

City of Seattle Releases its “Preferred Alternative” for the Remaining Mandatory Housing Affordability Rezones

Legal Alert
November 9, 2017

Throughout 2017, the City of Seattle Council has adopted rezones in the University District, Downtown / South Lake Union, the International District, 23rd Avenue and Uptown. In exchange for the rezones, the City now requires developers to provide on-site affordable housing or pay funds for affordable housing to the City. This rezone/affordable housing value exchange is commonly known as the “Grand Bargain” and the housing provision is commonly known as Mandatory Housing Affordability (“MHA”).

Today the City of Seattle released its Final Environmental Impact Statement for the remaining MHA rezones throughout the City, including Capitol Hill, Ballard, Eastlake, Columbia City, Fremont, Wallingford and Northgate. This e-alert identifies the City’s “preferred alternative” rezone map and the associated payment and performance requirements. The City intends to adopt the rezones in August 2018. The proposed rezone information in this e-alert is subject to change until the rezone legislation is adopted by the City of Seattle.

REZONE MAP

The City has released an interactive map that identifies the City’s preferred rezone alternative. The map is available [here](#). The rezone map identifies the proposed zone and the associated MHA suffix, which is M, M1, or M2.

IDENTIFYING THE PROPOSED MHA REQUIREMENT

The affordable housing performance or payment requirements vary based upon three factors:

1. Whether the development is residential or commercial.

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2. The increase in development capacity through the rezone, as identified in the MHA suffix (M, M1, or M2).
3. The location of the development. The City has designated certain areas as low cost (yellow), medium cost (blue), and high cost (pink), as shown on the Cost Map below.

For example, under the draft plan, residential development in high cost areas receiving the largest increase in development capacity (M2) will be required to either (i) provide the City with a payment of \$32.75 per square foot, or (ii) set aside for affordable housing 11 percent of the total units. If the developer opts to provide on-site affordable housing, the affordable units must be no more than 60 percent of the area median income ("AMI") for units greater than 400 square feet, or no more than 40 percent AMI for units 400 square feet or less.¹ However, these units may not be used to satisfy the City’s multi-family tax exemption MFTE program requirements.

The City’s draft plan includes the following performance/payment schedules:

The City intends to add this information into the Seattle Municipal Code when it adopts the proposed rezones.

MHA REZONE SCHEDULE

Today: City released Final Environmental Impact Statement.

November 14, 2017: Rezone legislation transmitted to City Council

January 2018: City Council begins discussions.

March – June 2018: City Council hosts open houses and hearings.

August 2018: Anticipated adoption of rezone legislation.

QUESTIONS

Please contact [Michelle Rusk](#) at 206.447.6279 if you have questions regarding the City’s proposed Mandatory Housing Affordability requirements.

¹ This AMI requirement changes after the unit’s first year certification.