



HDC is pleased the Seattle City Council has called for a thorough review and update of Seattle's Incentive Zoning program. In order to create the highest performance possible and ensure Seattle is a diverse, mixed-income city where all people have the opportunity to live in a safe, healthy, affordable home in a community of opportunity, HDC believes Seattle's Incentive Zoning program should:

### **BE CONSISTENT & PREDICTABLE**

- 1) Create consistency across all urban villages/urban centers and transit-oriented communities. The same IZ policies should also be applied to all neighborhood and site-specific re-zones.

### **PROVIDE A FAIR EXCHANGE**

- 2) Provide private benefits or "incentives" (ex: density bonuses) in equal amount to the cost of complying with the affordable housing requirement.

### **REQUIRE PARTICIPATION**

- 3) Require residential and commercial developers to contribute toward affordable housing needs, regardless of whether they take advantage of provided incentives.

### **PROMOTE ON-SITE PERFORMANCE**

- 4) Require 15% of total sq. ft. in all commercial and residential developments to be made affordable for renters earning less than 80% AMI and homeowners earning less than 100% AMI. Developers should be allowed to make a smaller portion of the building affordable at lower income levels (renters earning less than 80%-60% AMI and homeowners earning less than 100% AMI-80% AMI).

### **ALLOW OFF-SITE PERFORMANCE**

- 5) Allow private developers the opportunity to fulfill IZ obligations through off-site development if built concurrently, with similar development standards, within close proximity (up to .5 mi. radius). When fulfilling IZ requirements off-site, the affordable housing contribution should be equivalent to 20% of the total sq. ft. in the market-rate development.

### **ALLOW LIMITED FEE-IN-LIEU OPTIONS (if achieving better results than on-site performance)**

- 6) Only allow residential developers to pay a fee-in-lieu in very limited circumstances. When a fee-in-lieu will achieve a greater housing benefit than the performance requirement (without other public funding sources), the Director of the Office of Housing should have the discretion to approve a fee-in-lieu payment.
- 7) Continue to allow commercial developers to pay a fee-in-lieu. This fee should be priced to achieve a greater housing benefit than the performance requirement (without other public funding sources). The majority of these fees-in-lieu should be spent to fund homes affordable at less than 60% AMI.
- 8) The Office of Housing should spend fees-in-lieu as soon as possible, to create consistency of timing, and should prioritize this funding for developments in close proximity to the originating project.

### **REQUIRE LONG-TERM AFFORDABILITY**

- 9) Require any affordable housing created through the IZ program (through on-site or off-site development and through fee-in-lieu) to remain affordable for at least 50 years.

### **RECEIVE REVIEW AND MODIFICATION**

- 10) Receive regular review by City Council, every 4 years, and the Office of Housing, every 2 years. Fees-in-lieu should be adjusted automatically every 2 years based on construction and land costs.

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