

ATTACHMENT A

Affordable Middle-Income Housing Advisory Council Proposed Ideas “So Far”

The following lists include ideas advanced thus far by members of the Advisory Council work groups. These are meant to be exhaustive lists to capture a range of ideas, and do not represent any agreement or consensus of the Advisory Council members. City staff and Advisory Council facilitators will use these lists as discussion tools in upcoming meetings. Final recommendations from the Advisory Council will comprise a shorter list of near- and medium-term actions and will follow several additional months of analysis and discussion.

1. Cost & Regulatory Strategies Work Group

Structural changes:

- Create an “ombudsman” position to review ongoing code and permitting changes and evaluate their impact on housing cost
- Require new code and permitting changes to weigh impact on housing cost as well as potential benefits of change
- Create continuous process improvement team to track permit times across multiple departments and address bottlenecks

Reductions in the length of the permitting process:

- Increase permit review staff
- Raise SEPA thresholds
- Create more clear and predictable solid waste standards
- Allow “Street Improvement Plan lite” for small projects
- Create faster design review process for small projects
- Prioritize faster turnaround times for small corrections or those corrections that weren’t found in earlier correction rounds
- Prioritize faster turnarounds for reviews of whether an application is complete
- Extend length of Water Availability Certificates
- Have consistent reviewers throughout utility reviews
- Create more standardized requirements for utility connections and rooms

Reductions in the cost of specific infrastructure or building improvements:

- Allow development on corner lots to access water main on only one side
- Address unintended consequences of recent bike parking changes such as requiring new basements, elevators, and stand-alone structures

Zoning:

- Reduce density limit in LR1 zones to allow for more moderately sized townhouses

- Allow congregate housing (small units with shared spaces) in more areas
- Allow unit lot subdivisions of DADUs to encourage affordable home ownership
- Consider other changes to code or development standards to allow increased capacity under current zoning

Other:

- Shift timing of MHA payments from building permit to Certificate of Occupancy
- Create more standardized and predictable utility permitting and connection fees
- Consider reducing ground floor commercial space requirement in areas with weaker retail markets
- Review whether any changes to City permitting, code or standards would help prefab or modular construction delivered more savings in time and cost
- Invest in enlarging the labor force as a means to reduce the cost of labor
- Reduce/eliminate sales tax on new housing provided for households <80% AMI
- Monitor costs of construction materials and labor—to limit exorbitant prices for labor or materials for projects where there are multiple layers of sub-contracting

2. Finance & Investment Strategies Work Group

Reduce cost of land: Explore strategies to reduce impacts of land cost on development:

- Create partnerships between developers and property owners so the developer doesn't have to "buy the dirt".
- Purchase of land by a public entity who then provides long-term ground leases for middle-income development.
- Purchase of land or assembly of development sites by a public entity to land bank for future affordable and middle-income housing.
- Explore the possibility of a "finance district" structure that could help facilitate purchase and/or value capture of land.
- Explore role of Seattle Housing Authority or Public Development Authorities in this category.

Reduce cost of financing: Explore strategies to lower the cost on debt for multifamily rental development including:

- Explore combining lower-interest private debt with tax-exempt debt to create a replicable model of mixed-income housing development.
- Explore opportunities for guarantees (especially during entitlement and construction period), contingent loan agreements and credit enhancement
- Explore SHA's ability to fund multifamily acquisition and rehab projects with tax-exempt debt that allows at least half of the units at 80% AMI or below, especially on larger portfolio projects.

Increase access to capital: Explore strategies to increase access to capital (debt or equity) willing to achieve lower returns including:

- Explore new sources of capital including public employee pension funds or employer funds for housing specific sectors of workforce.
- Explore scaling of private sector investment in lower-return subordinate debt.
- Creation of social impact investment vehicle to attract socially motivated investors willing to take a lower rate of return

Reduce Tax Impact in exchange for affordability:

- Create B&O tax credits and/or sale tax rebates for construction of middle-income housing.

Homeownership Strategies:

- Promote use of cooperative ownership model, used more extensively in other parts of the country. Could be paired with acquisition strategy to help tenants become owners.
- Engage employers in providing homebuyer assistance to employees (e.g. new UW example, working with State Housing Finance Commission).
- Advocate at state to address property taxes on permanently affordable homeownership units. This could include allowing MFTE exemption to apply as long as unit is permanently affordable OR expanding eligibility for homeowner property tax exemption up to 80% AMI.

Multifamily Tax Exemption Improvements:

- Advocate at state for application of an MFTE-like program that applies to preservation of existing multi-family units, not just new construction.
- Advocate at state for an extension of MFTE tax exemption period from 12 to XX years.
- Incentivize participation in MFTE by High-Rise buildings through an administrative adjustment to the distribution of units requirement.
- Streamline and user test MFTE reporting documentation. Make electronic submission possible.

Other:

- Rental subsidies for tenants in older housing
- “A public finance district” - A governmental entity buys land and reduces land costs through long term leases (75-99 years) for middle income housing development
- Create new tax abatement programs