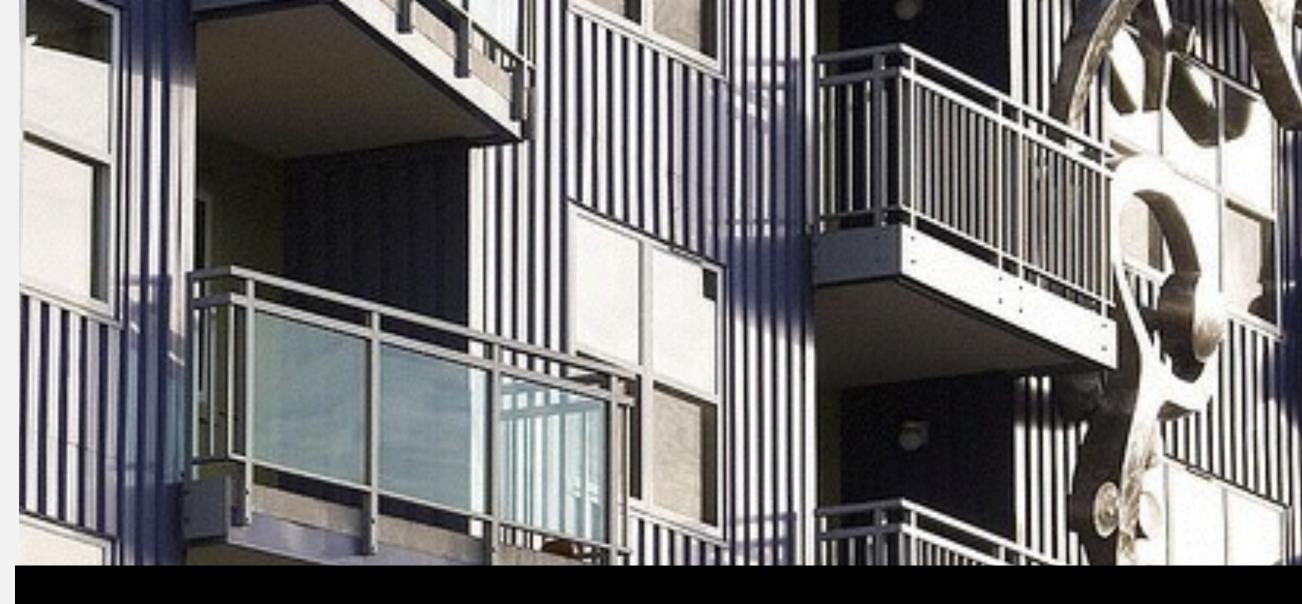
Rick Jacobus September 16, 2014



Recommendations for an Affordable Housing Linkage Fee

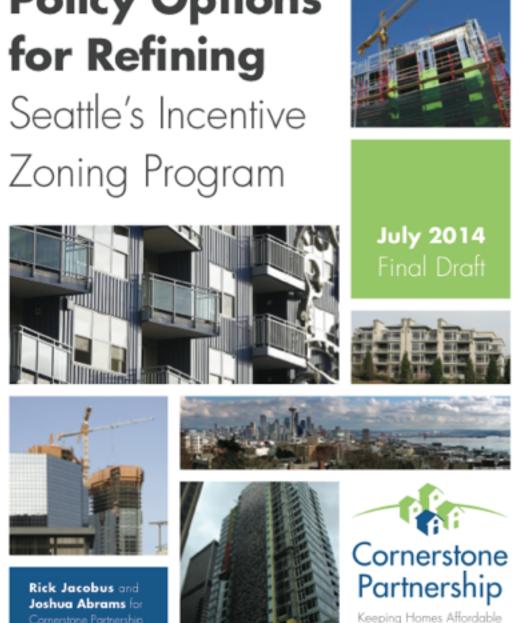


Policy Options









In July we recommended that Seattle consider adopting an Affordable Housing Linkage Fee



- Apply the fee in all commercial zones and residential zones LR 1 and above
- Apply the fee to multifamily residential, office, retail, hotel and R&D (Exclude single family and Industrial uses)
- Adopt differing fee levels for high, medium and lower cost markets
- Adjust fees annually based on the cost of construction
- Phase the fees in over 3 years
- Allow developers to continue to build bonus density
- Preserve the onsite performance option

Proposed Linkage Fees Per Net Square Foot

Option #1: Fees comparable to 5% onsite performance

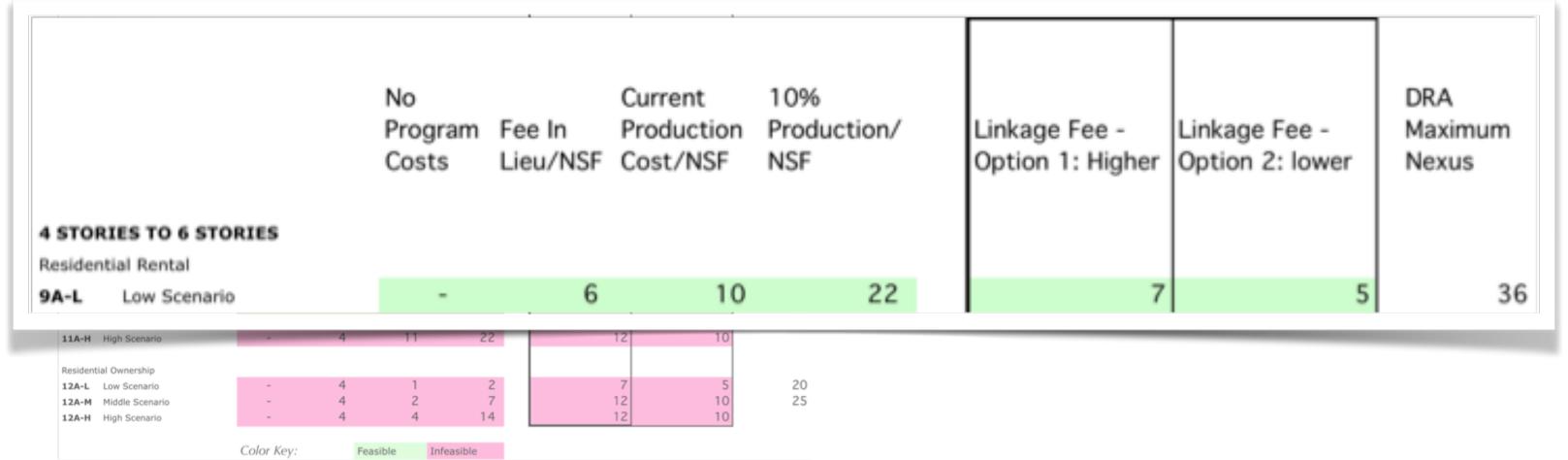
	Residential	Office	Retail	Hotel
Lower Cost Neighborhoods	\$7.00 or 5% of Units	\$7.00	\$7.00	\$7.00
Medium Cost Neighborhoods	\$12.00 or 5% of Units	\$12.00	\$12.00	\$12.00
High Cost Neighborhoods	\$22.00 or 5% of Units	\$22.00	\$22.00	\$22.00

Option #2: Fees comparable to 3% onsite performance

	Residential	Office	Retail	Hotel
Lower Cost Neighborhoods	\$5.00 or 3% of Units	\$5.00	\$5.00	\$5.00
Medium Cost Neighborhoods	\$10.00 or 3% of Units	\$10.00	\$10.00	\$10.00
High Cost Neighborhoods	\$16.00 or 3% of Units	\$16.00	\$16.00	\$16.00

DOWNTOWN PROTOTYPES	No Program Costs		Current Production Cost/NSF	10% Production/ NSF	Linkage Fee - Option 1: Highe	Linkage Fee - er Option 2: lower	DRA Maxim Nexus
1A Rental	-	10	24	46	2	2 16	4
2A Ownership	-	11	17	31	2	.2 16	5
3A Commercial	-	17	26	-	2	.2 16	7
SOUTH LAKE UNION PROTOTYPES							
4A Rental	-	14	26	50	2	.2 16	4
5A Ownership	-	15	18	34	2	.2 16	4
6A Commercial	-	12	18		2	.2 16	70
LOWRISE TO MIDRISE							
Residential Rental							
7A -L Low Scenario	-	11	13	18		7 5	
7A-M Middle Scenario	-	11	16	23	1	2 10	
7A-H High Scenario	-	11	20	28	1	2 10	

Feasibility Example 4 to 6 Stories



	Option 1 Fee total	Option 2 Fee total	Current Fee In Lieu	Current (5%) Perfomance Gap Cost		ee % of
TOWN PROTOTYPES						
Rental	6,842,000	4,976,000	\$ 3,212,976	\$ 7,359,612	4.2%	3.1%
Ownership	6,292,000	4,576,000	\$ 3,082,896	\$ 4,922,964	3.5%	2.6%
Commercial	5,534,760	4,025,280	\$ 4,284,900	\$ 6,480,000	4.8%	3.5%
LAKE UNION PROTOTYPES						
Rental	4,532,000	3,296,000	\$ 2,955,308	\$ 5,317,198	4.3%	3.1%
Ownership	4,114,000	2,992,000	\$ 2,753,613	\$ 3,453,938	3.7%	2.7%
Commercial	5,291,000	3,848,000	\$ 2,830,150	\$ 4,280,000	5.3%	3.8%
SE TO MIDRISE						
tial Rental						
Low Scenario	322,000	230,000	\$ 490,860	\$ 597,780	2.0%	1.4%
Middle Scenario	552,000	460,000	\$ 490,860	\$ 743,580	3.1%	2.6%
High Scenario	552,000	460,000	\$ 490,860	\$ 905,580	2.7%	2.3%
	Rental Ownership Commercial LAKE UNION PROTOTYPES Rental Ownership Commercial SE TO MIDRISE tial Rental Low Scenario Middle Scenario	TOWN PROTOTYPES Rental 6,842,000 6,292,000 5,534,760 LAKE UNION PROTOTYPES Rental 4,532,000 4,114,000 5,291,000 SE TO MIDRISE tial Rental Low Scenario 322,000 552,000	total total FOWN PROTOTYPES Rental 6,842,000 4,976,000 6,292,000 4,576,000 6,292,000 4,576,000 5,534,760 4,025,280 LAKE UNION PROTOTYPES Rental 4,532,000 3,296,000 Ownership 4,114,000 2,992,000 5,291,000 3,848,000 SE TO MIDRISE tial Rental Low Scenario 322,000 230,000 Middle Scenario 552,000 460,000	total total Lieu FOWN PROTOTYPES Rental 6,842,000 4,976,000 \$ 3,212,976 Ownership 6,292,000 4,576,000 \$ 3,082,896 Commercial 5,534,760 4,025,280 \$ 4,284,900 LAKE UNION PROTOTYPES Rental 4,532,000 3,296,000 \$ 2,955,308 Ownership 4,114,000 2,992,000 \$ 2,753,613 Commercial 5,291,000 3,848,000 \$ 2,830,150 SE TO MIDRISE tial Rental Low Scenario 322,000 230,000 \$ 490,860 Middle Scenario 552,000 460,000 \$ 490,860	total total Lieu Gap Cost TOWN PROTOTYPES Rental	TOWN PROTOTYPES Rental

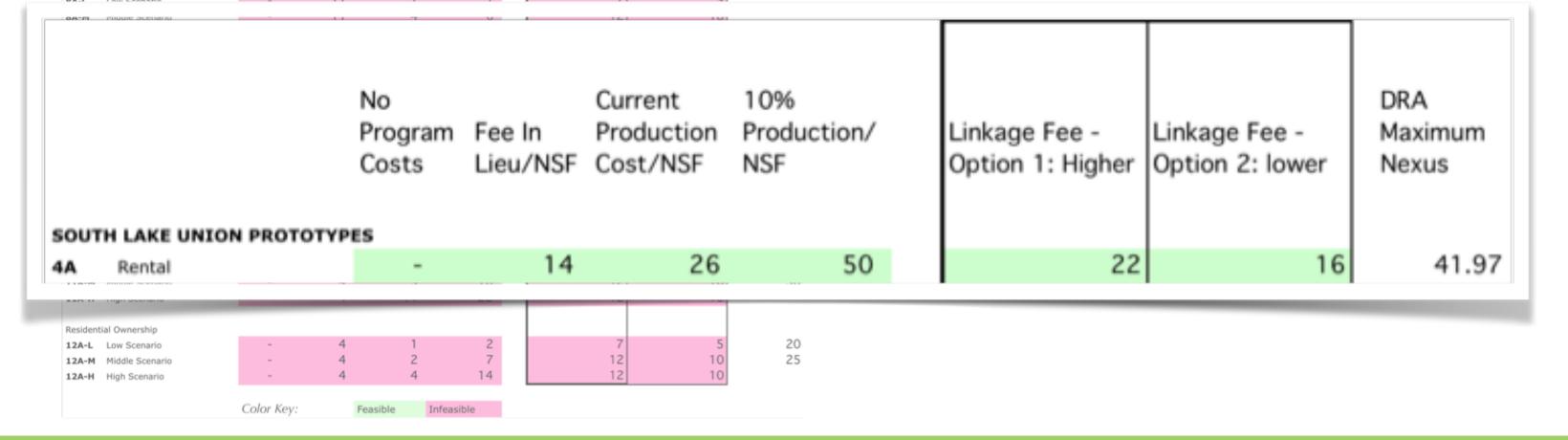
Feasibility Example 4 to 6 Stories

			Optio	n 1 Fee	e Opt	ion 2 Fee	Cur	rent Fee In	Perf	ent (5%) omance Cost	Fee % of	Option 2 Fee % of Dev Cost
	RIES TO 6 STORIES											
9A-L	Low Scenario			497,00	0	355,000	\$	454,500	\$	693,900	1.9%	1.4%
	Residential Ownership 12A-L Low Scenario 12A-M Middle Scenario	630,000 1,080,000	450,000 900,000				1.2%					

		No Program Costs		Current Production Cost/NSF	10% Production/ NSF	Linkage Fee - Option 1: High	Linkage Fee - er Option 2: lowe	DRA Maximum Nexus
DOWNT	OWN PROTOTYPES							
1A F	Rental	-	10	24	46		22	16 43.9
2A (Ownership	-	11	17	31		22	16 50.2
3A (Commercial	-	17	26	-		22	75.8
SOUTH	LAKE UNION PROTOTYPES							
4A F	Rental	-	14	26	50		22	16 41.9
5A (Ownership	-	15	18	34		22	43.8
6A (Commercial	-	12	18			22	76.0
LOWRIS	SE TO MIDRISE							
Resident	tial Rental							
7A -L	Low Scenario	-	11	13	18		7	5 3
7A-M	Middle Scenario	-	11	16	23			10 4
7A-H	High Scenario	-	11	20	28		12	10
Resident	tial Ownership							
OA-I	Low Connario		1.1	1	1		7	5

Feasibility Example

South Lake Union



		Option 1 Fee total	Option 2 Fee total	Current Fee In Lieu	Current (5%) Perfomance Gap Cost	Option 1 Fee % of Dev Cost	
DOWN	ITOWN PROTOTYPES						
1A	Rental	6,842,000	4,976,000	\$ 3,212,976	\$ 7,359,612	4.2%	3.1%
2A	Ownership	6,292,000	4,576,000	\$ 3,082,896	\$ 4,922,964	3.5%	2.6%
ЗА	Commercial	5,534,760	4,025,280	\$ 4,284,900	\$ 6,480,000	4.8%	3.5%
SOUT	H LAKE UNION PROTOTYPES						
4A	Rental	4,532,000	3,296,000	\$ 2,955,308	\$ 5,317,198	4.3%	3.1%
5A	Ownership	4,114,000	2,992,000	\$ 2,753,613	\$ 3,453,938	3.7%	2.7%
6A	Commercial	5,291,000	3,848,000	\$ 2,830,150	\$ 4,280,000	5.3%	3.8%
LOWR	ISE TO MIDRISE						
Reside	ntial Rental						
7A -L	Low Scenario	322,000	230,000	\$ 490,860	\$ 597,780	2.0%	1.4%
7A-M	Middle Scenario	552,000	460,000	\$ 490,860	\$ 743,580	3.1%	2.6%
7A-H	High Scenario	552,000	460,000	\$ 490,860	\$ 905,580	2.7%	2.3%
Reside	ntial Ownership						
8A-I	Low Scenario	322,000	230,000	\$ 490,860	\$ 24,948	1.8%	1.3%
8A-M	Middle Scenario	552.000	460.000	\$ 490.860	\$ 188.892	2.7%	2.3%

Feasibility Example

South Lake Union

		Option 1 Fee total	Option 2 Fee total	Current Fee In Lieu	Current (5%) Perfomance Gap Cost	Option 1 Optio Fee % of Fee % Dev Cost Dev C	of of
SOUTH LAKE UNION PROTOTYPES 4A Rental		4,532,000	3,296,000	\$ 2,955,308	\$ 5,317,198	4.3%	3.1%
Residential Ownership 12A-L Low Scenario 12A-M Middle Scenario 12A-H High Scenario	630,000 1,080,000 1,080,000	450,000 \$ 378,750 900,000 \$ 378,750 900,000 \$ 378,750	\$ 45,750 1.7% \$ 183,500 2.6% \$ 343,500 2.3%	1.2% 2.2% 1.9%			

Local Goals

- 1.Produce more affordable housing units
- 2.Ensure that affordable housing requirements are economically feasible
- 3.Create/sustain mixed income communities
- 4. Target resources to households with the greatest needs

~30% for households earning 60-80% of median income



