Attachment 1 - Proposed Changes to Comprehensive Plan for Affordable Housing Mitigation Program and Incentive Zoning Update

Land Use Element

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A-1 The Future Land Use Map ((&))and the Location of Zones

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policies

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LU5

1. Consider, through neighborhood planning processes, recommendations for the revision of zoning to better reflect community preferences for the development of an area, provided that consistency between the zoning and this Plan is maintained. Consider relevant goals and policies in adopted neighborhood plans when evaluating a rezone proposal.
2. Seek opportunities in rezones or changes in development regulations to ((~~incorporate incentive programs for~~))require or encourage development of housing that is affordable for the longest term practical.
3. Consider development regulations that condition higher-density development on the provision of public benefits((~~ when such public benefits will help mitigate impacts of development attributable to increased development potential~~)).

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Housing Element

A Accommodating Growth ((&))and Maintaining Affordability

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goals

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HG2 Maintain housing affordability over the life of this Plan.

HG2.5 Seek to reduce involuntary housing cost burden for households by supporting the creation and preservation of affordable housing.

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policies

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H8 Consider ((~~providing incentives~~))using programs that require or encourage public agencies, private property owners and developers to build housing that helps fulfill City policy objectives. ((~~Examples of development incentives include height and density bonuses, minimum densities and transferable development rights. Consider programs that make maximum use of City resources such as bridge loans, credit enhancement, and tax exemptions.~~))

H8.5 Encourage a shared responsibility among the private and public sectors for addressing affordable housing needs.

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B Encouraging Housing Diversity ((~~&~~))and Quality

discussion

((~~The demographic make-up of households in both King County and the City of Seattle is changing. The average age of city residents is increasing, and fewer households have children. Household size has continued to shrink, though more slowly in the 1990's than in previous decades. At the same time, single-family houses, the preferred housing type of many households, have become increasingly expensive and, because of a finite land supply, constitute a declining share of the county's housing stock.~~))Policies in this section address both the development of new housing and the adaptation of existing housing to meet the needs and preferences of the current and expected residents of the city. ((~~Despite trends, t~~))The City wants to ((~~encourage~~))help ensure that middle-income households continue to find opportunity for home ownership opportunities ((~~in order to promote a sense of community~~))in Seattle, encourage investment in housing, and ((~~to~~))minimize displacement of low-income residents due to gentrification of neighborhoods. The City also has an interest in safeguarding the condition and quality of the housing stock and in maintaining attractive and livable neighborhoods.

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C Providing Housing Affordable to Low-Income Households

discussion

Safe, habitable and affordable housing is a fundamental human need. ((~~According to the 2000 U.S. Census, about 32 percent of the city's households pay more than 30 percent of their income for housing.~~))Providing housing affordable to low-income households is critical to ensuring that low-income households can have access to the diverse opportunities that exist in our city and that existing disparities are reduced, rather than exacerbated. Research shows that investing in affordable housing for low-income households yields a host of positive social and economic outcomes in areas such as education, employment, and physical and mental health, especially for children and families. Protecting our environment and sustaining a strong economy requires a sufficient affordable housing supply for households throughout the income spectrum.

In order to meet existing and future housing needs, the City can use a variety of methods, including: new construction of low-income housing, rehabilitation of existing low-income housing, conversion of existing non-residential structures, home-sharing, subsidizing or incentivizing low-income units in market-rate buildings, requiring new development to provide low-income housing, and rent subsidy vouchers that eligible households could use to rent housing in the open market. A range of housing types may be produced, including larger apartment buildings, smaller garden apartment structures, single room occupancy hotels, townhouses, duplexes and single-family houses. Housing may be provided by the public sector (the Seattle Housing Authority and public development authorities), non-profit housing development organizations and social service agencies, private property owners and developers and through other mechanisms such as land trusts and limited-equity cooperatives. Specific strategies and programs for the production and preservation of low-income housing are developed ((~~and implemented~~))through the City of Seattle's Consolidated Plan and other programmatic plans.

Income levels referred to in this Housing Element are defined as follows: (1) a "low-income household" is any household earning up to 80 percent of the area median income, as defined by the federal Department of Housing and Urban Development; (2) a "very low-income household" is any household earning –up to 50 percent of the area median income; and (3) an "extremely low-income household" is any household earning up to 30 percent of the area median income." "Assisted housing" generally means owner-occupied or rental housing that is subject to restrictions on rent or sales prices as a result of one or more project-based governmental subsidies.

Although the average inflation-adjusted prices of for-sale housing in submarket areas of Seattle have not yet surpassed peaks hit in 2006-2007, Seattle's rental housing costs are at their highest to date. Rent prices are susceptible to sharp increases during periods of high demand, and this particularly impacts low-income households. Indeed,

the Housing Needs Assessment (see Housing Appendix) includes ample data demonstrating that Seattle's low-income households have disproportionately high housing needs.

Housing costs unduly affect people of color. Thirty-one percent of black households are severely housing cost burdened, compared with 17 percent of all Seattle households. Seattle's demographic patterns trace back to its history of racial segregation, urban renewal, and displacement of communities of color caused by market pressures. As in other U.S. cities, the consequences in terms of housing cost burden, generational wealth gained from homeownership, and access to amenity-rich neighborhoods has resulted in chronic inequity and racial disparities. Addressing these inequities and protecting marginalized populations is a primary focus of the Housing Element.

In order to address these issues, it is important for the City to periodically monitor and evaluate the supply of housing affordable to low-income households and the effectiveness of existing programs that provide housing affordable to low-income households in order to understand whether existing programs are sufficient to meet our goals.

goals

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HG15 Disperse housing opportunities for low-income households throughout the city and throughout King County to support inclusion and opportunity.

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policies

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H29 Encourage the replacement of occupied housing that is demolished or converted to non-residential use.

H29.2 Consider using substantive authority available through the State Environmental Policy Act to require that new development mitigate adverse impacts on housing affordable to low-income households.

H29.4 Consider requiring that new development provide housing affordable to low-income households. Consider adopting such an approach either with or without rezones or changes in development standards that increase development capacity.

H29.6 Consider implementing programs to preserve or enhance currently affordable housing in order to retain opportunities for low-income households to live in Seattle.

H29.8 Recognize that the provision of housing affordable to low-income households can help provide low-income households with access to education, employment, and social opportunities; support the creation of a more inclusive city; and reduce displacement of households from their neighborhoods or the city as a whole.

C-1 Encouraging Housing Affordable to Low-Income Households

policies

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H31 Consider using incentive programs to encourage the((~~Promote the continued~~)) production and preservation of low-income housing((~~ through incentive zoning mechanisms, which include density and height bonuses and the transfer of development rights. Consider expanding the use of incentive zoning for affordable housing in neighborhoods outside downtown, particularly in urban centers~~)).

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Neighborhood Planning Element

B-6 Central Area

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Madison-Miller policies

CA-P34 Provide development incentives or requirements((~~to multi-family housing developers~~)) for the provision of affordable housing units within market rate housing projects.

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B-10 Downtown

Downtown Urban Center

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housing goal

DT-G10 Seek to significantly expand housing opportunities in downtown Seattle for people of all income levels with the objectives of:

1. accommodating household growth;

2. ((~~at a minimum, maintaining the~~))preserving existing ((~~number of occupied~~))low income units; and

3. developing a significant supply of affordable housing opportunities in balance with the market resulting from the growth in downtown employment.

Allow housing in all areas of the Downtown Urban Center except over water and in industrial areas, where residential use conflicts with the primary function of these areas. Target public resources, requirements imposed on new development, and private development incentives((~~, such as density regulations and development standards that encourage housing,~~)) to promote the amount and type of housing development necessary to achieve downtown neighborhood housing goals. Address((~~, in part, the impact of high-density commercial development on the downtown housing supply by allowing increased development density through voluntary agreements to produce and/or preserve housing through cash contributions, floor area bonuses or the transfer of development rights~~)) the need for affordable housing through a range of strategies including both incentive-based and non-incentive-based strategies.

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land use regulation policies

DT-LUP8 Generally limit the density of uses that generate employment through a floor area ratio (FAR), and the density of residential uses generally through the combination of height and bulk regulations.

((~~Apply a base and maximum limit on permitted density, as expressed by a floor area ratio (FAR), in areas able to accommodate more intensive development provided that impacts associated with the added density are addressed. Reflect in the base FAR limit the density of employment that the City will accommodate without additional mitigation measures.~~

~~Reflect in the maximum FAR limit the additional density above the base that may be allowed through bonuses or TDR, or both, as appropriate for the zone or district, if appropriate measures are taken to mitigate specified impacts.~~)) Consider density incentives to encourage development on smaller lots to add diversity to the scale of development in high density office core areas.

Floor Area Limit Exemptions. Allow exemptions from floor area ratio limits to recognize the lower impacts of certain uses and encourage certain uses that generate minimal peak period commute trips, support pedestrian activity and transit use, and contribute to the overall diversity of activity downtown, increasing its attractiveness as a place to live, work, and recreate.

DT-LUP9 Allow additional floor area((~~ above the base densities~~)), and consider adding greater height where appropriate, up to maximum limits, in specified downtown areas where it is desirable to accommodate growth.((~~, through bonuses and transfer of development rights~~. ~~In determining conditions for bonus floor area, c~~))Consider measures to mitigate impacts of higher density development on ((~~the~~))downtown ((~~environment, including such~~))resources such as affordable housing, public open space, child care, human services, and pedestrian circulation.

Allow transfer of development potential from one site to another in certain circumstances, consistent with policy LU 11. When transferable, development potential is referred to for convenience as “transferable development rights,” or “TDRs,” but such terms do not mean that there is any legal right vested in the owner of TDRs to use or transfer them. The conditions and limitations on the transfer or use of TDRs may be modified from time to time as the City may find appropriate to implement the policies of the Comprehensive Plan in light of experience and changing conditions.

Allow transfer of development rights from eligible sending sites to project sites in combination with the use of bonuses. Consider allowing TDRs to be used for all floor area above the base FAR under some conditions.

Recognize different impacts associated with density increases achieved through different options for increasing floor area.

((~~Priorities for granting floor area increases~~))

Consider allowing greater use of incentives for open space and other neighborhood amenities in mixed use residential areas where floor area incentive programs apply to respond to the greater impact of growth on these public resources in high density residential environments.

DT-LUP10 Consider allowing((~~Allow~~)) voluntary agreements to mitigate the impact of development((~~earn floor area increases above the base density~~)) in certain downtown zones, and also consider adopting non-mitigation-based strategies for the provision of low income housing. Consider allowing such options as:

1. providing low-income housing,
2. providing child care facilities
3. making payments to the City to fund such facilities,
4. providing certain amenity features, combined with the use of options 1 and 2 or with the use of TDRs, or both.

- Consider allowing ((~~bonus~~))floor area for certain amenity features, such as open space, on or near the development site that directly benefit both the public and the project by serving the increased employment population and improving conditions in the immediate environment to support the increased density allowed.

((~~ Some facilities and amenity features that may be eligible for bonuses are identified under the following Policies:~~

~~1. Policy HO 3: Housing Bonus Program~~

~~2. Policy OS 5: Open Space Bonus Amenity Features~~

~~3. Policy HS 1: Child Care Bonus~~))

- If ((~~bonus~~)) cash contributions are provided under a mitigation rationale, they should be used to address impacts associated with downtown development, such as impacts on housing resources and child care.

Amount of Benefits((~~ for Floor Area Increases~~)). The nature and quantity of housing and child care facilities or contributions for such facilities under voluntary agreements, in relation to the ((~~additional~~))floor area allowed, should generally reflect a portion of what is necessary to mitigate the impacts of increased development and the cost to provide these facilities. Facilities provided ((~~for bonuses~~))are not expected to fully mitigate such impacts. Additional types of facilities or amenity features may be added to address future needs, and existing types of facilities or features may be no longer be eligible ((~~for bonuses,~~))based on changing assessments of impacts, needs, capacity, and public priorities.

Special Criteria. Because of their complexity and the need to adapt them to special circumstances, subject certain bonus features to special criteria and review by the Director of DPD. Include among bonus features subject to special criteria urban plazas, transit station access, and public atriums.

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housing policies

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DT-HP3 Address the demand for housing for low-income households downtown, including that generated by downtown growth that is not being met by the private market, and help offset the pressure of downtown growth on existing affordable housing resources, through provisions to encourage or require the development of affordable housing, especially for households with incomes between 0 percent and 80 percent of the median income for the region. To this end, within downtown office, retail, mixed use commercial, and mixed use residential areas

((~~with established base and maximum density limits, generally allow bonus floor area~~)),consider, among other strategies, condition((~~ed~~))ing floor area upon a voluntary agreement for the provision of lower income housing or a payment to a fund for that purpose. To further downtown housing goals, limit housing developed through ((~~the bonus~~))such a program to areas permitting housing within the boundaries of the Downtown Urban Center, except that additional areas may be included if such an expansion of the program would be consistent with the goals of both the Downtown Urban Center Plan and the adopted policies of other relevant neighborhood plans. Density bonuses shall not be granted for any housing developed within the Pike Market Mixed zone, where other mechanisms are available to achieve the housing objectives of this land use district. Require that housing provided ((~~for density bonuses~~))serve a range of lower-income households, particularly those with incomes below 80 percent of median income((~~,~~)). Where housing is provided under a mitigation rationale, it should be based on the estimated additional needs resulting from new commercial or residential development. ((~~Take into account, in determining the amount of housing to be provided, the value of the increased development potential in relation to the cost to the developer, and the extent to which use of bonus floor area is desirable in light of the City's planning goals. Review bonus provisions for housing periodically to consider changes in impacts on housing need, land prices, housing production costs, progress towards planning goals, and other factors.~~))

DT-HP4 Promote the integration of downtown residents of different income levels by encouraging new development that includes units affordable to households with a range of incomes, including low-income residents. Seek through the administration of funds available for new low-income housing to encourage projects with units affordable to households with a range of incomes, and consider additional incentives or requirements for promoting this type of development.

DT-HP5 Pursue ((~~the following~~))strategies for maintaining existing downtown housing resources, including but not limited to the following:

((~~Housing Transfer of Development Rights (TDR). Allow the transfer of unused development rights from structures providing at least a minimum amount of low-income housing, which may be mixed with low-moderate income housing and/or other uses, to sites located elsewhere in the downtown to provide an incentive for maintaining this housing resource. Condition the use of this mechanism to address issues such as the use of subsidies or tax benefits that may reduce or eliminate the need for preservation incentives, required rehabilitation and compliance with housing and building codes, and the length of time the housing is to be maintained at specified affordability levels.~~))

Preservation of Project-Based Section 8 Housing. Seek to promote preservation of federally-assisted housing units in downtown Seattle that are at risk of conversion to market rate rentals or other uses.

Minimum Housing Maintenance. To prevent the deterioration and abandonment of sound downtown housing units, consider and evaluate alternatives for a minimum maintenance program including incentives to discourage the neglect of sound housing.

Publicly Supported Housing Programs. Aggressively seek funds and target programs as appropriate to rehabilitate existing structures, construct new low and low-moderate income units and provide rent subsidies. Review annually public housing resources and the findings of the housing monitoring program and programs targeted to the most cost-effective actions to achieve goals for the number of low-income units to be provided by the Year 2014.

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B-13 Fremont

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housing policies

F-P14 Make use of existing tools ((~~in striving to assure that the impacts of new growth are mitigated~~))to address affordable housing needs.

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B-19 North Beacon Hill

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land use ((~~&~~))and housing policies

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NBH-P3 Encourage a mix of unit prices and sizes through ((~~active~~))use of incentives, requirements on development, direct City funding, and/or surplus property programs.

NBH-P4 Encourage affordable, family-sized homes through incentives, requirements on development, direct City funding, and/or surplus property programs. In particular, strive to preserve, or when needed, replace affordable family-sized apartments.

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B-21 North Rainier

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housing policies

NR-P13 Encourage a mix of home prices and sizes through ((~~active~~))use of incentives, requirements on development, and/or funding.

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B-26 Rainier Beach

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housing policies

RB-P12 Seek to preserve the economic, racial/ethnic, and cultural diversity of Rainier Beach's population by providing affordable housing, including home-ownership opportunities, through capital funding, ((~~and~~))incentive programs (e.g. Multifamily Tax Exemption), and/or land use / zoning tools, including, where appropriate, rezones and other measures encouraging or requiring provision of affordable housing by new development.

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RB-P16 Encourage affordable family sized units through incentives, requirements on development, direct City funding, and/or reuse of publicly owned property.

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B-28 South Lake Union

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housing policies

SLU-P33 Provide incentives or requirements for provision of housing for people across a range of incomes in a variety of housing types, particularly in mixed-income buildings.

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