SEATTLE CITY COUNCIL
CENTRAL STAFF

Mandatory Housing Affordability: Orientation, Outcomes and Potential Changes

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MHA Implementation: Legislative History

"Grand Bargain" (2015)

Framework Legislation:

- Mandatory Housing Affordability – Commercial (2015)
- Mandatory Housing Affordability – Residential (2016)

Phased Implementation through Upzones:

- 2017 - University District, Downtown & South Lake Union, Central Area, Chinatown – International District, and Uptown
- 2019 – Multifamily and Commercial zones citywide, Northgate Urban Center

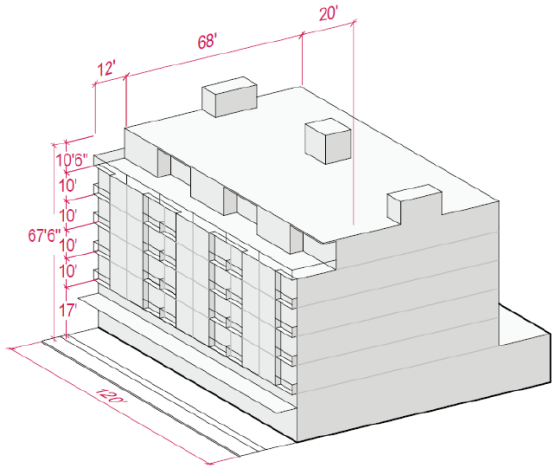
MHA Regulatory Obligation

- Projects subject to MHA can choose to provide units in the project or make an in-lieu payment.
- Payment and performance amounts are determined by the amount of additional development capacity granted and the market area in which the project is located.
- Fees are automatically adjusted annually for inflation.
- Except for very small units, units created through payment or performance must be affordable to households with incomes no higher than 60% of AMI for rented units or 80% of AMI for owned units.
- Income and rent restrictions on the units apply for 75 years.

MHA Implementation: Increased Height and Density

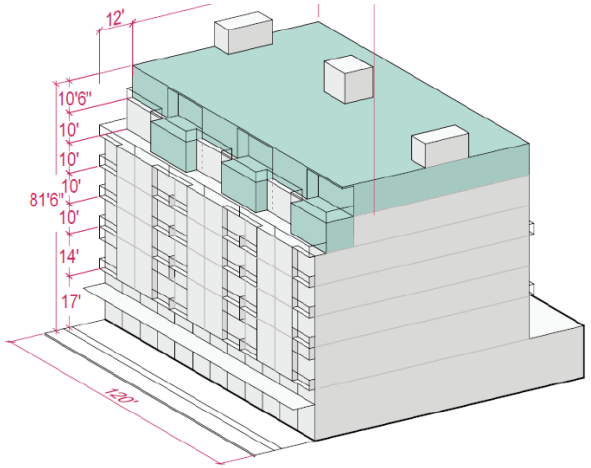
This image illustrates how development capacity was added for initial MHA implementation.

Source: *Mandatory Housing Affordability Citywide Implementation, Director's Report and Recommendation*, Seattle Office of Planning and Community Development (2019).



Current NC-65 = 65 units + commercial

No affordability requirement



New NC-75(M) = 78 units + commercial

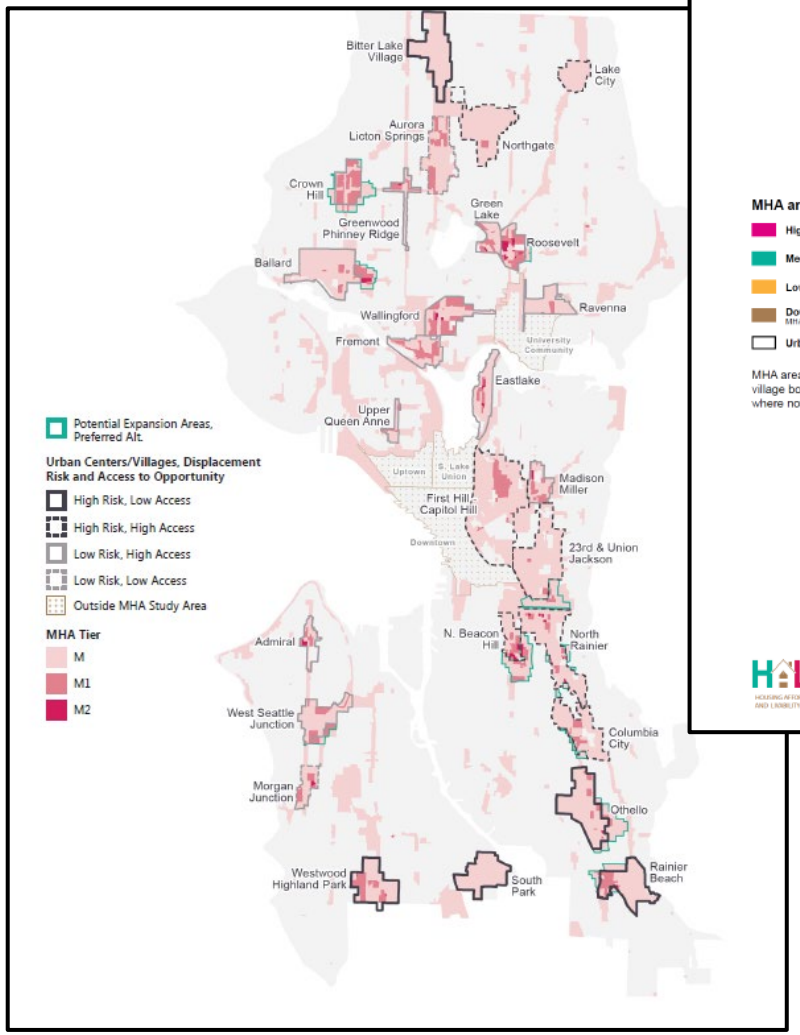
7% performance = 6 affordable units

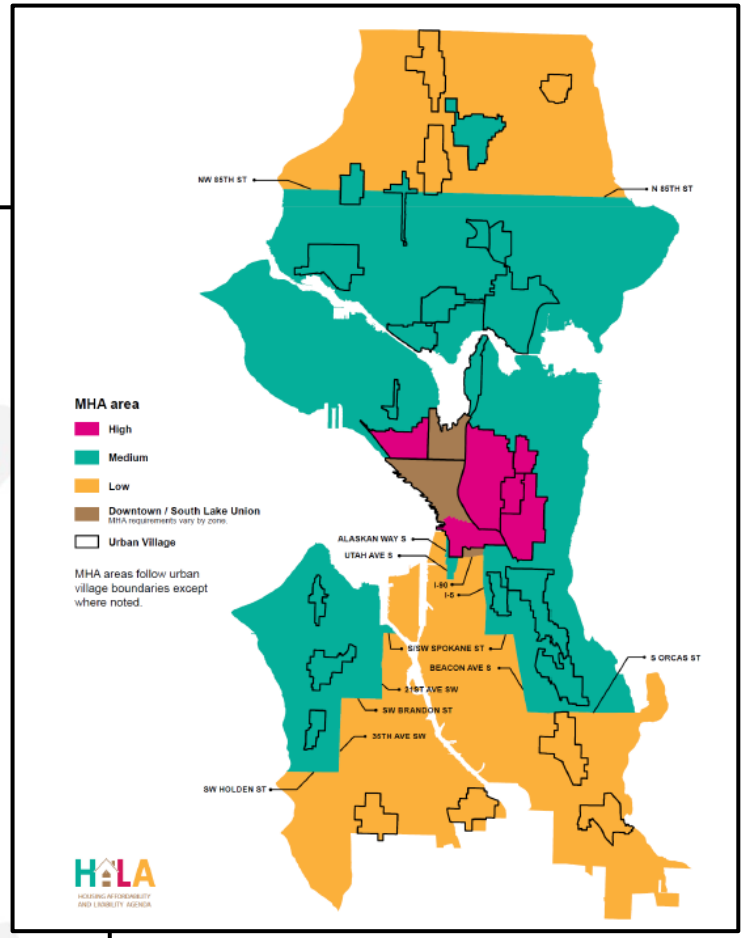
$20.75 sqft payment = $1,210,000 to affordable housing

MHA Implementation: Tiers and Markets

These maps show where MHA applies, the level of additional development capacity provided through initial MHA implementation, and market tiers.

Source: *Mandatory Housing Affordability Citywide Implementation, Director's Report and Recommendation*, Seattle Office of Planning and Community Development (2019).





MHA Performance and Payment Outcomes

This table shows the total number of MHA payment and performance units since program inception and distinguishes units by residential tenure and built from pipelined units.

Source: *2025 Mandatory Housing Affordability Annual Report*, Seattle Office of Housing.

Table 2.1: Affordable Homes from MHA Payment and Performance, by Construction Status

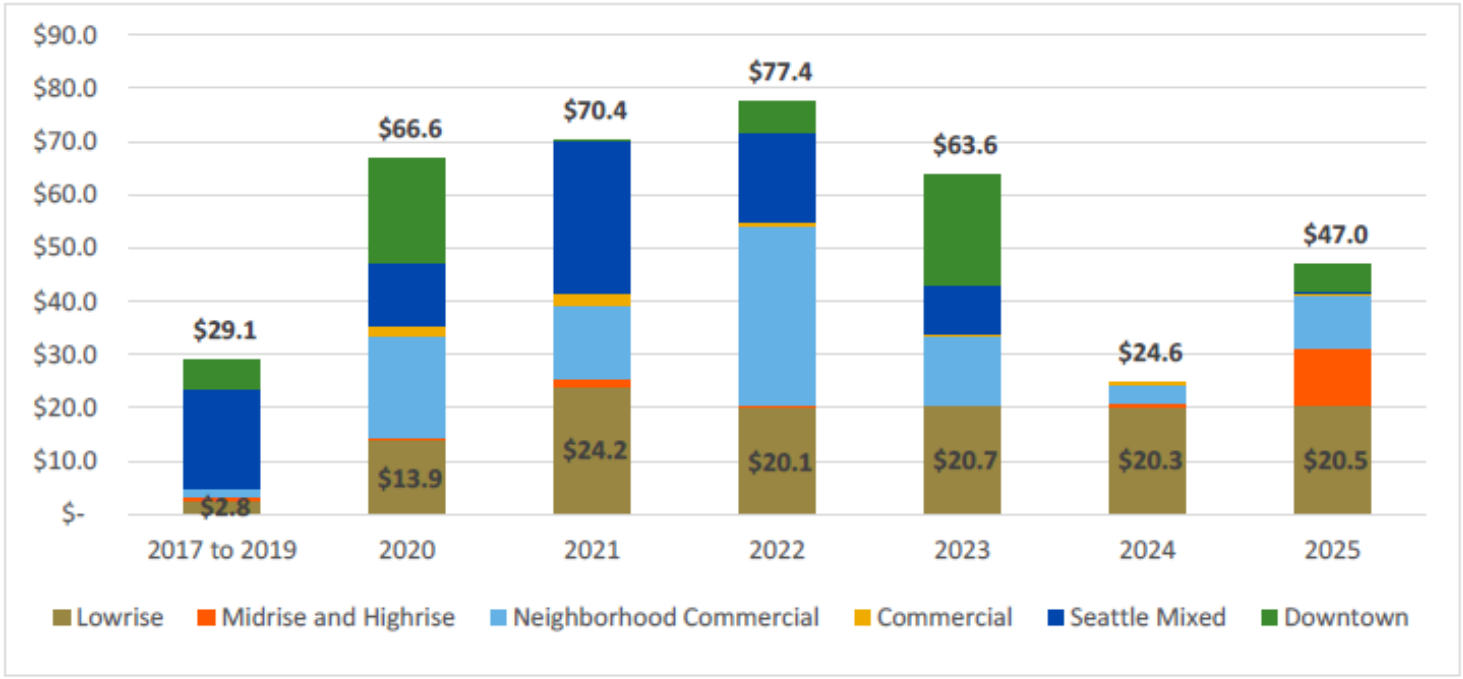
Construction Status	Number of Rental Projects	Rental MHA Units	Number of Ownership Projects	Ownership MHA Units	Total Projects	Total MHA Units
MHA Funded	**37**	**4,536**	**7**	**113**	**44**	**4,649**
In Service	26	3,216	3	42	29	3,258
Pipeline	11	1,320	4	71	15	1,391
Performance	**67**	**585**	**11**	**13**	**78**	**598**
In Service	36	341	2	2	38	343
Pipeline	31	244	9	11	40	255
Total Homes	**104**	**5,121**	**18**	**126**	**122**	**5,247**

In-lieu Payments Since Inception

This chart shows annual revenue from MHA in-lieu payments distinguished by zone category.

Source: *2025 Mandatory Housing Affordability Annual Report*, Seattle Office of Housing.

Chart 3.3B: MHA Payments by Year Building Permit Issued and Zone ($ Million)



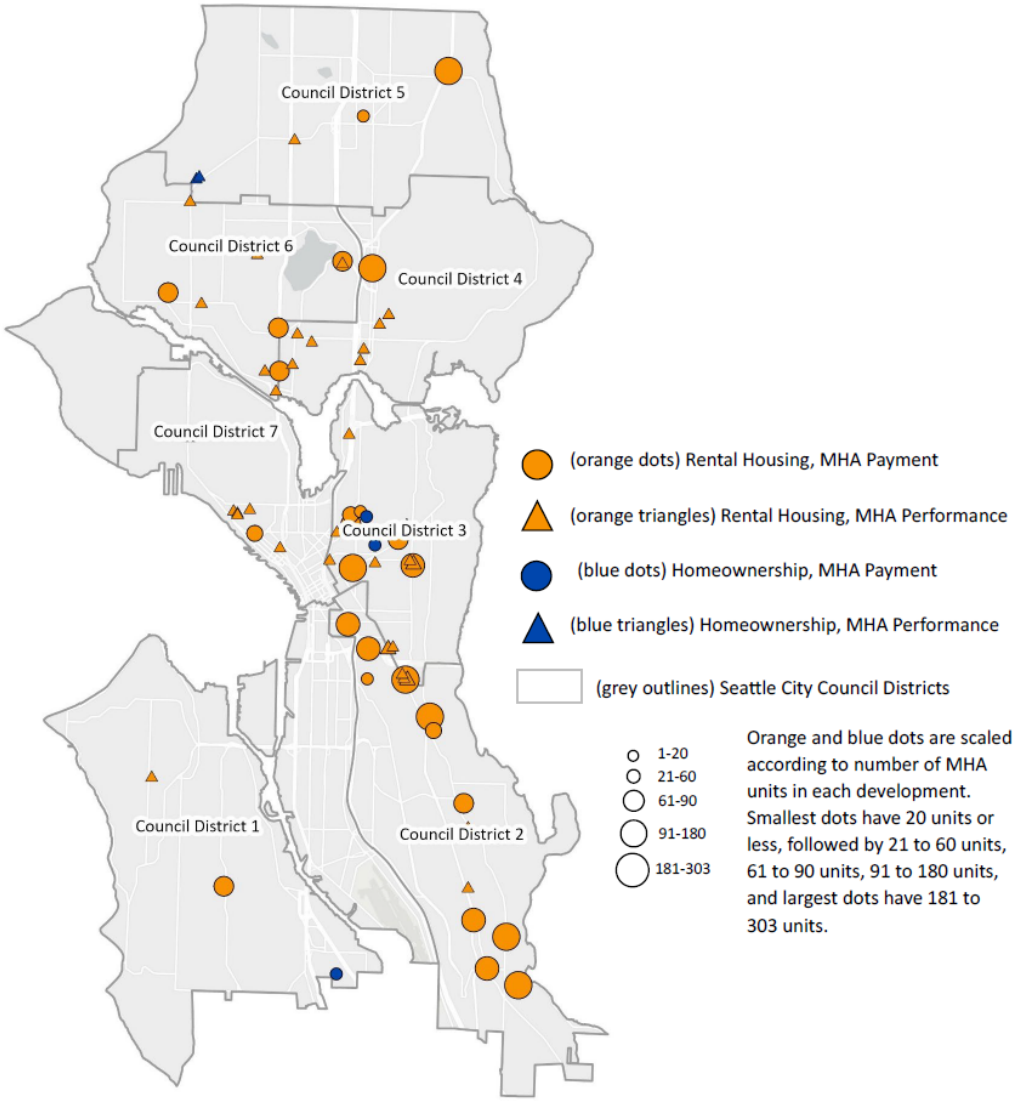
Location of Completed MHA Homes

This map shows the location of completed MHA homes and distinguishes the location by residential tenure, size, and payment and performance units.

Source: *2025 Mandatory Housing Affordability Annual Report*, Seattle Office of Housing.

Map 2.2A: MHA Homes Completed, In Service as of December 31, 2025

This map shows affordable homes that have completed construction as of December 31, 2025.



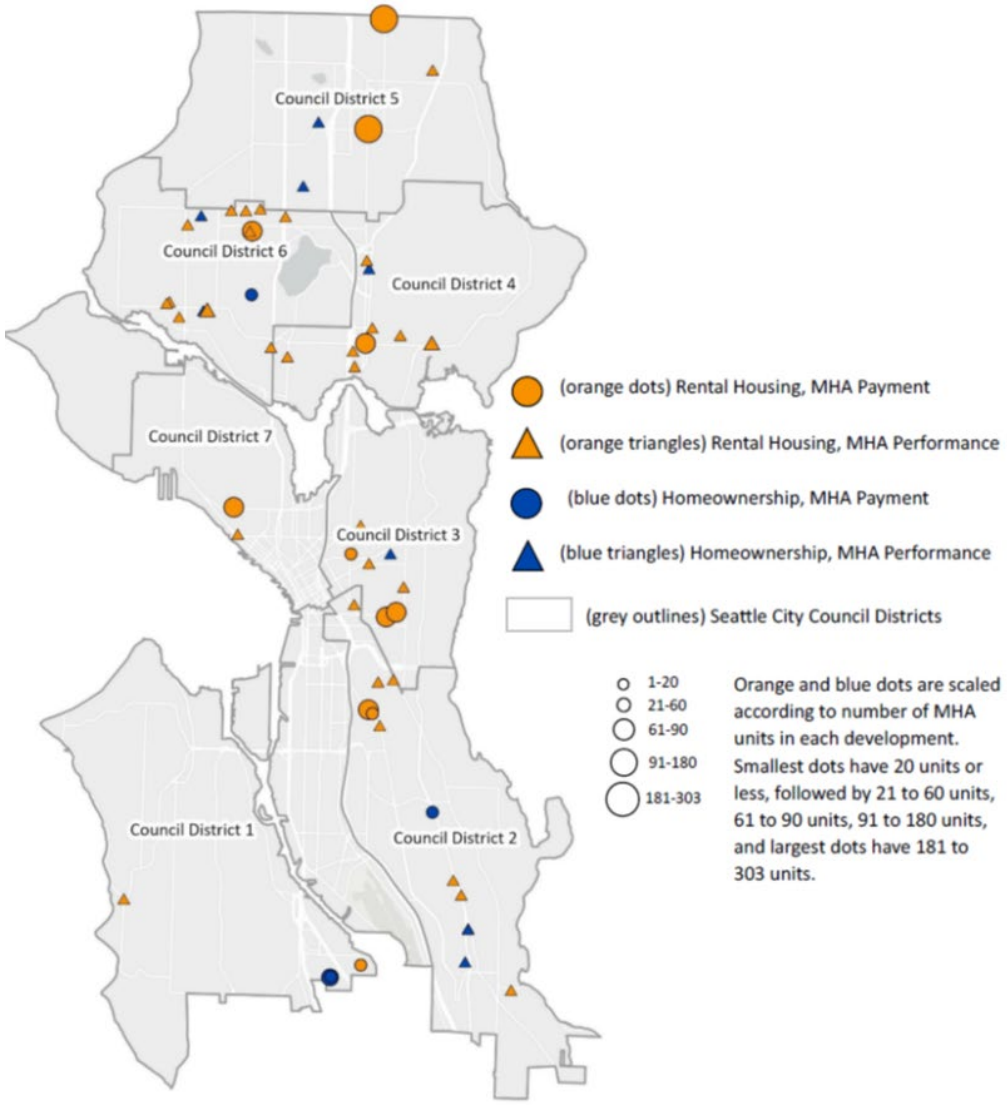
Location of MHA Homes in the Development Pipeline

This map shows the location of MHA homes in the development pipeline and distinguishes the location by residential tenure, size, and payment and performance units.

Source: *2025 Mandatory Housing Affordability Annual Report*, Seattle Office of Housing.

Map 2.2B: MHA Homes in Pipeline, Building Permit Issued as of December 31, 2025

This map shows affordable homes that are in the pipeline as of December 31, 2025.



Housing Needs and Planned Growth

This figure shows housing supply and estimated housing need by area median income affordability levels

Source: Housing Appendix to *the One Seattle Plan Comprehensive Plan Update*

Figure A-33

Seattle Housing Supply Estimates and Need Projections

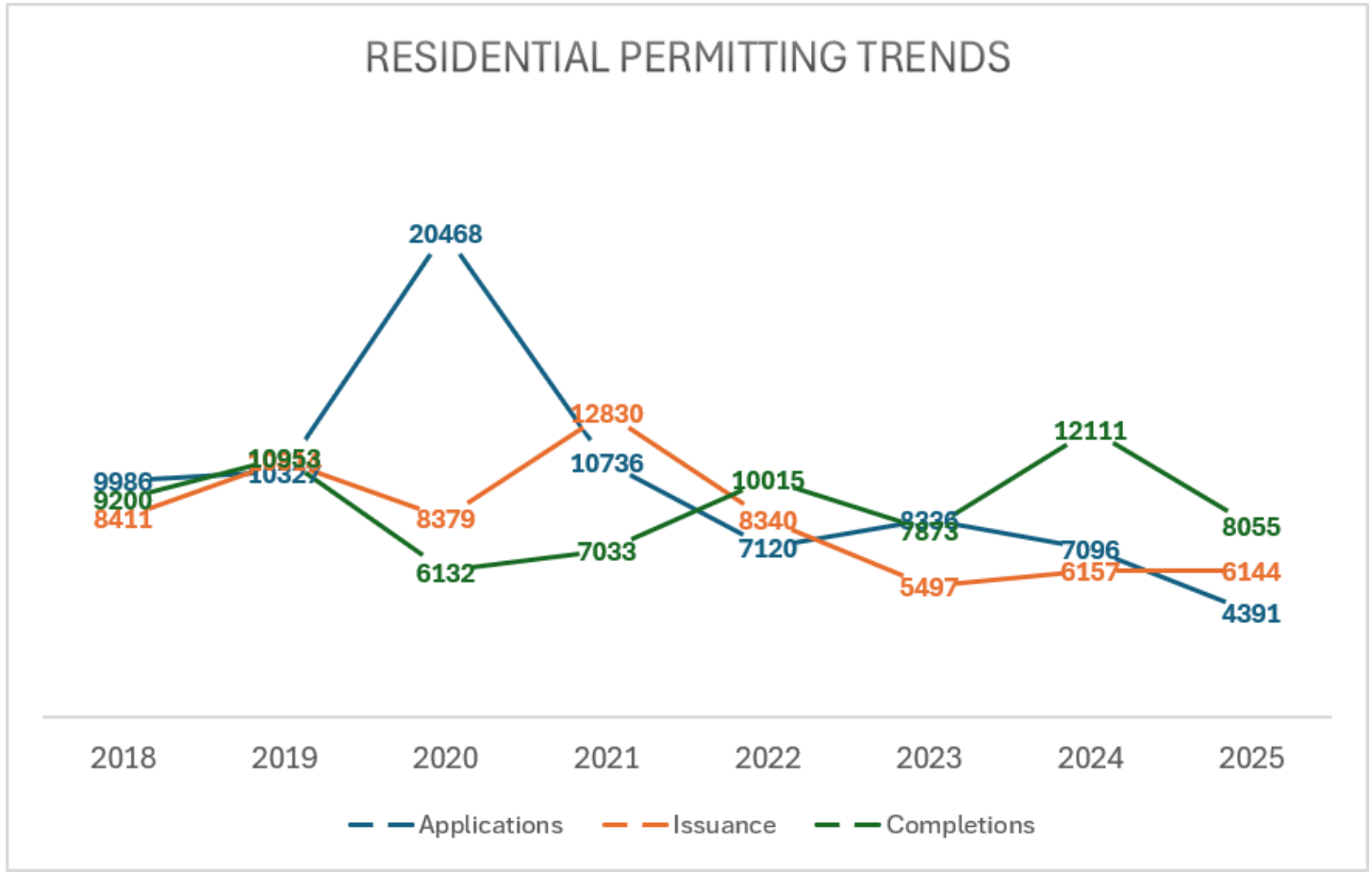
	Permanent Housing Units								Emergency Housing
	Total	0 to ≤30% of AMI		>30% to ≤50% of AMI	>50% to ≤80% of AMI	>80% to ≤100% of AMI	>100% to ≤120% of AMI	>120% of AMI	
		Non-PSH	PSH						
Seattle Total Future Housing Needed: 2044	480,307	42,041	20,255	45,691	62,050	76,752	50,327	183,191	25,734
Seattle Current Housing Supply: 2019 Baseline	368,307	13,469	5,231	26,547	54,064	71,330	44,177	153,489	4,333
Seattle Net New Housing Needed: 2019-2044	112,000	28,572	15,024	19,144	7,986	5,422	6,150	29,702	21,401

Source: 2021 King County Countywide Planning Policies as amended August 15, 2023 (Ordinance 19660) and ratified November 30, 2023.

Notes: The Housing Need Projections are contained in Housing Chapter Table H-1: "King County Countywide and Jurisdictional Housing Needs 2019-2044" and Appendix 4 Table H-2: King County Countywide and Jurisdictional Housing Needs 2019-2044.

Permitting Trends – Steady Issuance and Completions / Declining Applications

This figure shows permitting trends for buildings with housing units. Information is drawn from: https://seattlecitygis.maps.arcgis.com/apps/dashboards/0ecefa68fbda40de8ad9c6412ac5149d.



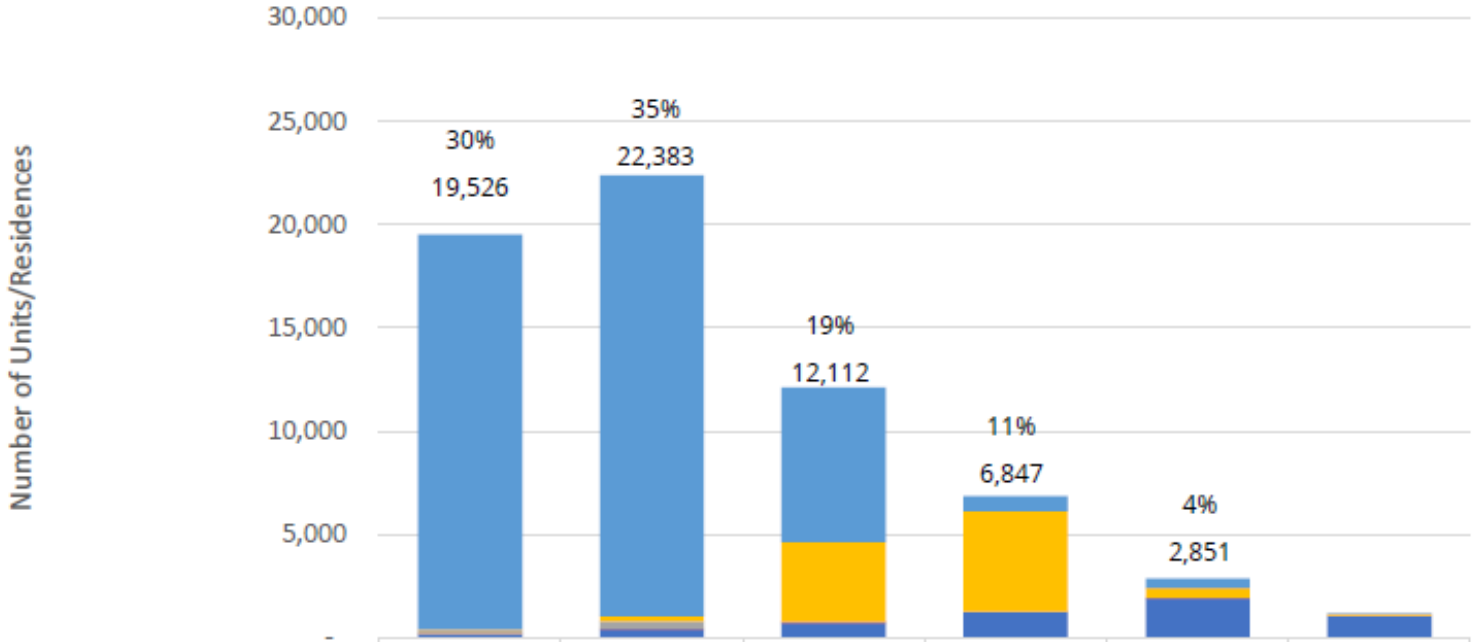
Permitting Trends – Fewer New Family-sized Units

This figure shows the number of bedrooms in new residential units built between 2016 and 2022.

Source: Housing Appendix to *the One Seattle Plan Comprehensive Plan Update*

Figure A-74

Seattle's Recent Housing Developments by Number of Bedrooms and Housing Type



	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5+ Bedrooms
Flat	19,148	21,350	7,496	723	448	29
Townhouse	69	237	3,825	4,861	477	60
Live & Work Unit	126	360	24	-	-	-
Duplex, Triplex & Fourplex	26	23	64	28	13	9
Detached Home	157	413	703	1,235	1,913	1,053

Source: King County Department of Assessments, compiled by City of Seattle, July 2022

Future Council-generated Legislation

Two Pieces of Legislation:

- A council bill intended to increase housing supply by providing a temporary reduction in MHA obligations for eligible project
- A resolution establishing the Council intent to implement an inclusionary requirement for new market rate development in Neighborhood Residential Zones

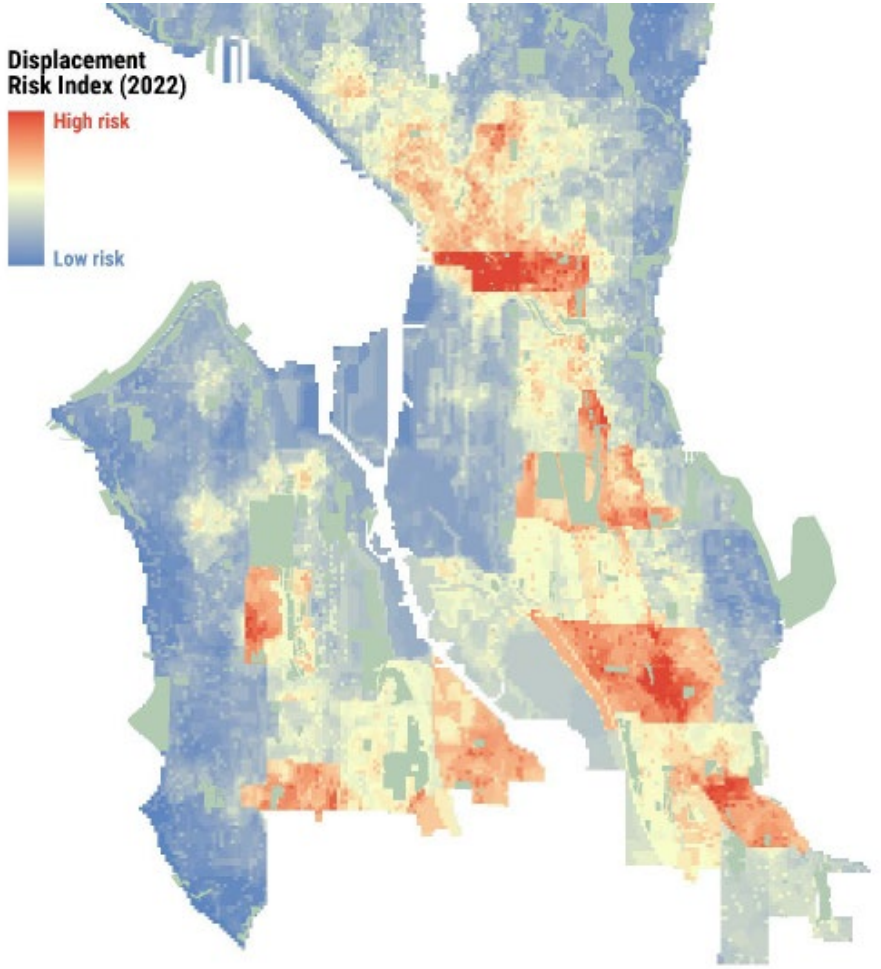
Anticipated Project Schedule:

- Q4 2026 – Development of legislation and any applicable environmental review
- Q4 2026 / Q1 2027 – Council consideration

Council Bill - Housing Accelerator

Eligibility:

- Currently vested projects
- Projects that file a complete building permit application by January 1, 2028, and that have at least 25 percent of residential units as 2+ bedroom units. Excludes new non-vested projects in high displacement risk areas, unless the project is undertaken by a legacy homeowner



Council Bill Contd. - Housing Accelerator

Reduced MHA In-lieu Payment Obligation:

- Vested Projects: 80 percent reduction of the applicable MHA payment obligation
- New Project: 60 percent reduction of the applicable MHA payment obligation

Requirements:

- Projects must demonstrate substantial progress towards construction through a foundation work or excavation and shoring or pay the balance of the applicable MHA fee:
  - Vested projects - two years
  - New projects – three years

Resolution – Neighborhood Residential Inclusionary Requirement

Council Intent:

- Establish an inclusionary requirement in NR with an option for either including lower cost units or making an in-lieu fee payment
- Scale requirements to not significantly deter development
- City maintains inclusionary obligation unchanged for at least 5 years

Identified Policy Issues for Council Consideration:

- Additional development incentives
- ADUs
- Higher requirements for less dense development
- Allocation for ownership housing

Direction to Staff:

- Develop legislation for referral to the Housing, Arts & Civil Rights Committee
- Coordination with implementing City departments

Questions?