



# Meeting the Challenge: Supporting Affordable Housing in the Comprehensive Plan

November 2022

The Seattle Planning Commission advises City of Seattle elected officials and staff on policies and programs related to land use, housing, transportation and related issues. As stewards of the Comprehensive Plan, the Commission actively engages in the annual review of amendments to the Plan and a robust and iterative review of the major updates to the Plan that occur every seven or so years.

In 2021, the Commission offered [recommended overarching themes to guide the next major update](#). As a follow up to those recommendations, we are preparing a series of issue specific briefs. The following brief is the fourth in the series and focuses on how the City can utilize the Comprehensive Plan major update to analyze, support, and reduce barriers to subsidized affordable housing efforts within the City.

# Introduction

Seattle is in the process of a major update to the city's Comprehensive Plan, which is a multi-year effort to set a vision and policies to guide growth and change over the next 20 years. As stewards of the Comprehensive Plan, the Seattle Planning Commission will weigh in throughout the major update process with a series of comment letters and issue briefs to offer recommendations to elected officials and City staff. Following the [Recommended Themes for the Comprehensive Plan Major Update](#) letter, this issue brief dives further into subsidized affordable housing in Seattle and discusses how the Comprehensive Plan major update process can be used to address this piece of housing affordability.

Affordable housing can be defined in a variety of ways, from lower cost housing available on the open market, to income-restricted housing that is managed outside of the market and available at an affordable rate to households who qualify. Given the high cost of housing in Seattle, the need for more affordable housing options spans from extremely low-income households making 0-30 percent Area Median Income (AMI) all the way up to households making over 100 percent AMI.<sup>1</sup> There are many models of subsidized affordable housing, and developers and residents can receive subsidies from the Federal government, the State government, the City, and other public and private grant opportunities. For the purposes of this brief, we will be focusing on subsidized affordable housing that receives funding from the City of Seattle.

The City of Seattle is already working hard to provide affordable housing, but the need is enormous. Finding ways to address barriers and leverage existing resources to advance affordable housing must be a priority during the Comprehensive Plan major update process. The Commission recognizes that any conversation about affordable housing is also intricately tied to how the city approaches growth overall and the potential for displacement. We dig into these topics further in our previous issue briefs on the City's [Growth Strategy](#) and on [Anti-Displacement](#) strategies. This issue brief will explore the current gap in affordable housing in Seattle and will outline the Planning Commission's recommendations for utilizing the Comprehensive Plan major update process to improve affordable housing access.

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1 BERK for City of Seattle. "Market Rate Housing Needs and Supply Analysis." City of Seattle, April 2021. <https://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/HousingChoices/SeattleMarketRateHousingNeedsAndSupplyAnalysis2021.pdf>, 49.

# A Note on Area Median Income

Area median income (AMI) is used by affordable housing providers and researchers to measure eligibility for income- and rent- (or sales price) restricted units. AMI indicates the midpoint of an area's income distribution – half of households earn less than the median, and half earn more. Although AMI as a measure cannot fully describe the many layers of affordability, it is an important benchmark used nationally to administer federal, state, and local programs.

Understanding AMI can help illuminate how income-restricted units are distributed in Seattle and highlight some of the challenges that policies based on AMI face. For example, policies that rely on AMI to measure eligibility can be insensitive to the wide income disparities in our region. The U.S. Department of Housing and Development (HUD) uses a metro area model that includes other cities in King and Snohomish Counties to determine the AMI limits for the Seattle-Bellevue HUD Metro Area. When AMI limits are based on such a large area, they do not reflect the income variation experienced between cities and neighborhoods. As AMI limits increase, the maximum rent that can be charged for income-restricted units increases as well, which can put pressure on households whose incomes are not keeping pace with income growth in the area.

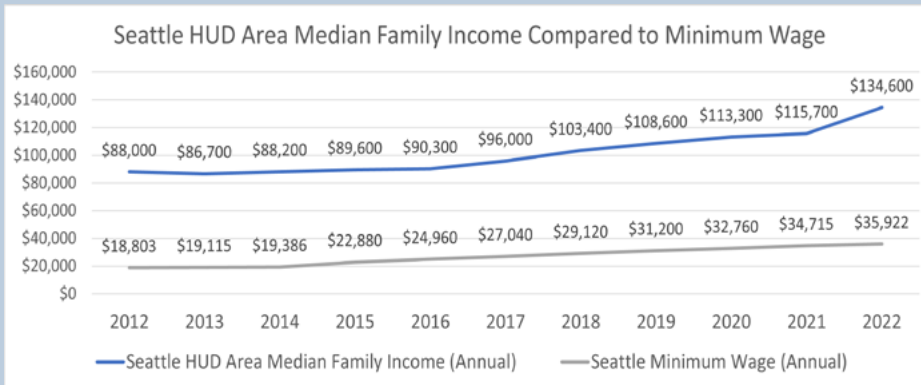


Figure 1: Seattle Area Median Family Income compared to minimum wage from 2012 to 2022. Sources: HUD Income Limits 2012-2022; Seattle Office of Labor Standards minimum wage 2012-2022.

Figure 1 shows that the change in minimum wage over time has not grown as quickly as the AMI. A household relying on minimum wage cannot afford to pay more for rent simply because incomes in the area have increased overall. The HUD income limits also assume households with more people can afford to pay more (see figure 2) but a four-person household may have the same number of income-earners as a two-person household. Understanding the weaknesses of AMI as a measure helps to highlight why even with an increasing number of income-restricted units entering the system, many households require additional assistance to meet their housing needs.

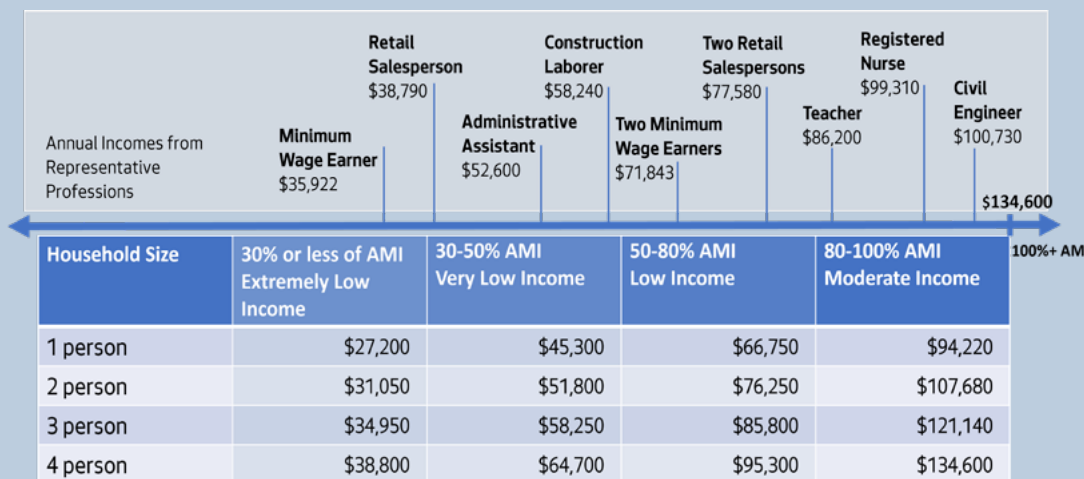


Figure 2: Seattle Area Income Limits for each income range compared to incomes from common professions. Sources: HUD Income Limits, 2022; U.S. Bureau of Labor Statistics for Seattle-Tacoma-Bellevue, WA, 2021.

# Exploring the Affordable Housing Gap

## Limitations of the Housing Market

A 2021 study of Seattle’s market rate housing showed a shortage of close to 21,000 rental units available to households with incomes at 80 percent of AMI or below.<sup>2</sup> The same study indicated that Seattle is gaining jobs at a faster pace than it is producing housing while also seeing median home values increase at a faster rate than median household incomes. Figure 3 shows the changes in housing costs over time compared to median incomes in King County. Housing costs for both homeowners and renters have increased dramatically over the last ten years. While rents have trended closer to median income growth than home purchase prices, an influx of high-paying jobs pulled the median income higher while masking stagnant lower incomes for some households. The COVID-19 pandemic further exacerbated already precarious financial situations for many households, with reduced or lost income impacting housing security.<sup>3</sup> These factors combine to create a highly competitive housing market where low-income households are priced out of the rental market, fewer families can utilize homeownership to build wealth, and many households experience instability and uncertainty in their housing.

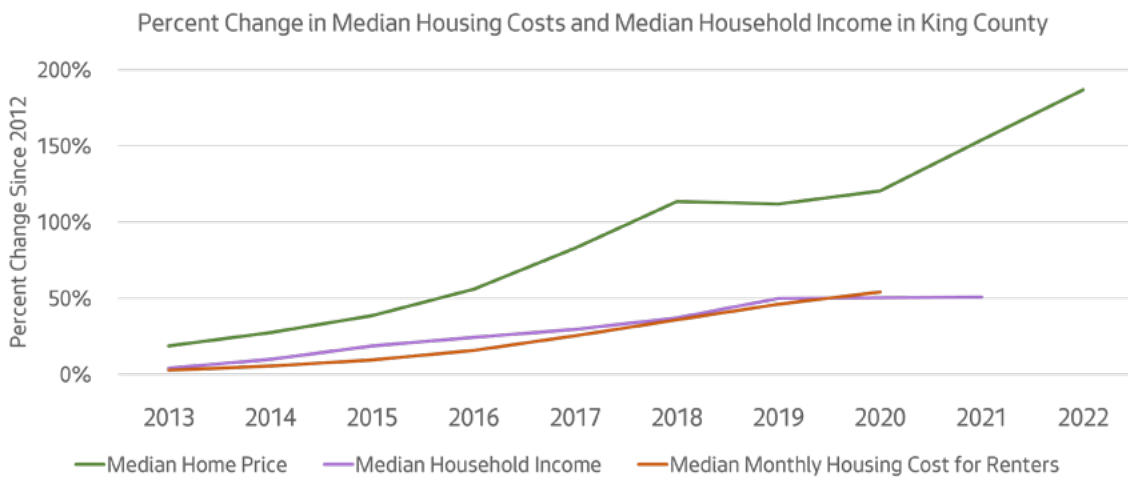


Figure 3: Chart comparing percent changes in median home price, median household income, and median housing costs for renters for King County using 2012 numbers as a base. Sources: PSRC, 2022; OFM, 2022; ACS 5-year survey, 2012-2020.

Rising prices, limited housing supply, and stagnant incomes have made housing less affordable for everyone but have particularly exacerbated the situation for extremely low-income households. An early estimate of projected housing need by income band from the Washington State Department of Commerce shows that a large percentage of housing growth accommodated through the next Comprehensive Plan will need to serve low-income households. Draft projections suggest nearly 40 percent of the net new housing needed in King County by 2044 will need to serve households in the 0-30 percent AMI range.<sup>4</sup>

2 Ibid, ii.

3 King County. "Housing Security in King County Dashboard," 2022. Accessed 8/23/2022. <https://kingcounty.gov/depts/health/covid-19/data/impacts/housing.aspx>

4 King County Affordable Housing Committee. "Countywide Need Projections by Income Band Dashboard," 2022. Accessed 8/17/2022. [https://tableaupub.kingcounty.gov/t/Public/views/AllocationMethodComparisonsUpdated/AllocationsStory?%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Aorigin=card\\_share\\_link](https://tableaupub.kingcounty.gov/t/Public/views/AllocationMethodComparisonsUpdated/AllocationsStory?%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Aorigin=card_share_link)

In 2017, 65 percent of Seattle households at or below 30 percent AMI were severely cost burdened, meaning they spent more than 50 percent of their income on housing. At the time, Seattle had 43,945 households at 0-30 percent AMI and only 19,330 housing units affordable to this income range.<sup>5</sup> Through a combination of efforts by the City, community organizations, Public Development Authorities (PDAs), and non-profit developers, Seattle managed to maintain six percent of its total housing stock affordable to households at or below 30 percent AMI, which is one of the highest rates in the region.<sup>6</sup> The portion of the population who needs housing at this level of affordability, however, is 15 percent and, as not all of the housing affordable at this range is income-restricted, some of the units may be held by households in higher income bands.

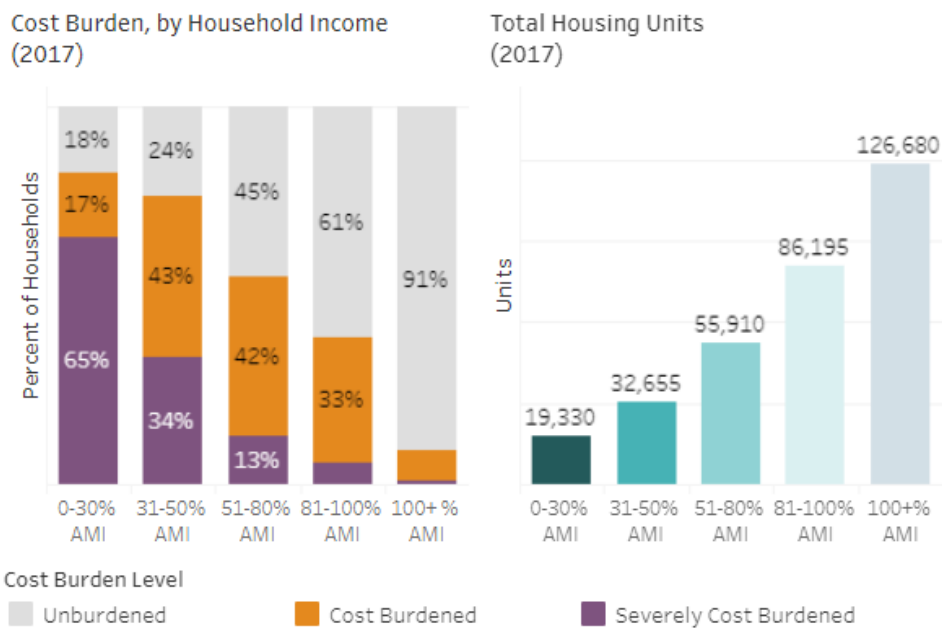


Figure 4: Housing affordability indicators for Seattle. Sources: CHAS 2013-2017; King County Regional Affordable Housing Dashboard.

The housing market will not produce enough housing for this income range on its own, and additional subsidy needs exist for households making between 31-80 percent AMI as well. Some existing affordable housing programs in Seattle such as Mandatory Housing Affordability (MHA) and Multi-Family Tax Exemption (MFTE) also struggle to provide affordable units for the lowest-income households. Due to the challenge of financing such deeply subsidized units, these programs typically require developers only subsidize units to be affordable at the 40 to 80 percent AMI range. Much of the production of units to support households in the 0-30 percent AMI range falls to non-profit developers and PDAs. Providing enough units for the lowest income households at the scale Seattle needs will require additional government subsidy and new models of developer incentives.

5 King County Affordable Housing Committee. "Regional Affordable Housing Dashboard," 2022. Accessed 8/17/2022

6 Ibid

## Subsidized Affordable Housing in Seattle

Seattle has a long history of supporting affordable housing through subsidies, development incentives, and partnerships with community organizations and non-profit developers. The first Seattle Housing Levy was approved by voters in the 1980s to provide dedicated funding toward the production and preservation of affordable rental and homeownership units. The Seattle Housing Authority was formed even earlier in 1939 and has partnered with the City to build and manage subsidized housing for low-income households for over 80 years. In recent years, Seattle has intensified its efforts to address the affordability crisis by doubling the Housing Levy in 2016, enhancing the Mandatory Housing Affordability program in 2019, and dedicating funds from the Payroll Expense Tax created in 2020, among other efforts. Appendix 1 provides a list of the many programs, funding sources, and supportive policies Seattle has created to improve access to affordable housing.

By the end of 2021, a total of 15,600 units of subsidized affordable rental housing supported by City funds were available to low-income households in Seattle. Although this total number of units is impressive, it represents the culmination of decades of work and resources. The pace for creating income-restricted housing is simply too slow to keep up with the need. In 2021, Seattle dedicated an unprecedented \$143 million in local funds toward the production and preservation of affordable housing.<sup>7</sup> Even if this elevated level of funding is maintained over time, the scale of need for more subsidized units looms large over the City. An estimate by the King County Affordable Housing Committee in 2020 showed that despite the millions of dollars available to County jurisdictions through federal, state, and local funds, the total funding gap to reach affordable housing goals for the county was nearly \$15 billion dollars over a six-year time frame.<sup>8</sup> While some of this gap could be expected to be filled by federal and state sources, Seattle's current affordable housing contributions would need to scale up dramatically to meet its portion of the estimated need. To do this, new funding resources, supportive policies, and partnerships will need to be identified.

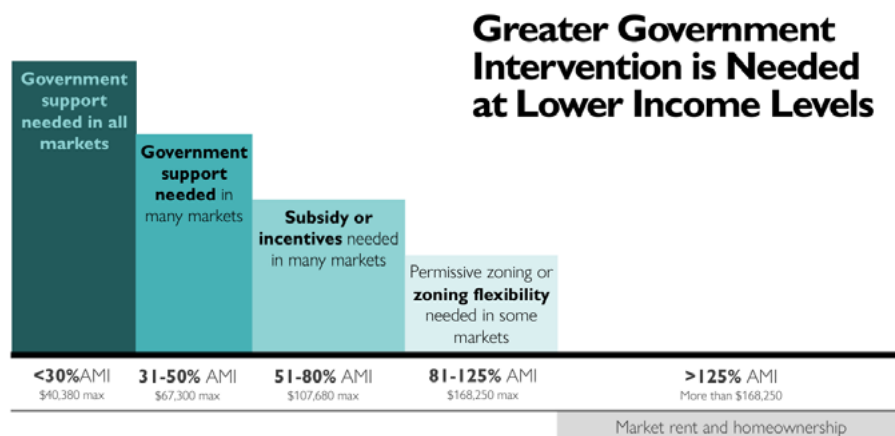


Figure 5: Different levels and types of government intervention are needed at each level of affordability. Source: King County Affordable Housing Committee, 2022.

<sup>7</sup> Office of Housing. "Annual Report 2021: Seattle Housing Investments," 2022. Accessed 8/15/2022. <https://www.seattle.gov/documents/Departments/Housing/Footer%20Pages/Data%20and%20Reports/2021%20OH%20Investments%20Report.pdf>, 12-13.

<sup>8</sup> King County Housing Interjurisdictional Team. "Draft Shared Principles to Guide Future Affordable Housing Revenue Decisions," 2020. Accessed 8/18/2022. [https://kingcounty.gov/~media/depts/community-human-services/housing-homelessness-community-development/documents/affordable-housing-committee/Meeting\\_09-30-2020/Draft\\_AHC\\_Shared\\_Revenue\\_Principles\\_Memo.ashx?la=en](https://kingcounty.gov/~media/depts/community-human-services/housing-homelessness-community-development/documents/affordable-housing-committee/Meeting_09-30-2020/Draft_AHC_Shared_Revenue_Principles_Memo.ashx?la=en)

## **Regional Affordability Challenges**

Seattle's housing affordability gaps are related to a larger, regional shortage of housing units. The Puget Sound Regional Council (PSRC) estimates that the region needs approximately 46,000 more units of housing just to address the current backlog and will need a total of 810,000 new housing units by 2050 to accommodate population growth.<sup>9</sup> Of that new housing, PSRC estimates that around 34 percent would need to be affordable to households making less than 80 percent AMI. Households who cannot afford to find housing in Seattle often look to move out to the surrounding areas, all of which now also have a housing shortage among units for the lowest-income households.<sup>10</sup> Although not a focus of this paper, the regional homelessness crisis is also tied to the limited supply of affordable housing. Colburn and Aldern (2022) argue that structural factors in the strained housing market, such as high rental prices and low vacancy rates, are behind Seattle's relatively high rates of homelessness compared to other metropolitan areas.<sup>11</sup> Seattle cannot address the housing crisis without considering the regional context and must continue to be a leader in generating funds and policies that make it possible to meet affordable housing needs. In collaboration with regional jurisdictions, PSRC adopted a Regional Housing Strategy to guide local cities on how to address affordable housing during the Comprehensive Plan major update cycle. Seattle will need to find ways to tailor the strategies to meet the specific needs of the city's low-income communities.<sup>12</sup>

## **Limited Access to Homeownership and Disparate Impacts for BIPOC Communities**

In addition to placing an outsized burden on low-income households, Seattle's housing market has disparate impacts for Black, Indigenous, and People of Color (BIPOC) communities. Overall, people of color are less likely to own a home in Seattle and more likely to be subject to rapidly rising rents and instability in their housing options. Black households are most impacted, with only 23 percent of Black households owning a home in 2020 compared to 50 percent of white households in Seattle.<sup>13</sup> Other racial and ethnic groups also experience lower homeownership rates than white households, with Asian households at 43 percent, Native American households at 34 percent, Native Hawaiian and Pacific Islander households at 30 percent, and Hispanic or Latino households at 27 percent.<sup>14</sup> The homeownership gap becomes even more stark when further disaggregated by income and specific communities within the categories above.<sup>15</sup>

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9 Puget Sound Regional Council. "Regional Housing Needs Assessment Executive Summary," 2021. <https://www.psrc.org/sites/default/files/rhna-execsummary.pdf>, 4.

10 King County. "Countywide Housing Need Allocation Weighting Options – Housing Units by AMI Bands," 2022. Accessed 9/7/2022. [https://tableaupub.kingcounty.gov/t/Public/views/NeedAllocationWeightingMethodologyMaps/Dashboard?%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Aorigin=card\\_share\\_link](https://tableaupub.kingcounty.gov/t/Public/views/NeedAllocationWeightingMethodologyMaps/Dashboard?%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Aorigin=card_share_link)

11 Colburn, Gregg and Clayton Page Aldern. *Homelessness is a Housing Problem: How Structural Factors Explain U.S. Patterns*. Oakland, California: University of California Press, 2022.

12 Puget Sound Regional Council. "Regional Housing Strategy," 2022. [https://www.psrc.org/sites/default/files/2022-04/regional\\_housing\\_strategy\\_2021\\_finalized\\_2022.pdf](https://www.psrc.org/sites/default/files/2022-04/regional_housing_strategy_2021_finalized_2022.pdf)

13 American Community Survey 5-year 2020, for City of Seattle. Census Bureau. Accessed 8/19/2022. <https://www.seattle.gov/documents/Departments/OPCD/Demographics/CommunityIndicatorsReport2020.pdf>

14 Ibid. Note: Due to small sample sizes, the homeownership rates for populations such as Native American and Pacific Islander households are subject to larger margins of error and are not as reliable.

15 OPCD. "Equitable Development Community Indicators Report," 2020. Accessed 8/18/2022. [https://seattlecitygis.maps.arcgis.com/sharing/rest/content/items/f4d08d38d6604abdb7139533230ecf3b/data\\_23](https://seattlecitygis.maps.arcgis.com/sharing/rest/content/items/f4d08d38d6604abdb7139533230ecf3b/data_23)

Homeownership provides an opportunity to build wealth and pass on improved conditions to future generations. BIPOC households, particularly Black households, have been systematically excluded from this opportunity through decades of racist housing policies, plans, and practices such as [racially restrictive covenants](#), [redlining](#), and [single-family zoning](#). The systematic exclusion has long-term consequences, as it prevented BIPOC families from building the same level of intergenerational wealth as white families. That wealth can help families to weather financial challenges and reinvest their equity for other uses, such as college tuition.<sup>16</sup> Additionally, children in renter households are more likely to face disruption due to frequent moves and less likely to live in Seattle’s neighborhood residential areas, which often have better access to resources such as high-performing schools and open space for recreation.<sup>17</sup> As renters, households of color are also more likely to be cost-burdened and face the displacement pressures of rising rents (see Figure 6). A [racial equity analysis](#) of Seattle’s Comprehensive Plan by PolicyLink in 2021 provides a more in-depth look at the inequitable outcomes of Seattle’s current housing market and land use strategy.<sup>18</sup>

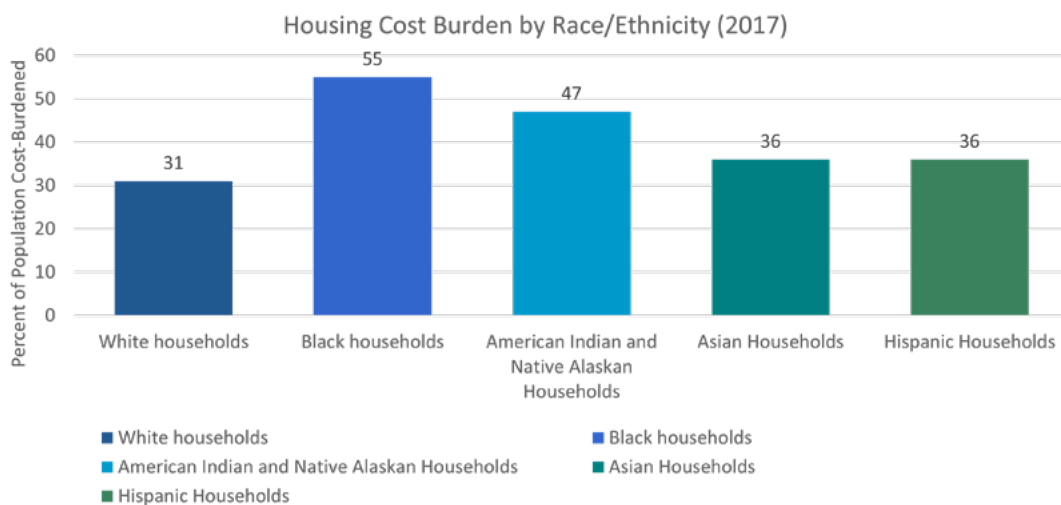


Figure 6: Percentage of households that were housing cost burdened as of 2017, categorized by race/ethnicity. Source: King County Regional Affordable Housing Dashboard, 2013-2017 CHAS data.

While the Office of Housing has a program to support households with down payment assistance and has funded many homeownership projects over time, the current scale of income-restricted homeownership opportunities is not enough to shift inequitable patterns of homeownership in Seattle. A vast majority of Seattle’s affordable housing funds are directed toward rental units, which are an important resource, but may not have the same ability to alter the long-term housing trajectory of a household as homeownership. The City needs to provide additional homeownership opportunities that are affordable to low-income households. The effort should include a specific emphasis on subsidized homeownership opportunities for BIPOC households that can work to repair the harms of past housing policies.

<sup>16</sup> Prosperity Now. "Racial Wealth Divide in Seattle," 2021. <https://prosperitynow.org/sites/default/files/Racial%20Wealth%20Divide%20Profile%20Seattle%20FINAL%203.2.21.pdf>

<sup>17</sup> PolicyLink. "Advancing Racial Equity as part of the 2024 Update to the Seattle 2035 Comprehensive Plan and Urban Village Strategy," 2021. Accessed 8/18/2022. <http://www.seattle.gov/Documents/Departments/OPCD/OngoingInitiatives/Seattle'sComprehensivePlan/ComprehensivePlanPolicyLinkFinalRecommendations.pdf>, 5.

<sup>18</sup> Ibid.



## Affordable Housing and Land Use

Seattle's current land use strategy limits where affordable housing can be placed, reducing access to certain neighborhoods and their resources for low-income households. Most subsidized affordable housing is produced in the form of mid- to large-sized apartment buildings, which are only legal to build in limited areas in the city (see Figure 7). The map in Figure 8 of city-funded subsidized rental units follows this same pattern, with most of the units placed in existing urban villages and along transportation corridors. Figure 9 shows that new income-restricted affordable housing is typically included in large projects with 50 or more units.

The prevalence of affordable housing in large projects is often attributed to the cost of construction - it is too expensive to build smaller projects with income-restricted units. When 75 percent of residential area in the city does not allow multi-family housing, housing overall is more expensive and opportunities for placing affordable housing are restricted.<sup>19</sup>

We need to open up the opportunities and options for low-income households to live in Seattle. Increasing the overall supply of housing so that it keeps pace with demand is an important strategy for promoting affordability. Reducing development costs and barriers is one way to better align housing supply with demand and market conditions. The Comprehensive Plan major update is a chance to review the land use strategy to ensure it increases housing production. New regulations or improvements that flow from the major update can reduce identified barriers and create opportunities to build more affordable homes, such as in smaller buildings that fit into the City's evolving vision for Neighborhood Residential and Lowrise Multifamily zones.

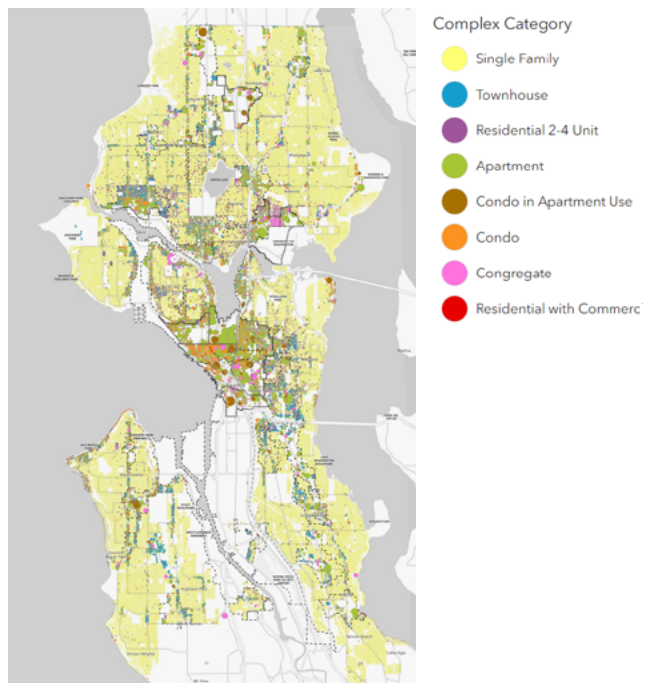


Figure 7: Map of residential units by type. Shows that apartments, condos, and congregate housing options are found in limited areas of the city. For a larger image, see Appendix 2. Source: City of Seattle Residential Unit Types and sizes Dashboard, July 2022.

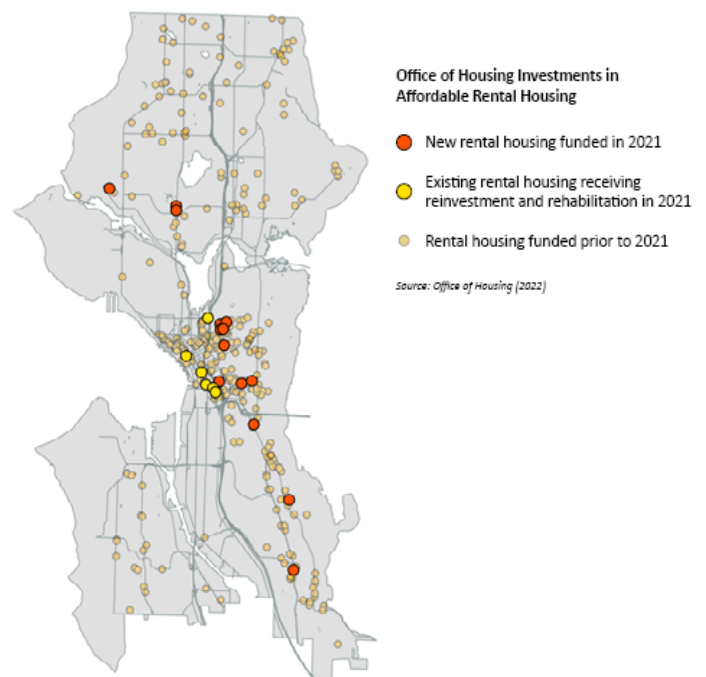


Figure 10: A map of city-funded multi-family rental housing investments. For a larger image, see Appendix 2. Source: Office of Housing, 2022.

<sup>19</sup> Seattle Planning Commission. "Neighborhoods for All," 2018. <https://www.seattle.gov/documents/Departments/SeattlePlanningCommission/SPCNeighborhoodsForAllFINALdigital2.pdf>, 17.

### Total Number of Units in Buildings Under Development with Affordable Housing (2019)

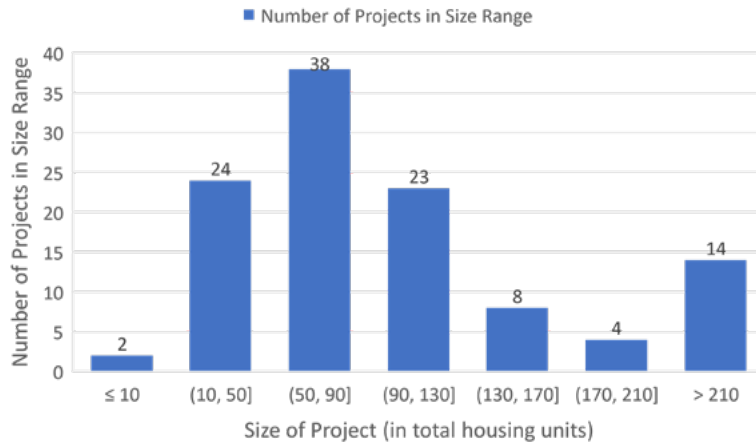


Figure 8: Chart showing the distribution of building sizes for projects that included affordable housing that were under development in 2019. Most of the projects had 50 or more total units. Source: [Office of Housing, 2022](#).

Current development patterns also create inadequate access to family-sized housing, particularly for low-income families. As the Planning Commission discussed in a 2014 report titled [Family Sized Housing](#), affordable, family-sized housing is limited in Seattle and increasing access to this housing type is necessary to avoid pushing out families with children.<sup>20</sup> The chart in Figure 10 shows the average number of bedrooms by building type in Seattle. Families seeking a home with three or more bedrooms are mostly limited to a townhome or single-family home, which is an unaffordable housing type in Seattle for many households. Apartments with three or more bedrooms are rare. While non-profit developers are working to add more family-sized income-restricted units, the supply is limited.

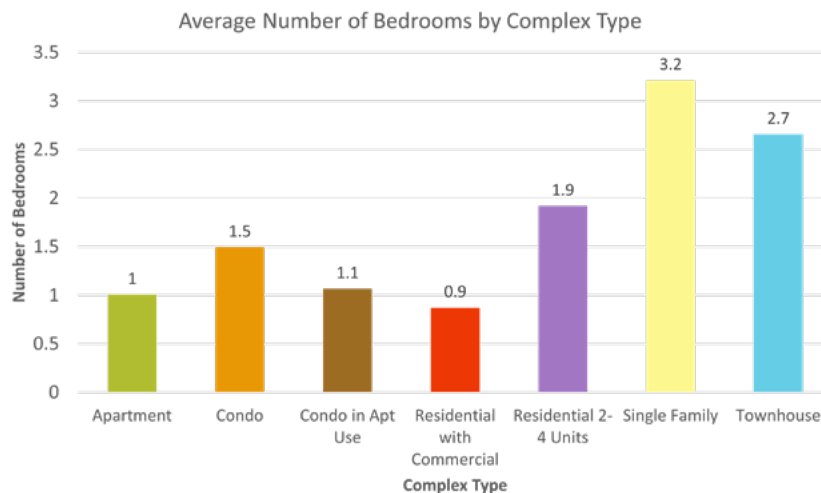


Figure 9: Average number of bedrooms per home by complex type, demonstrating that the average apartment in condo in Seattle has less than two bedrooms. Source: City of Seattle Residential Unit Types and Sizes Dashboard, July 2022.

20 Seattle Planning Commission. "Family Sized Housing: An Essential Ingredient to Attract and Retain Families with Children in Seattle," 2014. Accessed 9/7/2022. <https://www.seattle.gov/documents/Departments/SeattlePlanningCommission/SPCFamilySizedHousingActionAgenda.pdf>

The City's growth strategy and land use policies will need to change for these patterns to change. As the City gathers information for the growth strategy and housing elements of the Comprehensive Plan, new guidelines under [House Bill \(HB\) 1220](#) require the land capacity analysis to consider housing needs under each AMI band and for permanent supportive housing and emergency housing/shelter. The City will need to look at different types of housing, with options for both rental and homeownership, and consider what models best meet the needs of households at each income range. Analysis will need to show whether current land use rules can accommodate enough variety in housing types and volume of each type to meet estimated need. The data gathered through this process will be critical for shaping housing policies in the Comprehensive Plan.

## Opportunities for the Comprehensive Plan Major Update

The Comprehensive Plan major update process is an opportunity to take a deeper look at Seattle's specific affordability needs and create a policy and land use environment that can best support subsidized affordable housing. The Planning Commission offers the following recommendations for consideration during the major update process:

- *Utilize a targeted community engagement approach during the Comprehensive Plan update process to gain a deeper understanding of how communities most disproportionately impacted by the affordable housing crisis and housing cost burden would like to see regional housing strategies applied locally.* While the affordable housing crisis is regional in nature and there is an [ongoing region-wide effort](#) to address it, Seattle will need to tailor the strategies to meet local housing needs. The local strategies should be informed by input from disproportionately impacted communities and the large-scale community engagement effort during the major update process is an opportunity to gather that input.
- *Analyze and provide sufficient land capacity to accommodate Seattle's share of housing needs, including determining what housing types best support each level of affordability.* To accommodate new requirements under HB 1220, Seattle will need to do a land capacity analysis for each level of housing affordability and special housing types such as permanent supportive housing and shelters. In addition to determining if the City has enough capacity to accommodate the projected number of new units needed, the analysis must determine if land use policy supports the types of housing it will need at each level of affordability. Can current capacity assumptions and regulations support enough of those types of housing? If the analysis finds gaps, the growth strategy and housing policies selected for the Comprehensive Plan will need to accommodate the identified housing types and provide sufficient capacity.
- *Consider how the growth strategy and housing policies can be altered to better support the production and preservation of subsidized housing for extremely low-income households.* One of the largest areas of need is projected to be new units serving households at 0-30 percent AMI, which cannot be met through the open market and will require additional government subsidy. The City must consider what growth strategy and housing policies will be necessary to support the production of housing affordable to households at or below 30 percent AMI. Can land use

code create opportunities for affordable housing to be built in more areas of the city? What development regulations, building codes, and other barriers can be addressed to make it more likely that the necessary types of subsidized housing (including shelters, permanent supportive housing, and subsidized units constructed by non-profit developers and PDAs) will be built? The growth strategy should also be assessed for its ability to increase the production of housing overall to release some of the pressure on the housing market. The Comprehensive Plan can lay the foundation for reducing development costs and barriers to better align housing supply with demand and market conditions.

- *Conduct an analysis of existing affordable housing programs citywide and determine where there are opportunities within the Comprehensive Plan major update to strengthen and better support existing programs.* While the City has developed many programs and policies to address the affordable housing crisis, the implementation of the Comprehensive Plan major update provides the chance to look for gaps in existing policies or ways to provide additional support to programs. Consulting with department-specific specialists who know the programs inside and out can help identify opportunities to remove barriers and scale up existing efforts. Seattle has not yet pulled all potential levers for affordable housing and could do more to explore areas such as housing preservation and affordable homeownership through limited equity cooperatives and community land trusts.
- *Find explicit ways to repair harms experienced by BIPOC communities due to a lack of access to affordable housing over time.* As the City looks for ways to improve affordability across all income groups, build more subsidized affordable housing, and increase homeownership opportunities, it will be important to determine how the benefits of those changes can be applied in an equity-focused, restorative way. The Comprehensive Plan major update is an opportunity to expand upon the ideas behind existing programs such as the Community Preference policy and the Equitable Development Initiative and to push beyond existing strategies. Using information gathered during the racial equity analysis, the City should tie an analysis of historical disparities experienced by BIPOC communities to policies that can be used to push past the lingering outcomes of those disparities. Goals for racial equity in affordable housing should be developed in consultation with the communities most impacted. Existing resources and reports such as the [Advancing Racial Equity](#) report by PolicyLink<sup>21</sup> and the [Disaster Gentrification Report](#) by Puget Sound Sage and partner organizations<sup>22</sup> provide a place to start for specific policy ideas.
- *Assess how current housing options in Seattle are serving the needs of households looking for affordable family-sized housing, inter-generational housing, housing with accommodations for the elderly and for people with disabilities.* Where gaps are identified, create supportive policies to increase access to housing types that support the needs of these groups. The Commission

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21 PolicyLink, *Advancing Racial Equity*, 11.

22 Puget Sound Sage, Multicultural Community Coalition, and Rainier Beach Action Coalition, 2021. *Disaster Gentrification in King County*. Accessed 9/8/2022. <https://www.pugetsoundsage.org/research/research-equitable-development/disaster-gentrification-king-county/>

recognizes the challenges of addressing this issue at the Comprehensive Plan level and that additional work at other policy levels will need to follow but we believe the foundation can be set by policies in the Comprehensive Plan.

## **Conclusion**

The City of Seattle has demonstrated a renewed commitment to improving access to affordable housing for Seattle communities in recent years, yet the need continues to outpace the City's response. The Comprehensive Plan major update is an opportunity to assess the needs of communities impacted most by the affordable housing shortage and to bolster existing affordable housing strategies through supportive policy updates. Working with impacted communities and regional partners, the City must prioritize identifying resources for and removing barriers to the production and preservation of affordable housing in this next iteration of the Comprehensive Plan.

Appendix 1: Seattle's Existing Programs and Initiatives to Support Affordable Housing

Appendix 2: Maps

# Appendix 1

## Seattle's Existing Affordable Housing Approach: Programs and Initiatives Overview

### Funding

- [Seattle Housing Levy](#)

The Seattle Housing Levy is a voter-approved property tax levy focused on creating and preserving affordable housing. Housing Levy funds have supported the creation and preservation of over 14,000 rental homes affordable to households earning up to 60 percent AMI and have assisted over 900 first-time and existing low-income homeowners earning up to 80 percent AMI. The Housing Levy has also provided long-term and consistent operating, maintenance, and services support for over 1,300 affordable homes serving households with incomes at or below 30 percent AMI. Over the past 40 years, Seattle voters have consistently approved the Housing Levy, and in 2016 the current levy received a 70% approval rate from voters. With the current Housing Levy set to expire at the end of 2023, the Office of Housing is now developing a proposal to renew it.

- [Mandatory Housing Affordability \(MHA\)](#)

MHA requires new developments to support affordable housing by either including affordable units with a project (the performance option) or paying a fee that the City will then use to develop affordable housing (the fee-in-lieu option). MHA zoning was adopted in 2017 and expanded in 2019 to now cover most areas zoned for commercial and multifamily residential development. The requirements vary by each MHA zone in terms of the amount of affordable housing the project must support (through performance or in-lieu payments), but properties selecting the performance option must provide rental units affordable to households with incomes at or below 40 percent AMI for small units (400 square feet or less) or at or below 60 percent AMI for units larger than 400 square feet and the homes must serve income-eligible households for a minimum of 75 years. MHA units built for homeownership must be affordable to households with incomes of 80 percent AMI or below. The units developed with fee-in-lieu funds are often blended with other subsidies from the Office of Housing and outside sources and result in more deeply affordable units.

The MHA program has successfully generated both new affordable units and funding that the Office of Housing can use to support low-income housing across the city. As of December of 2021, MHA has generated over \$170 million in in-lieu funds, \$150 million of which has already been awarded for the creation and preservation of over 3,000 low-income housing units and which represents a significant portion of the City's affordable housing investments.

- [Incentive Zoning \(IZ\)](#)

Incentive Zoning is an optional program that allows developers of residential and non-residential projects to receive a development bonus in exchange for affordable housing commitments. Each zone has different requirements for affordable housing or in-lieu payments required for a given development bonus. Incentive Zones with affordable housing requirements were largely phased out when MHA fee areas were implemented, but a few Incentive Zones are still in place in the Downtown and South Lake Union neighborhoods. Although the Incentive Zoning program has ramped down as it is replaced by expanded MHA, the program still generated 61 units of affordable housing and \$1.8 million in Incentive Zoning payments in 2021.

- [Payroll Expense \(Jumpstart\) Tax](#)

In 2020, Seattle City Council approved a new tax on businesses paying more than \$7 million a year in payroll. Part of the funds generated by the new tax are earmarked for affordable housing. The exact amount of funds generated each year will vary and will be difficult to predict but the tax generated over \$230 million in 2021, \$97 million of which was used to help fund affordable housing and related services.<sup>1</sup>

- [Transportation Network Company \(TNC\) "Fare Share" Tax](#)

In 2019, City Council approved a tax on transportation network companies like Uber and Lyft. A small portion of the revenue generated for the tax is intended to fund affordable housing in transit-oriented developments. The tax went into effect in July of 2020 and City Council used \$1.3 million of the revenue from the tax toward affordable housing in the 2022 adopted budget.<sup>2</sup>

- Sales of City Property

The City of Seattle occasionally sells properties that are no longer needed for City purposes and has in the past used the proceeds from these sales to fund affordable housing. These sales are often one-offs that do not provide ongoing funds but can be a significant resource of one-time funding. A recent example includes the Mercer Mega Block sale in 2020 which brought in over \$143 million to the City, a large portion of which was dedicated to affordable housing.

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1 City of Seattle, 2022. Councilmember Mosqueda, Housing Providers Announce 17 Affordable Housing Projects Made Possible by JumpStart Seattle. Council Connection. <https://council.seattle.gov/2022/07/21/councilmember-mosqueda-housing-providers-announce-17-affordable-housing-projects-made-possible-by-jumpstart-seattle/>

2 2022 Adopted Budget Executive Summary

## Programs & Initiatives

- [Rental Housing Production and Preservation](#)

The Office of Housing works to fund and preserve rental housing for low-income households, generally at or below 60% AMI. The housing units created under this program are required to remain affordable for a minimum of 50 years. Each year the Office of Housing opens application periods where affordable housing developers can apply for funds. OH has a detailed set of [funding policies](#) that help determine how funds are distributed but a key element of their funding priorities is to try to leverage additional funds from other sources such as federal and state investments. Further priorities include projects that support specific resident populations considered high-priority and projects that meet certain location priorities.

- Permanent Supportive Housing (PSH)

PSH is a strategy to break the cycle of homelessness by providing long-term housing with associated services to those experiencing chronic homelessness. Permanent Supportive Housing is a key part of the regional homelessness strategy and is also one of the more complex and costly components to implement. Seattle City Council has approved [several changes to land use code](#) that smooth the way for permitting and constructing permanent supportive housing in Seattle by reducing design review requirements, reducing some permitting requirements and expanding the areas where PSH is allowed. In order to operate successfully, PSH housing needs ongoing operating and maintenance support.

- Rapid Acquisition Program

The Office of Housing supports the purchase of newly constructed, private market apartment buildings throughout Seattle to provide affordable housing on an accelerated timescale. The Office of Housing, in partnership with the Washington State Department of Commerce, created the Rapid Acquisition Program in 2021 to take advantage of unique real estate market conditions and an exceptional availability of public funds for affordable housing, both brought about by the COVID-19 pandemic. Both public agencies continue to make funds available for such purchases in 2022.

- [Permanently Affordable Homeownership Programs](#)

The Office of Housing funds the development of new, for-sale permanently affordable homeownership units for low-income households at or below 80% AMI. Homes are re-sale restricted to ensure that the homes remain affordable to successive generations of low-income homebuyers while also providing some equity returns to the homeowner. Homes must be affordable for a minimum of 50 years.

- [Home Weatherization](#) and [Home Repair](#) Programs

The Office of Housing funds critical repairs and weatherization upgrades to improve the energy efficiency, health, and safety of homes for low-income households. The repairs and updates can help families stay in their homes and communities and improve quality of life.



- [Multifamily Tax Exemption \(MFTE\)](#)

MFTE is an optional program that allows developers and property owners to receive a property tax exemption on eligible multifamily housing if they provide income- and rent-restricted housing units in exchange. MFTE encourages mixed-income residential development. MFTE tax exemptions and income restrictions last for 12 years on each project. Projects may also opt to leave the MFTE program at any time. MFTE units support a wide range of income levels, based on the size of the unit and the MFTE program the project was vested under. A majority of the units serve households between 60 and 85 percent AMI.

- Acquisition and Preservation Program & Rental Production and Preservation Program

The Acquisition and Preservation Program along with the Rental Production and Preservation Program allow for Housing Levy funds to be used with some flexibility as needed to maximize Levy funds. The Acquisition and Preservation Program allows for unused Levy funds to be used for short-term loans for the rapid acquisition of strategic sites for affordable housing. The Rental Production and Preservation Program allocates Levy funds to the Office of Housing's Rental Housing Program to produce and reinvest in affordable housing but also allows for a small portion of the funds to be used annually for Rental Rehabilitation Loans. With an agreement to provide affordable units to low-income tenants, property owners can receive loans from the funds to improve the condition of the housing.

- [Equitable Development Initiative \(EDI\)](#)

The Equitable Development Initiative started in 2017 as a strategy to address displacement and redistribute resources and opportunities for Seattle communities. The initiative provides funds to community organizations and coalitions to support projects centered on housing, education, cultural space, jobs, food, and other needs identified by communities. While only some of the projects supported by the EDI include affordable housing, the housing produced by these projects is often owned and operated by community organizations who want to keep land and resources within community control. As a result, the housing produced is likely to remain affordable and available to communities for longer than units created by developers for financial incentives.

- [Mandatory Housing Affordability \(MHA\)](#)

MHA is both a funding strategy and a housing program because developers can choose between the performance option or payment in-lieu option. The performance option serves the dual purpose of creating new affordable units and creating mixed-income buildings that can encourage diversity within newly developed buildings. The performance option has been utilized less than the payment option, with only 6.1 percent of projects choosing to include affordable units in their projects in 2021. For many developers, the payment option is less costly and less cumbersome, which leads to fewer income-integrated projects than the MHA program initially intended. This balance of performance vs. payment has some advantages, such as allowing OH to leverage the funds to produce more units and/or units at deeper affordability by pairing them with other funding sources. Incentive Zoning can also be considered both a funding strategy and a housing program with both a performance option and a payment in-lieu option.

## Affordable Housing Organizations and Entities

(Note: Many organizations support the work of affordable housing in Seattle, this is not a comprehensive list but gives a few examples of some of the organizations working alongside the City of Seattle to provide subsidized affordable housing.)

- **Public Development Authorities (PDAs)**

Seattle has created several Public Development Authorities, which are public entities similar to corporations. PDAs are created by the state and by cities for special purpose projects or goals and they operate separately from the parent entity while still being monitored by the government that created them. PDAs can seek their own funding through state grants or bonds and can work toward their mandated purpose without constant oversight from the City. Once up and running, PDAs can serve as important partners in City goals such as increasing access to affordable housing. Some of Seattle's PDAs include affordable housing in their mission to support specific neighborhoods. For example, the [Seattle Chinatown International District PDA \(SCIDpda\)](#) focuses on providing services in affordable housing in the Chinatown International District (CID) in addition to working on community economic development, commercial property management, and community engagement. [Community Roots Housing](#) is another PDA chartered by the City of Seattle in the 1970s that builds and operates affordable housing in neighborhoods like Capitol Hill and the Central District.

- [Seattle Housing Authority \(SHA\)](#)

The Seattle Housing Authority is an independent public corporation that is not managed by the City of Seattle but partners with the City to help meet Seattle's affordable housing needs. SHA builds, owns, and operates a variety of long-term low-income housing units and administers federally funded subsidies like Housing Choice Vouchers, which allow income-eligible households to rent units in the private rental market and receive a subsidy to keep the rent level affordable. SHA also administers voucher programs for specific populations such as Veterans and people with disabilities.

- [King County Regional Homelessness Authority \(KCRHA\)](#) - The City of Seattle is partnered with KCRHA to provide a system of support for those experiencing homelessness or at risk of becoming homeless that runs from outreach and emergency shelter to long-term supportive housing. The new partnership began in 2021 to better coordinate efforts across the region. As the authority ramps up its services, it will become the central source for homelessness services in the County. In 2022, Seattle contributed approximately \$118 million toward the regional effort.

## Policies and Legislation

- [Surplus Lands Policy](#)

The Surplus Lands Policy sets affordable housing as a priority use for land and property that the city determines to no longer be needed for city purposes. Thanks to a state law that allows jurisdictions to sell surplus property at a reduced cost or no cost if the property will be used for affordable housing, Seattle revised its land disposition policies in 2018 to center affordable housing and other community-centered uses such as open space, childcare, or educational facilities. Proceeds from the sale of properties that are not considered suitable for affordable housing or other prioritized uses are still prioritized toward affordable housing funding.

- [Community Preference Policy](#)

Seattle's Community Preference Policy was put in place in 2019 as part of an effort to reduce displacement and affirmatively further fair housing goals by prioritizing affordable housing units for community members who have been displaced or are at risk of displacement from the neighborhood. The Policy applies in neighborhoods identified as at high risk of displacement and allows developers to prioritize specific applicants when working in those neighborhoods. Affordable housing developers that wish to utilize the policy must submit a plan to the Office of Housing. The policy allows property owners to prioritize applicants based on qualifications such as the applicant is a current resident of the neighborhood, or they or a family member are former residents, or they have community ties such as utilizing community services in the neighborhood. Properties that implement the policy must be sure to still follow Seattle's other housing ordinances such as Fair Chance Housing and the Open Housing Ordinance.

- [Affordable Housing Bonus on Religious Organization Property](#)

The affordable housing development bonus on property owned by religious organizations was passed in 2021 as an additional strategy to generate affordable housing in the City while also addressing the ongoing displacement of religious institutions whose congregations have grown smaller due to displacement over time. Many of the organizations experience financial challenges due to the loss of members and rising maintenance costs. The development bonus allows religious institutions to develop their properties at a higher density than is allowed in current zoning as long as they provide affordable housing units for households at or below 80 percent AMI for at least 50 years. The ability to develop their land in such a way helps the religious organizations stay in place while also serving their missions to support their communities.

- [Parking Reform Legislation](#)

In 2018 the City passed a suite of parking reforms aimed at making parking requirements less extensive and cumbersome for new developments. The most relevant of the changes was the exemption from parking requirements for affordable housing units with income restrictions for households at or below 80 percent AMI. An intention behind the reforms is to allow developers to devote less space to mandatory parking requirements and more space to housing. Other changes included unbundling parking spaces from apartments in lease agreements to allow for households to avoid paying for a parking space they didn't need and increasing flexibility for the use of existing parking spaces.

- [Renter Protections](#)

Seattle has a suite of renter protections that aim to help renters avoid evictions and housing instability, which can be costly and disruptive. Increasing housing security for renters through renter protections is one way to help renters stay in affordable units and avoid the expensive cycle of moving from place to place. One of the main eviction protections in Seattle is the [Just Cause Eviction Ordinance](#), which limits the reasons a landlord can evict a tenant to 16 specific causes. Seattle also has limits on evictions for specific circumstances, such as during the winter months for low-income households or during the school year for households with school-aged children or school employees, and all tenants have the right to legal counsel in an eviction suit. To help increase housing stability for renters, Seattle also passed legislation in 2021 that requires landlords to give renters 180 days' notice of a rent increase and created a program for [economic displacement relocation assistance](#) for renters earning 80 percent or less of AMI whose landlords increase their rent by 10 percent or more in a 12-month period. The City also regulates the amount of move-in fees and security deposits a landlord can charge at the start of a rental agreement.

## Appendix 2 - Maps

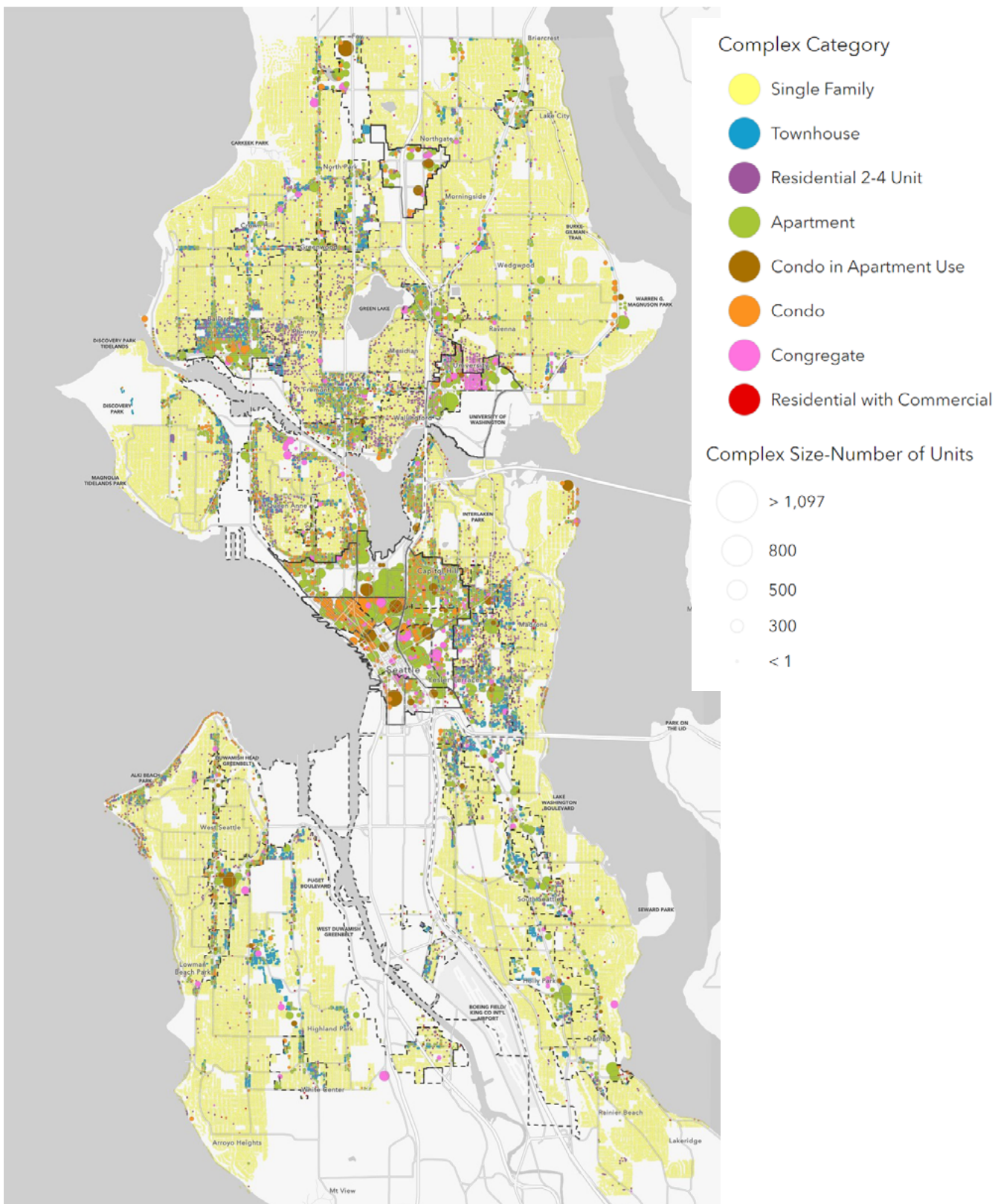


Figure 7: Map of residential unit types and sizes by complex type as of July 2022. Source: Seattle Office of Planning and Community Development, July 2022. <https://seattlecitygis.maps.arcgis.com/apps/dashboards/fa11d5937411491985372ae7562e71a2>

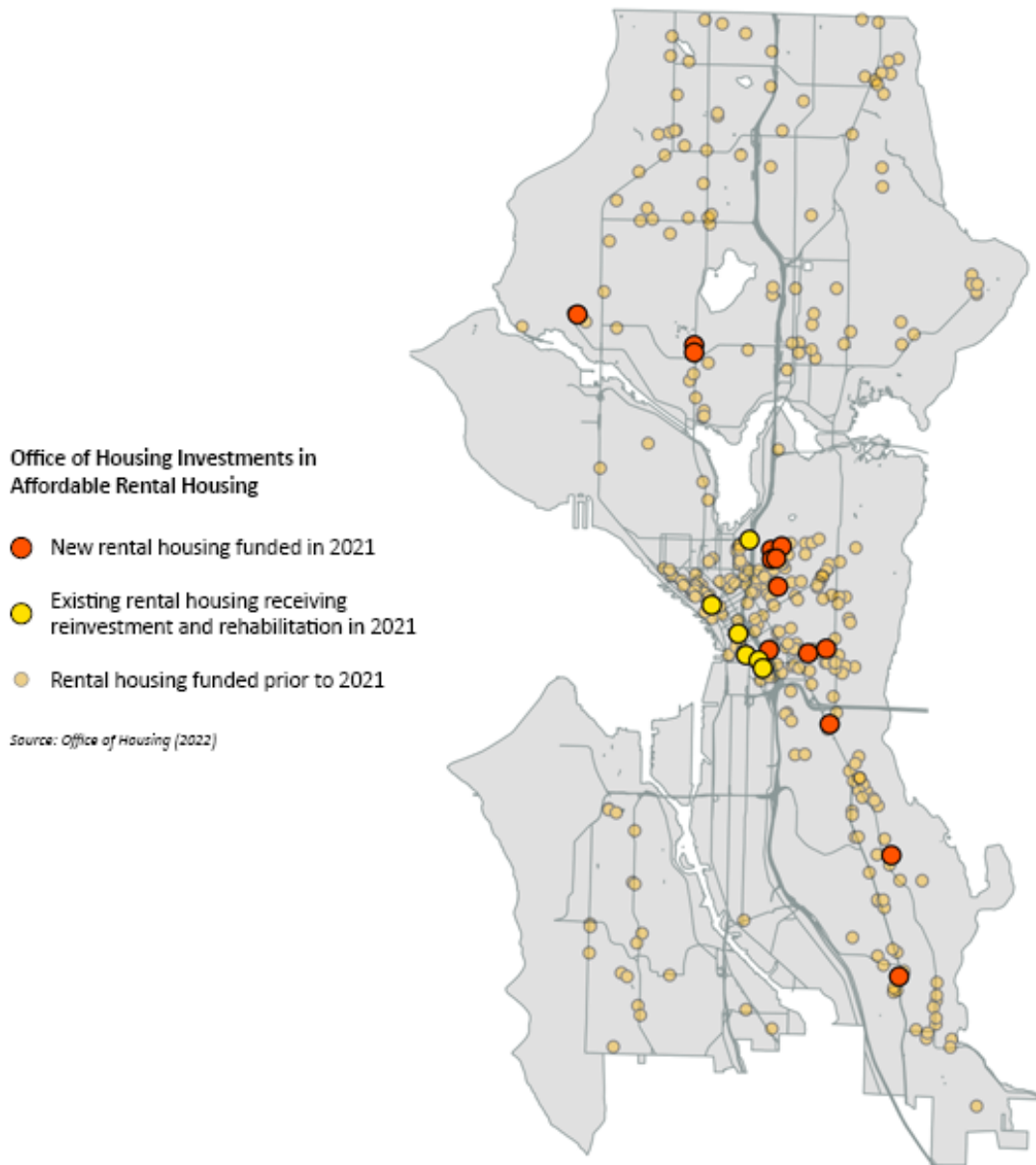


Figure 8: A map of Office of Housing investments in affordable rental housing highlighting 2021 investments with previously funded investments also noted in the background. Source: Office of Housing Annual Housing Investments 2021 Report, April 2022, 26.