Housing Seattle: A Roadmap to an Affordable and Livable City

An Action Plan to Address Seattle's Affordability Crisis

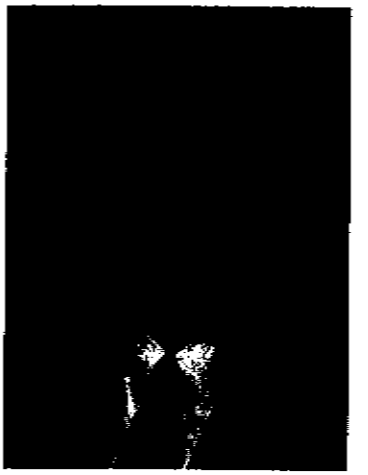
July 13, 2015

Proposed by Mayor Ed Murray

City of Seattle

Letter from the Mayor

Seattle is one of America's fastest-growing cities, presenting new challenges and opportunities for those who live and work here. As our economy and population grow, housing prices and rents have skyrocketed. As a result, thousands of families and workers – particularly lower-income people and among communities of color – are unable to afford the cost of living in Seattle.



We are in the midst of a housing crisis that demands creative and bold solutions. That's why the City Council and I commissioned a Housing Affordability and Livability Agenda (HALA) advisory committee last fall. The 28-member HALA committee brought together perspectives from affordable housing advocates, developers, land-use experts, tenants, businesses and nonprofits. After months of deliberation, they reached consensus on 65 recommendations to consider.

The following document is my comprehensive action plan that will serve as a roadmap to thousands of new affordable housing units in our city. Based on HALA's report, this strategy addresses the costs and availability of housing, and reflects Seattle's core values of equity and inclusion. This plan will help achieve my goal of seeing 50,000 new units of housing built or preserved over the next 10 years, with 20,000 of those units designated affordable.

This is a multi-pronged approach that calls for innovative changes in how Seattle plans and accommodates housing, as well as a shared commitment between taxpayers, businesses and nonprofits to support the construction and preservation of affordable housing. It requires market-rate developers to build affordable units in their apartment buildings, and commercial developers to contribute to the production and preservation of affordable housing. It also identifies changes to outdated zoning laws to spur the construction of more affordable housing.

"This is a multi-pronged approach that calls for innovative changes in how Seattle plans and accommodates housing, as well as a shared commitment between taxpayers, businesses and nonprofits to support the construction and preservation of affordable housing."

We also will work to renew and double the Seattle Housing Levy, which is critical to housing those most in need. And we will streamline the regulatory and design review process to reduce the costs of construction. Finally, our strategy provides stronger protections for vulnerable tenants and homeowners.

Roughly 45,000 households in Seattle spend more than half of their incomes on housing, and at least 2,800 are experiencing homelessness. This affordable housing crisis threatens to erode our city's diversity and character unless we act now.

My goal is a city where people of all backgrounds can find affordable homes in walkable, livable neighborhoods with access to parks and transit. We all share a responsibility to make Seattle a more affordable and equitable city. Together, we can move forward with this plan and ensure Seattle is a place for people of all incomes to live and enjoy.

Sincerely,

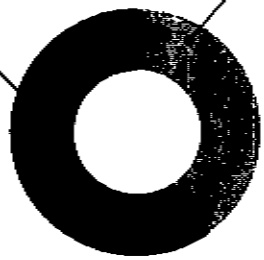
Mayor Edward B. Murray

The Goal: 50,000 housing units over the next 10 years

This plan calls for a tripling of affordable housing production and inclusion of affordability in all new developments.

30,000 Market-Rate Units

- Increase land for multifamily housing
- More options within Single Family zones
- Streamline regulatory and design process

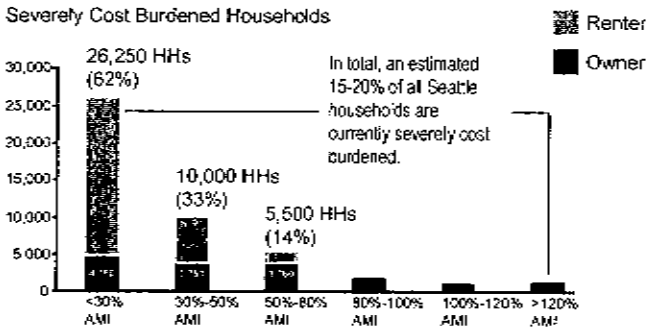


20,000 Affordable Units

- Boost the preservation and production of income-restricted units
- Create new resources for rental housing (0-60% AMI) and homeownership (60-80% AMI)
- Tax incentives
- Mandatory Inclusionary Housing and Commercial Linkage Fee

Top four facts about this affordability crisis

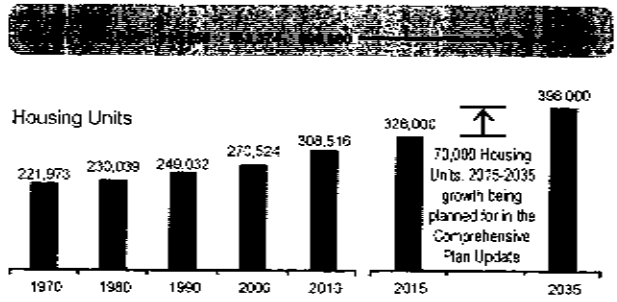
1. Seattle's lowest income households struggle to pay for basic necessities to afford housing.



Severely Cost Burdened Households

Source: U.S. Department of Housing & Urban Development, CHAS, 2006-2010 5-Year American Community Survey, Seattle city. Note: These are rough estimates.

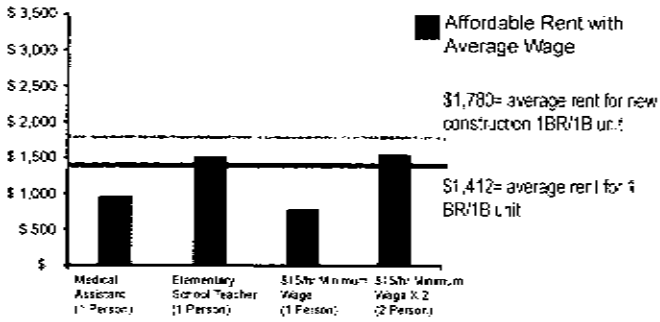
2. Seattle's population is projected to increase by another 120,000 people by 2035.



Seattle's Growing Population and Housing Stock

Source: U.S. Census Bureau, Decennial Census, 2015 to 2035 growth estimate in "Updating Seattle's Comprehensive Plan Background Report", 2015 housing informal projection by SPC Demographer.

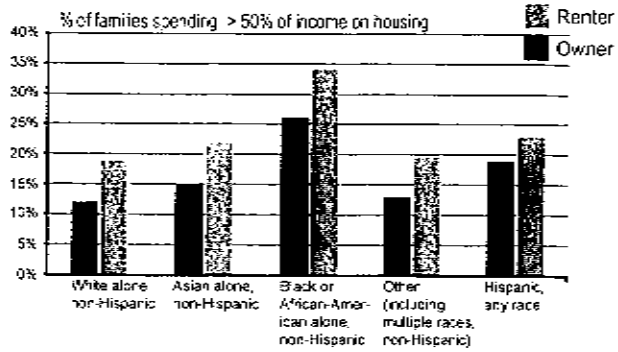
3. Many people in occupations critical to our economy are unable to afford housing.



Housing Affordability for Working Households-1 Bedroom

Source: Dupre+Scott Apartment Advisors, Apartment Vacancy Report, 20+ unit buildings, Fall 2014, Seattle-14 market areas; WA Employment Security Department, Occupational Employment & Wage Estimates, Seattle-Bellevue-Everett, WA UD, 2014.

4. People of color are disproportionately impacted by high housing costs.



Severe Housing Cost Burden by Race/Ethnicity

Source: U.S. Department of Housing & Urban Development, CHAS, 2006-2010 5-Year American Community Survey, Seattle city.

Key Policies and Programs

Invest in Housing for Those Most in Need: Adopt a balanced approach to provide affordable housing resources for low-income workers, seniors, people with disabilities and the thousands of people experiencing homelessness.

Double the Seattle Housing Levy: Everyone should have an opportunity to live in a safe, affordable home. Doubling the voter approved Seattle Housing Levy to $290 million will build and preserve thousands of quality, affordable homes for the most vulnerable families and individuals in our community and for low wage workers. This innovative property tax levy has been approved five times by Seattle voters and is hailed as a national model. The Housing Levy has a 30-year track record of creating affordable housing with services to support at-risk families, seniors and people with disabilities, providing rental assistance to prevent homelessness, and preserving housing to prevent displacement of long-term residents.

Enact a Real Estate Excise Tax for Affordable Housing: Seattle is experiencing a major boom in its real estate market. A 0.25 percent tax on real estate transfers could generate roughly $15-25 million each year to build new affordable housing in Seattle. This ensures that a portion of the value generated through rising land prices—in large part created through public investments in sidewalks, parks and transit—is recaptured and used to invest in critical affordable housing. The City will advocate in the state legislature to pass this stable, progressive local funding option that provides a new resource to build needed affordable housing for low-income workers and vulnerable people.

Maximize Surplus and Underutilized Public Property for Affordable Housing: Intense competition for limited land drives up cost and makes it challenging to build affordable homes for low-income residents. Publicly owned vacant and underutilized land is a public asset that must be used strategically to create affordable homes in our community. Building affordable housing on developable public land in key locations near transit and job centers is invaluable in helping low-income workers and families live close to jobs and schools, while decreasing congestion and pollution. Using the proceeds from public land sales to build affordable housing is a smart way to use our precious city resources to advance our shared value of building a diverse, equitable Seattle.

Direct $42 Million to Rental Housing Production and Preservation: This year, the City will invest a record $42 million from the Seattle Housing Levy and the existing incentive zoning program for the development and preservation of low-income housing. The Seattle Office of Housing will issue project guidelines and invite partner applications immediately.

Lead Efforts to Create a Voluntary Employers Fund: It is essential for our regional economy and good for business when workers of all incomes can afford to live near their jobs. In a period of robust job growth, employers can be part of the solution to provide affordable housing for Seattle's workers. The City will partner with local employers, many of whom have a longstanding commitment to community investment, to contribute to a City fund that builds and preserves affordable housing. This successful partnership has been key in other high-cost areas, like Silicon Valley, in addressing the community's range of affordable housing needs.

Create New and Affordable Housing for All Seattleites: Harness new development to create affordable homes and diversify housing choices for current and future residents.

Build Affordability as We Grow (Mandatory Inclusionary Housing and Commercial Linkage Fee): It is critical that Seattle ensures affordability for households across the income spectrum as its population and employment continue to grow. The City will introduce both a Mandatory Inclusionary Housing program that ensures new residential developments include affordable housing units and a Commercial Linkage Fee ensuring commercial developers contribute funds for the production and preservation of affordable housing. Upzones in proportion to these requirements would be provided.

Increase Opportunities for Multifamily Housing: The City will expand housing opportunities to a broader array of household types and incomes by devoting a greater amount of land to multifamily housing, particularly in areas near transit, services and amenities. Seattle's Urban Village growth strategy will be bolstered by expanding the boundaries of Urban Villages to reflect walking proximity to amenities and by rezoning Single Family areas within Urban Villages to allow more intensive development where the City is targeting its growth. Increased height limits and modified building and fire codes would further increase the economies of wood frame multifamily construction and lead to more affordable housing options for families. Any increase in development capacity will be tied to an affordability requirement.

Increase Access, Affordability, Diversity and Inclusion within Single Family Areas: The exclusivity of Single Family zones limits the type of housing available, limits the presence of smaller format housing and limits access for those with lower incomes. The City will allow more variety of housing scaled to fit within traditional Single Family areas to increase the economic and demographic diversity. The broader mix of housing will include small lot dwellings, cottages or courtyard housing, rowhouses, duplexes, triplexes and stacked flats. Although a broader variety of housing would be permitted, the total amount of building area on a single lot will remain the same (excluding ADUs and DADUs) and it does not eliminate the option of single family housing.

Expand the Multifamily Property Tax Exemption Program (MFTE): MFTE is an effective and popular incentive program that ensures 20 percent of housing in participating new developments is affordable for low-and moderate-income people. In exchange for on-site affordability, the City provides a partial property tax exemption for up to 12 years. In 2015, when the program expires, the City will renew and expand MFTE to all multifamily areas, allow all unit types to participate in the program and incorporate a new incentive for building larger units so that families have more affordable housing choices throughout the city. MFTE housing is vital to providing housing to retail and service workers, entry level professionals and retirees on fixed incomes.

Prevent Displacement and Foster Equitable Communities:

Preserve communities impacted by displacement by promoting strategic investments and creating legal protections for low-income renters.

Target a Preservation Property Tax Exemption to Communities at Risk of Displacement: Seattle needs a tool that can mitigate the pressure on its existing housing stock, which is causing rent increases and displacement of low-income renters to outside of the city. A Preservation Property Tax Exemption would extend the Multifamily Tax Exemption to existing buildings in exchange for guaranteeing continued affordability. The City will develop a legislative proposal and advocacy strategy to advance this critical item through the state legislature.

Make Strategic Investments to Minimize Displacement: Displacement is happening throughout Seattle, and particular communities are at high risk of displacement. Seattle will make robust investments to anchor and strengthen those communities. This includes investments in new development and affordable housing preservation and coordinated, targeted investments in economic development, transit and education.

Strengthen the Tenant Relocation Assistance Ordinance (TRAO): Seattle requires relocation assistance be paid to low-income renters who are displaced by new development. However, our current law should be strengthened to provide better protections for a broad range of renters. The City will commit funding to provide education and tenant assistance to vulnerable populations, particularly those with language or other barriers to gaining the assistance they deserve. We will also evaluate the current definition of "tenant household" to improve equitable distribution of relocation assistance support.

Prevent Displacement of Low-Income Homeowners: Buying a home in Seattle during a time of rising home prices is out of reach for most low-income families. That means it is even more critical to prevent displacement of existing low-income homeowners. The City will explore ways to help stabilize low-income homeowners and will build off the success of existing repair and weatherization programs and pursue policies to provide assistance to homeowners with financial hardships that threaten their housing.

Remove Barriers to Housing for People with Criminal Histories: The City will work with stakeholders to develop legislation that ensures fair access to housing for people with criminal records. Stable housing ensures people can engage with their communities and families and obtain stable employment. Deep-rooted inequities in the criminal justice system have created lasting effects on communities of color that have created barriers to housing. Furthering fair housing for all our residents is an affirmation of the City's longstanding commitment to race and social justice.

Support the Community in Finding Housing Tools for Sharia-Compliant Lending: For our low – and moderate – income Muslim neighbors who follow Sharia law – which prohibits the payment of interest or fees for loans of money – there are limited options for financing a home. Some Muslims are unable to use conventional mortgage products due to religious convictions. The City will convene lenders, housing nonprofits and community leaders to explore the best options for increasing access to Sharia-compliant loan products to help these residents become homeowners in Seattle.

Protect Renters from Discrimination Based on Source of Income: Renters who receive income from Social Security, veteran's benefits, child support, Supplemental Security Income (SSI) and Section 8 vouchers should not face barriers to housing based on their income type. It is currently illegal under City law to discriminate against a tenant based on the use of a Section 8 voucher. The City will introduce legislation that expands anti-discrimination laws to include other verifiable sources of income.

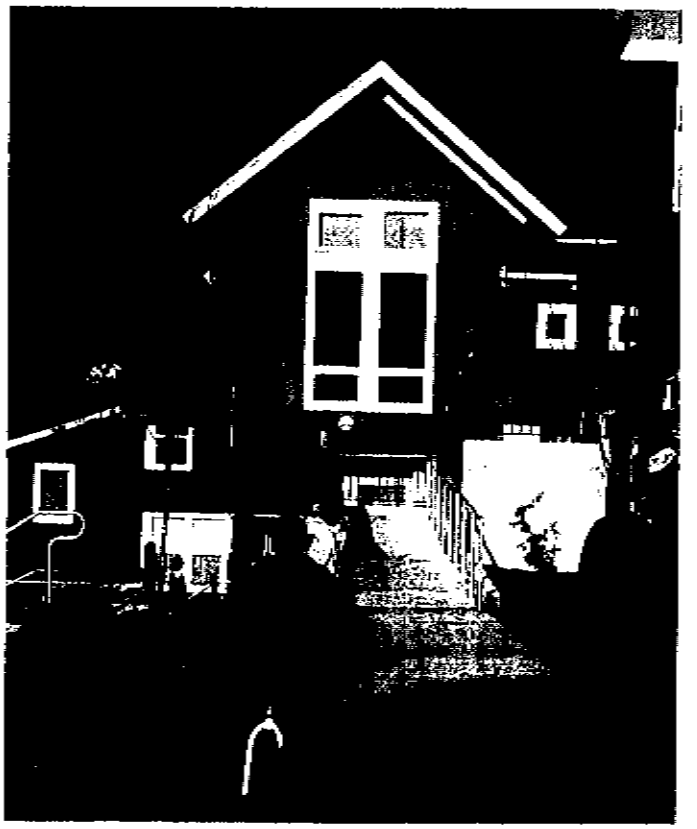
Promote Efficient and Innovative Development: Deliver effective and streamlined government services to facilitate quality housing development.

Streamline City Codes and Permitting Processes:
The time and complexity involved in obtaining the necessary City approvals to build new housing can be a significant cost driver. To make meaningful progress toward a more efficient system, the City will be proactive and persistent in its efforts to integrate and coordinate permitting processes across all departments (DPD, SDOT and utility agencies). Additionally, the City will streamline its codes to be sensible, transparent and coherent reflections of City planning and laws.

Reform Design Review and Historic Review:
Design Review and Historic Review are critical to ensure new buildings contribute positively to our neighborhoods. However, these tools add unpredictability and time to the process of bringing new housing online, which ultimately adds cost and decreases affordability. Through legislation, the City will improve these processes to continue their important functions in a way that is more predictable, efficient and considers the impacts of the decisions on the cost of housing.

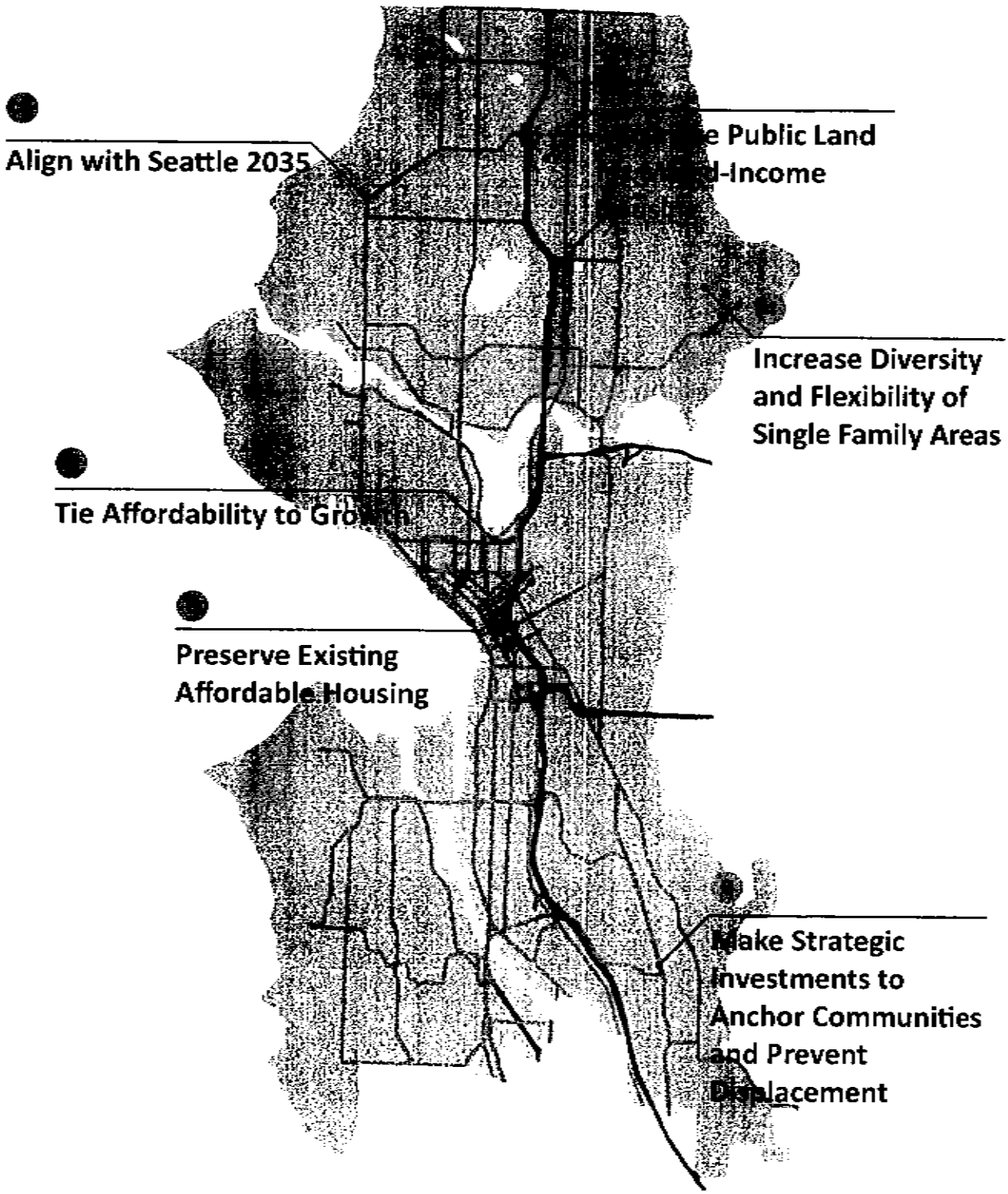
Pilot Credit Enhancement at Yesler Terrace:
The City remains firmly committed to its partnership with the Seattle Housing Authority (SHA) to transform Yesler Terrace into a vibrant, mixed-income neighborhood that creates opportunities for new and existing residents. The task of replacing all 591 units of public housing is of great urgency, and the City will do all in its power to ensure that SHA delivers on the promise to provide a new home for every resident who wishes to exercise their right to return and rebuild their community. To further this partnership, the City will pilot a credit enhancement program that will utilize the City's AAA credit rating to help SHA finance replacement housing as quickly as possible. This partnership is expected to help SHA save millions of dollars in financing costs – savings that will be used to fund other critical services for Yesler residents such as education, job placement and health clinics.

Comprehensive Parking Reform:
Requirements that new development include off-street parking adds to the cost of constructing a unit and limits the number of units possible on a site – indirectly limiting the density of housing and precluding opportunities to develop more affordable housing. The City will reform its parking policies to support housing affordability and access by: (1) clarifying the definition of frequent transit service to reduce parking requirements in transit areas; (2) reducing parking requirements for multifamily housing outside of Urban Centers and Urban Villages that have frequent transit service; (3) ensuring that parking mandates are not reintroduced in Urban Centers and Urban Villages; and (4) removing parking requirements for accessory dwelling units and other small-scale housing types in Single Family areas.



Growing Affordably: Implementing the Mayor's Action Plan

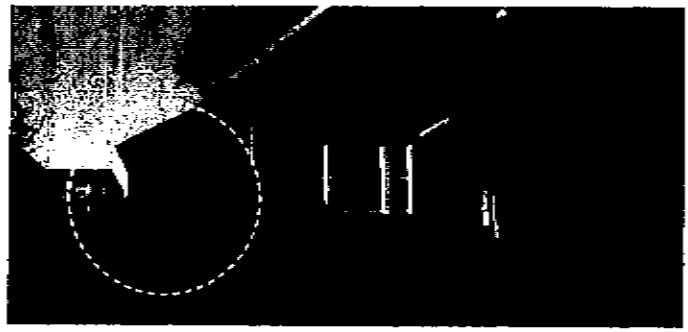
The roadmap to an affordable and livable city addresses all areas in Seattle.



As the City identifies its growth strategy, we must ensure that public services and amenities are included in new and continuing growth areas. Leveraging the Transit Benefit District and the Metropolitan Parks District, the City will ensure that services and amenities are provided for both existing and new and expanded multifamily areas, strengthening the livability of our Urban Villages and Neighborhoods.

Using public land to help subsidize affordable housing investments means that low-income workers have opportunities to live affordably near transit, jobs and amenities, which is good for families, the environment and our transit system. In new transit hubs like Sound Transit's Roosevelt and Northgate stations, the City will work with government agencies to secure land to build much needed mixed-income housing.

The City will create a Mandatory Inclusionary Housing program to mitigate impacts of new development on the demand for affordable housing in Seattle. In all areas of the city, where growth is occurring, a portion of new buildings will be required to include affordable housing or pay for it to be built elsewhere. In residential areas, like Wallingford, new housing will be required to include a percentage of affordable units through Mandatory Inclusionary Housing. In commercial areas, like South Lake Union, a new Linkage Fee will be collected on new commercial development to mitigate impacts.



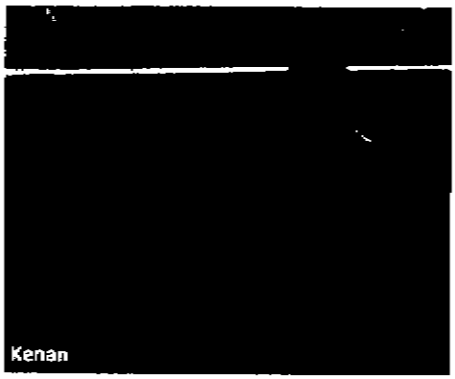
Single Family areas can welcome more housing options within the scale of the existing neighborhood, such as cottage housing, small duplexes and backyard cottages.

The City's strategic approach to preservation will target strategies based on neighborhood characteristics and needs. In a community facing rising rents due to market pressures, the City will pursue legislation that helps owners keep properties affordable by using tax incentives to get private landlords to stabilize rents for the long term. The City will also use increased resources to invest in the acquisition and rehab of distressed properties. In Capitol Hill, the City invested funds in Capitol Hill Housing's acquisition and preservation of the Holiday Apartments, an at-risk property centrally located at the doorstep of the new Link light rail station. The investment ensures that rents at this location remain affordable for 50 years.

The City's strategic approach to mitigate impacts of displacement will include comprehensive investments in housing and other services in at-risk communities. In the Othello neighborhood, Mercy Housing is using City financing to build 108 new units of affordable family-sized housing next to the Link Light Rail station. In addition, the City coordinated housing with key economic development investments to stabilize and empower an established multicultural business district. Efforts like these rely on strong City partnerships with community partners like Othello business owners and the Rainier Valley Community Development Fund.

Scaling Success

With strong housing and livability strategies in place, the City can do more of what it does well.

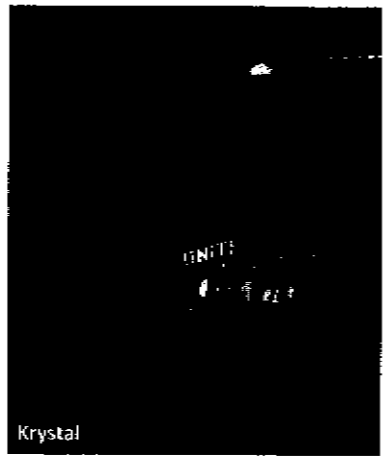

Kenan

Helping people who work in Seattle, live in Seattle:
When Kenan's rent was increased, he went looking for an affordable apartment in his neighborhood but came up short. Then he asked the nearby Thornton Place apartments if they had anything more affordable. His initiative paid off, with an income-qualified unit, made possible by the Multifamily Tax Exemption program. Now Kenan, an HR worker with a local company, can remain in the community he's come to love. "Living here, I don't have to live check to check."

Creating housing opportunities that are affordable to households earning a wide range of incomes requires innovative solutions like the Multifamily Tax Exemption. By honing and expanding our incentive programs, the City is able to increase affordable housing options for modest wage workers in new apartment buildings without direct subsidy.

Serving those who served. Stable housing improves lives:
Following nine years of service in the Army and National Guard, Krystal lost her job as a civilian contractor and held various odd jobs before finding herself homeless. Then, thanks to a transitional housing program, she was referred to stable housing at the Plymouth Housing's Williams Apartments, one of the many buildings funded with Housing Levy dollars. This centrally-located building offered not just the stability Krystal needed, but the case management to help her succeed.

With new resources from an increased Housing Levy and Real Estate Excise Tax and new service funding from a Medicaid Benefit, all veterans can find safe homes in Seattle, fulfilling the Mayor's challenge to End Veteran Homelessness. As partners in the Committee to End Homelessness, regional collaboration is critical, so is a renewed commitment from the federal government. Our government partners must play an essential role in increasing funding to build homes and provide operating and service funding that can turn people's lives around.


Krystal

Chau and Wayne

Providing options for families:
Housing is one of a family's largest costs and finding an affordable place to live in one's own community is critical. For Chau and Wayne, who live in ArtSpace's Mt. Baker Lofts with their two children, it is also about contributing to the community. Having an affordable rent allows this family to live in the community where they work and volunteer: Wayne can take light rail to his job as a high school wrestling coach and Chau can provide therapy for local neighbors and volunteer as an art teacher at a local middle school.

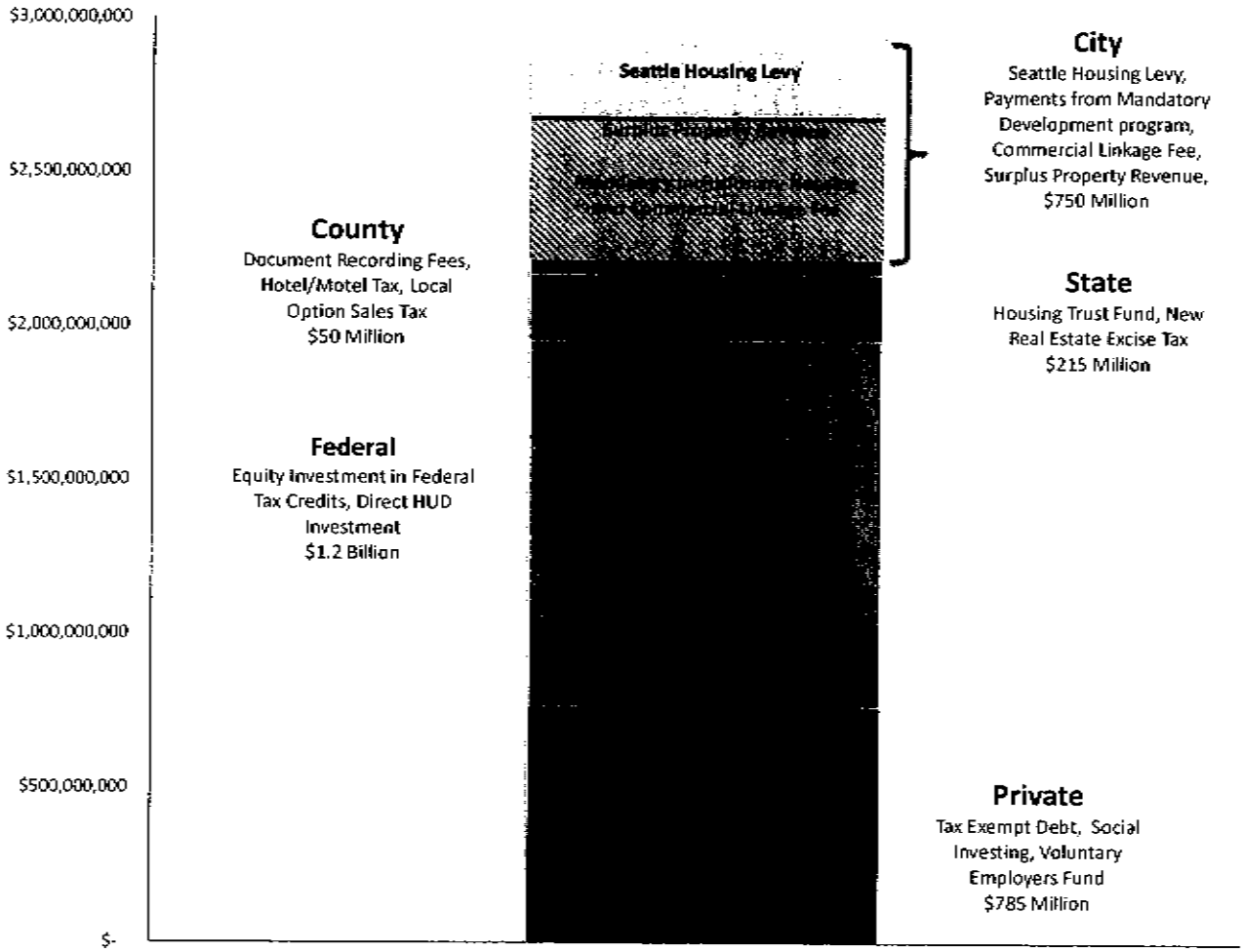
City investments are crucial to provide family-sized, affordable homes to low-wage workers in Seattle. For 30 years, the Seattle Housing Levy has been a key funding source to leverage even more resources to create housing that is affordable to low-wage workers and families, ensuring that our community remains diverse and equitable. We need more resources to meet the need. Increased resources for low-income housing, including the redevelopment of publicly owned land, revenue from a Voluntary Employers Fund and a doubled Housing Levy, will help ensure that hard working families can live near transit, jobs and cultural communities.

Getting to 20,000 Affordable Homes

Achieving the goal of 20,000 affordable homes in 10 years will take an aggressive investment strategy that calls on all our partners to be part of the solution.

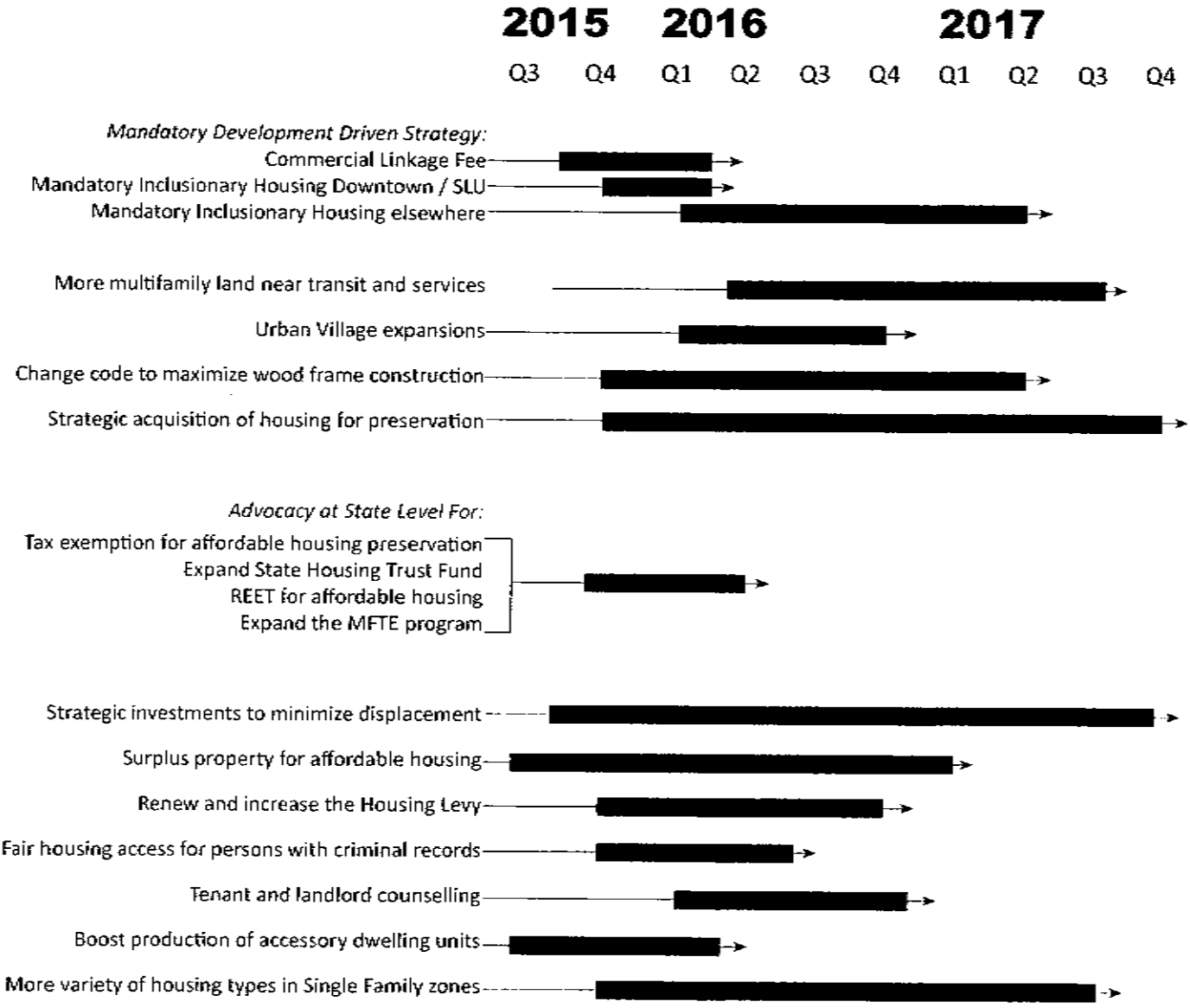
Locally, we are taking a balanced approach by utilizing diverse revenue streams and spreading responsibility across sectors. This plan is also a call to action to the state and federal governments to match local commitments and reinvest in our shared commitment to creating affordable communities. Federal resources will be crucial not only for financing new housing, but also for funding supportive services and operations of housing for those experiencing homelessness.

Capital Investments toward 20,000 Affordable Homes in 10 Years



Seattle's Timeline for Addressing the Housing Affordability Crisis

15 Action Steps



For more information, visit http://murray.seattle.gov/housing

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