City of Seattle
Mayor Edward B. Murray

May 3, 2016

Honorable Bruce A. Harrell, President
Seattle City Council
City Hall 2nd Floor

Dear Council President Harrell:

I am pleased to transmit the attached proposed legislation for your consideration in accordance with Council Resolution 31612, which adopted Council's intent to implement a mandatory inclusionary affordable housing program for residential development.

Last July, the HALA Advisory Committee published 65 recommendations for how we can make Seattle a more affordable, diverse and equitable city. Consistent with the Committee's report, my priorities are outlined in *"Housing Seattle: A Roadmap to an Affordable and Livable City,"* for addressing our housing affordability crisis. In the fall, the Council unanimously approved Ordinance 124895 establishing the Mandatory Housing Affordability for Commercial Development (MHA-C) framework (previously known as the "commercial linkage fee"). This legislation builds on that effort, establishing the framework for Mandatory Housing Affordability for Residential Development (MHA-R).

MHA-R provides the regulatory framework necessary to require multifamily residential development to contribute to affordable housing, either provided on-site through the performance option or through a cash contribution used to create affordable housing throughout Seattle. It is a key recommendation of the HALA Advisory Committee and is consistent with the general principles outlined in Council Resolution 31612 and in the "Statement of Intent for Basic Framework for Mandatory Inclusionary Housing and Commercial Linkage Fee" (commonly referred to as the "Grand Bargain").

Key features of Mandatory Housing Affordability for Residential Development are:

- Requires inclusion of affordable housing or an in-lieu payment to support affordable housing in zones that have been granted additional development capacity;
- Applies any time one or more dwelling units, live/work units, or congregate residence sleeping rooms are developed;
- Rental housing created would serve households with incomes no greater than 60% of AMI for a term of 50 years;
- Ownership housing created would serve households with incomes no greater than 80% of AMI for a term of 50 years;
- Funds received through the in-lieu payment option will be used to create affordable housing, primarily for renter households with incomes equal to or less than 60% AMI.

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This legislation by itself does not implement MHA-R in any zone or area. MHA-R legislation will be implemented simultaneously with MHA-C pending approval of zoning legislation that I will introduce to provide the related development capacity increases. My goal is to foster a city where people of all backgrounds and incomes can find affordable homes in walkable, livable neighborhoods throughout the city.

Thank you for your consideration of this legislation, and if you have any questions, please contact Leslie Brinson Price at 206-386-9136. I look forward to working with you as we continue to tackle the housing affordability challenges facing Seattle residents.

Sincerely,

Edward B. Murray
Mayor, City of Seattle

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