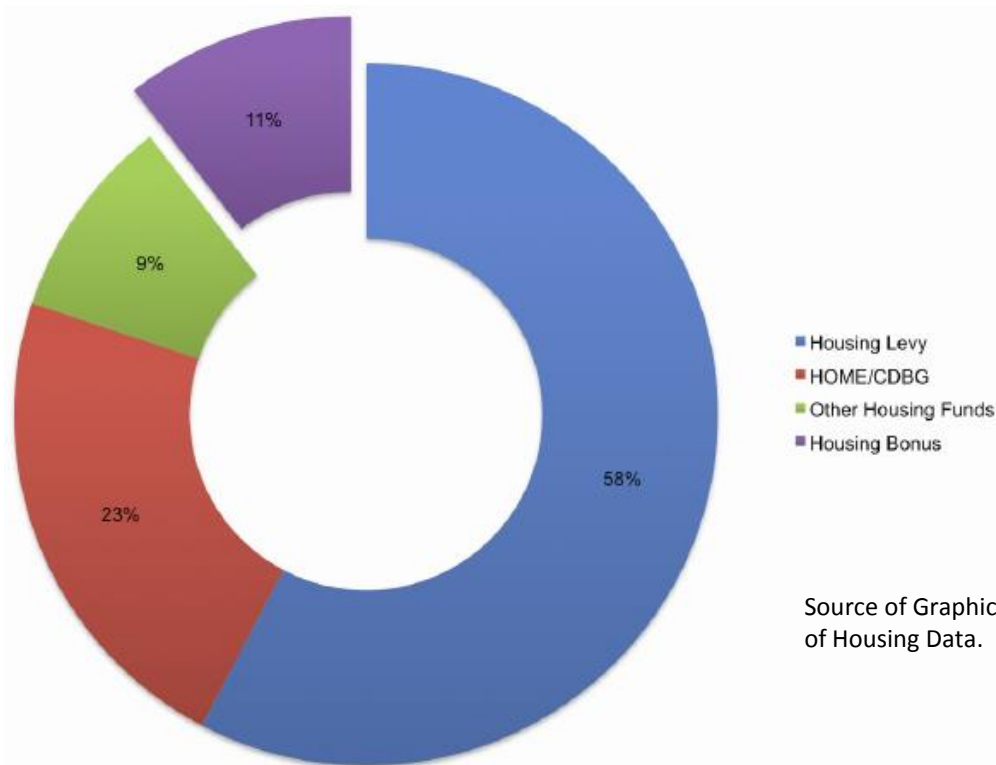


Seattle City Council – Workforce and Affordable Housing Program Review: Options for Program Changes



Source of Graphic – Cornerstone using Office of Housing Data.



Legislative History

- Ord. 124172 (May 2013) – South Lake Union Rezone ordinance. Expands affordable housing incentive program in South Lake Union and raises in-lieu fees for extra commercial and residential floor area.
- Reso. 31444 (May 2013) – Companion resolution to Ord. 124172. Establishes a work program for reviewing and potentially changing the affordable housing incentive program.
- Ord. 124388 (December 2013) – Downtown in-lieu fee ordinance. Raises in-lieu fees for extra commercial and residential floor area to match fees established in South Lake Union.



Work To Date

- Sept. – Dec. 2013 Council retains a consulting team.
 - Cornerstone Partnership – lead.
 - David Rosen and Associates (DRA) – economic analysis.
 - Otak and Peninger Consulting – affordable housing production best practices not related to affordable housing incentive programs.
- February 2014 – Affordable and Workforce Housing Forum.
- March - May 2014 – Economic modeling by DRA with input on assumptions from a technical advisory group.
- June 2014 – Presentation by Otak and Peninger on affordable housing production best practices.
- July 2014 – Presentation by DRA on result of economic modeling and preliminary recommendations from Cornerstone based on those results.



Options Presented By Cornerstone

- Option 1 – Refine the current affordable housing incentive program.
- Option 2 – Transition to a linkage fee program.
- Other programmatic refinements that should be considered regardless of approach.



Option 1 - Refine the Current Program

- Calculate residential in-lieu fees on a per-unit rather than a per-square foot basis.
- Allow in-lieu fee payment, rather than required performance, in zones with heights less than 85 feet.
- Lower the performance requirement for high-rise construction.
- Increase the in-lieu fee to an amount that more closely approximates the cost of performance (about \$100K to \$200K per unit for non-highrise projects and \$300K to \$350K for highrise projects).
- Require in-lieu fee payment for projects with fewer than 3 units.
- Index fees to construction cost changes.



Option 2 - Linkage Fee

- Establish a program to mitigate the demand for affordable housing created by new commercial and residential development.
- Target the program to anticipated high-growth areas, such as urban centers and villages.
- Conduct a nexus study that quantifies the demand for affordable housing attributable to new development and the amount of subsidy, expressed as a linkage fee, needed to meet the demand.
- Charge the linkage fee based on all floor area developed, not just bonus floor area accessed above a base height or FAR.
- Allow performance as an alternative to payment of the linkage fee.
- Phase in the linkage fee.



Small Bore Programmatic Changes Regardless of Option

- Continue to target performance at households earning between 80% and 100% of Area Median Income (AMI) but lower income targeting for small units, such as studios and 1-bedrooms.
- Use most fee revenue to target households earning less than 60% of AMI but set some aside to serve households earning between 60% and 80% of AMI.
- Continue to target housing production with in-lieu fees to urban centers and villages and areas well-served by transit.
- Consider allocating fee revenue for ownership housing for households earning between 60% and 80% of AMI.
- Many others...



Next Steps

- DRA is conducting a nexus study to allow consideration of the linkage fee option – anticipated completion in September.
- The Council will consider a resolution establishing any changes in policy in September and October.
- Regulations implementing policy changes would be adopted in the Spring of 2015.

