a competitive price and that there is likely to be a danger that existing owners will raise their rents before they sell so the property is no longer in the “affordable” category that would fall under this requirement. Other members asked whether there is a way for the City to help the owner or tenants purchase the property or instead, whether the Office of Housing could watch for affordable multifamily housing going on the market and help facilitate purchase by nonprofits.

**Upzone underused light industrial areas for multifamily housing:** The HALA Committee discussed whether zoning changes to light industrial areas should be pursued to allow multifamily housing. Currently no industrial zones allow for residential uses. The main reasoning against this action had to do with honoring the City’s public policy objectives for protecting remaining industrial lands and associated living wage jobs. The City’s land use and economic development policies call for protecting remaining industrial lands from conversion to incompatible non-industrial uses. Stakeholders from the city’s industrial lands advocacy groups point out that housing in industrial areas can cause problems for the continued viability of an industrial cluster. It was also pointed out that industrial areas may not be the most livable areas, and can be far removed from other support services and community resources. The committee preferred to put greater emphasis on other zoning categories for change to multifamily.

**Remove recently created barriers to the creation of micro-housing:** The HALA Committee considered revisiting land use regulations that were put in place in 2014 to address micro-housing construction. Supporters of this action argued that micro-housing is a type of market-produced affordable housing. The 2014 regulations limited the production of micro-housing configured with shared housing features (usually a shared kitchen) to certain more-intensively zoned areas, except if owned by a not-for-profit housing provider. The Committee considered whether to change the rule back so that micro-housing could again be built by market developers in any multifamily zone (or with reasonable location criteria). Proponents of the action advocated for other regulations to ensure appropriate design and common space standards. The action discussed also would have created an MFTE category that allows micro-housing sleeping rooms to participate in the MFTE program.

Several views against this action were expressed. Some felt that due to the relatively high per square foot rents of micro-housing, that it should not be supported as a viable affordable housing option. Opponents argued that micro-housing only satisfies a very narrow segment of the City’s housing need, and that other needs such as family sized housing were more important to address. Several pointed out that the City Council only recently completed the long and contentious process to craft new regulations for micro-housing, which should be upheld for the time being, at least until results and outcomes are observed.

**Rewrite the definition of household to be any group of people who live together, so there is no limit on household size:** The City’s Land Use Code has a household size limit of 8 unrelated persons. This means that unless everyone is a relative, there can be no more than 8 people living in a housing unit.

Advocates for removing the household size limit believe the limit unnecessarily regulates housing choice. They point out that historically “rooming houses” and similar living arrangements were a valuable and accepted housing option. Proponents pointed out that roommate arrangements can provide low cost housing options to individuals in desirable neighborhoods, and that occupancy limits deter roommate living arrangements. It was also suggested that the rule is commonly violated and does not serve a legitimate public purpose because there is little evidence of health and safety risks due to overcrowding.

Opponents to this action argued against it for several different reasons. Some did not see how the household size limit is a meaningful constraint on the sharing of housing. Some felt removing the size limit would be a lot of controversy with little to no gain. Others thought the household size limit was important to keep in place to regulate the total occupancy of principal plus accessory units, where accessory units are allowed. Another member pointed out that the action could increase competition for larger housing units to negative effects for families. And one member pointed out that removing the limit could create some problems for landlords, who sometimes rely upon the regulation as grounds for limiting how many people are eligible to sign onto a lease.

**Establish special permit expediting for affordable housing projects:** The HALA Committee considered a special permit expediting system for dedicated affordable housing projects. The expediting would apply to all departments and would be tiered to the level of affordability. The highest priority would be publicly funded housing and/or income/rent restricted housing for very low income households (50% AMI and below). A second priority would be projects with dedicated affordability for households with incomes at or below 50%-85% AMI and guaranteed for 20+ years.

While the importance of speeding the permitting process was recognized, several members felt that if too many project types are prioritized, nothing really gets meaningful expedition. Currently, many projects qualify for green building priority permitting, but the results of that priority permitting were not viewed as being significantly faster. The prevailing view was that the permitting process should be faster and simpler for all projects – not just affordable housing. As a result the recommendations to reform design and historic review processes, and to improve interdepartmental permit coordination were advanced instead.

**Give discounts or waivers of City utility connection, right of way use fees, or permit fees for affordable housing:** The Committee discussed discounts or waivers for rent/income restricted housing for low, very low, or extremely low income populations. City of Seattle fees can total hundreds of thousands of dollars on a complex multifamily development project. It was argued that waiving the fees could directly reduce the cost of producing new housing. Specific fees considered for waiver included SDOT’s right of way use fee (during construction), DPD permit review fees, and SCL and SPU utility connection charges.

Concerns raised were that the foregone fees would be passed on to other ratepayers in the system. The affected departments would have to increase fees on other projects, or raise revenue to backfill for foregone fees through a general fund increase. It was also acknowledged that the right of way closure fee serves an important public purpose of incentivizing the shortest possible right of way closures due to construction.