

Ideas for Change



Seattle's Housing Future 2015

Version 3.0

Seattle's Housing Future: More Choice, More Innovation, More Access

More jobs and people coming to Seattle and this is great news for our economy, culture, and innovation. But where will all those jobs go and where will all those people live? It's a question that is complex but the answer can be simple: **Seattle needs more housing!**

Housing choice is just as important to a single mom trying to raise two kids on minimum wage, as it is for a young code writer hired for a job at Amazon. Growth is really about people, and that means people of all incomes, backgrounds, living many different lifestyles.

The ideas here come from an array of sources. Some are new ideas, some have been tried successfully, and some are about keeping and improving things that are working. Change isn't easy, but together, using smart, forward looking ideas, we can welcome everyone who wants to live in our city to their new home.

About Smart Growth Seattle

Smart Growth Seattle is a partnership promoting a fresh land use code to manage growth. We collaborate with homebuilders and other stakeholders to help City government adopt codes that are appropriate for meeting housing demand and preserving neighborhood character. We start by identifying ways that the land use code can be improved. We collect ideas and weigh them against a set of principles shared among our supporters. Then, we communicate with City officials to help them enact the smartest solutions.

The Principles of Smart Growth:

Housing Choice: Public policies that attract new businesses to Seattle are creating jobs across all income levels. Smart land use code supports housing choice by enabling homebuilders to meet the needs of new workers and people of all income levels who are looking for a place to call home.

Urban Density: We support Washington's Growth Management Act, which encourages urban density as an intelligent alternative to suburban sprawl. Smart land use code saves rural open space by enabling more people to live in our urban neighborhoods.

Sustainable Development: We believe that our city—and planet—is best served by sustainable development. Simply put, smaller homes are more sustainable than bigger homes and new homes are more energy efficient than old homes. Smart land use code encourages development of smaller homes and more efficient homes.

Economic Opportunity: We believe that homebuilding makes an important economic contribution to our city and that economic incentives are necessary to meet housing demand. Smart land use code uses regulation creatively without setting up economic barriers.

Architectural Diversity: We believe that architectural diversity is part of the heritage of our neighborhoods and gives Seattle a unique personality. Smart land use code respects basic development patterns without discriminating against diverse design and scale

Seattle's Housing Future: More Choice, More Diversity, More Access

Zoning and Housing Types

Single Family Infill

Seattle's Single-Family code was written in 1950s at a time when Seattle was more of a town than a city. By most estimates almost two-thirds of Seattle's land is zoned for single-family. The City has decided to allow growth in these neighborhoods through infill development and accessory dwelling units. As long as there is demand for single-family housing and Seattle has so much land zoned that way, Seattle should allow more home building those zones.

Δ Idea: Keep Seattle's single-family neighborhoods a viable option by allowing more new homes in single-family neighborhoods.

- **Small-lot homes** – The City Council should make the rules about how new single-family homes get built predictable and easy to understand for both builders and neighborhoods.
- **Cottages** – Revise the code to make it easier for the development of cottages in single-family neighborhoods.
- **Accessory Dwelling Units** – Currently Seattle's code allows for Accessory Dwelling Units both inside existing homes (ADUs) and Detached Accessory Dwelling Units (DADUs), but their development has been lacking. The Council should consider options for incentivizing more single-family homeowners to include ADUs in their homes or build a DADU.
- **Flex housing** – All single –family homes should be allowed to be divided into multiple housing units to accommodate new growth. Often as families' age, and children leave, fewer people occupy larger homes. Allowing larger homes to be divided would accommodate growth and give families new options as they change.
- **Corner lots** – There are many corner lots in the city's single-family neighborhoods that could be subdivided to accommodate an additional single-family home facing a street and alley.
- **Courtyard housing** – Clustering attached or detached houses is something that has been tried recently in Portland and would allow more housing in a smaller space. It would also allow an inward facing open space that would allow children the freedom to play outside in safety with supervision from adults. This type of housing could also fit in multifamily zones.

Multifamily

Seattle's multifamily zones range from lower density Low-Rise (LR) zones all the way up to zones that allow high-rise development. These zones are the most efficient in absorbing growth allowing density, height, and aggregation of demand for transit that makes buses, trains, trolleys, and other modes of mass transit for efficient and useful.

Δ Idea: Preserve and expand creative use of density, height, and lot coverage for housing in dense, transit rich neighborhoods

- **Multifamily Tax Exemption (MFTE) Program** – The current MFTE program has proven to be a successful tool for providing rental housing affordable to 80% AMI households. The

City Council should consider expanding the program to existing housing and extending its geographical boundaries. It should not add more requirements or rules that would discourage developers and landlords from using it to create affordable units.

- **Support continued microhousing development** – Microhousing has become an important housing type that meets the demand for housing for many people of many ages, professions, and incomes without subsidy from government. The City Council should do what it can to let microhousing development continue to meet demand for housing from those who don't drive and want less living space.
- **Keep the LR3 Zone as a growth zone** – The Low-Rise 3 or LR3 zone has been a powerhouse of growth, absorbing new people in a wide array of housing types from duplexes and microhousing to repurposed single-family homes turned into small apartment buildings. The City Council should encourage more growth and experimentation in the LR3 zone with different types of multifamily housing and resist the urge to lower heights and density.
- **Focus multifamily growth in areas with high quality transit** – Household expenses can be greatly reduced when transit access enables car-free lifestyles. Money saved by not owning a car can be applied to the cost of housing, effectively making it more affordable. The City should craft policies and regulations that promote multifamily development in areas with high-quality transit access—the LINK light rail station areas in particular. To achieve these goals, the Seattle Planning Commission recently made a recommendation to establish Transit Communities.
- **Reduce barriers to housing production** – When the real estate market heats up the best thing the City Council can do is let the market produce more housing. More housing to meet demand will stabilize or lower housing prices. When prices flatten, or start to fall, then builders need an incentive to take the risk to build more. And always
 - **Create real incentives for developers to build more housing** – along with programs like MFTE, the City should find ways to reduce the risks and costs of building additional units in permitted projects. This could include speeding up and streamlining design review for example or developing guarantees for additional rental units.
 - **Subsidize housing where people want it and need it most** – the data show that the greatest need for housing is at lower levels of income and the City should use resources to meet that need in all neighborhoods, not just in places where there is new construction. There are many communities, especially around light rail, that want to build housing in those neighborhoods and improve housing supply for people at lower levels of income.

Financing

Δ Idea: Use existing financial tools and resources more effectively and develop new ones.

- **Multifamily Tax Exemption (MFTE) Program** – The current MFTE program has proven to be a successful tool for providing rental housing affordable to 80% AMI households. The City Council should consider expanding the program to existing housing and extending its geographical boundaries. It should not add more requirements or rules that would discourage developers and landlords from using it to create affordable units. Council could also consider expanding the MFTE Program to apply to owners who wish to provide below-market-rate rentals in existing housing.
- **Make existing affordable housing funds easier to access and use** – Historically, there has been a lag of 3 to 4 years between when the Office of Housing receives funding, and when that funding is applied to affordable housing projects. This delay slows the development of needed affordable housing.

- **Land acquisition and loan programs for land** – The City should improve and expand existing programs to acquire land. For example, the 2009 Housing Levy authorized \$6.5 million for Acquisition Opportunity Loan Funds, but so far the loans have not been applied to land acquisition.
- **Purchase/Preservation of existing low-cost housing** – During economic downturns there are often opportunities to purchase distressed multifamily properties at considerable discounts. The City's Housing Levy funds are not subject to the economic cycles of the private market, and could be used to make bargain purchases of affordable housing that could later be sold to entities such as the Seattle Housing Authority or other affordable housing non-profits; transactions could be handled by a Public Development Authority.
- **Transfer of Development Rights (TDR) for Affordability** – If a particular building has had historically low rents and might be sold for redevelopment, the owner should be able to sell the potential value of the redevelopment of the site to a developer elsewhere in the city who wants more leasable space. This would allow the preservation of existing low-rent, unsubsidized housing units while still allowing the same number of units to be built.
- **Tax underutilized land to fund subsidies** – Generally speaking good tax policy taxes things that we want less of, raises revenue, and helps ensure fair resource distribution. At a time with lots of new jobs and people coming to the city, dense development is the most efficient use of a scarce resource: land. The City of Seattle should consider existing and new tools that would shift the tax burden toward underdeveloped property and away from dense and efficient use of land.
- **Public Private Partnerships for financing, land acquisition, and technical assistance** – As Seattle grows the City should find ways to facilitate more collaboration between smaller organizations with less capacity that want to build affordable housing. The 4 percent tax credit program could be an excellent opportunity for building mixed income projects throughout the city.
- **Offer more relocation assistance** – Current City of Seattle regulations provide for \$3,000 in relocation assistance to households with incomes at 50% AMI and below. The cost is split between the City and the owner. The number of households using the relocation assistance from 2000 to 2005 was less than half of the total number of housing units replaced.
- **Explore Tax Benefit Districts and Public Development Authorities for housing** – The State's Constitution limits methods for capturing increases in property values created by new development and building. The City should aggressively pursue the limits of existing tools like Tax Benefit Districts and Public Development Authorities to leverage tax and debt capacity. Public financing is much more affordable than private equity or bank debt.
- **Tax Increment Financing** – A few years ago an excellent Constitutional amendment was drafted that would allow ad valorem taxation for an efficient and true value capture mechanism. The City should advocate for this version of Tax Increment Financing (TIF) as a longer-term strategy to create more public resources for infrastructure, including housing. Even market rate housing would be less expensive with TIF since it would make public infrastructure financing much less expensive.

Reform, Reformat, and Rethink Rules and Regulation

Δ Idea: Review ways in which current regulation could be pared back to allow more housing, both market rate and affordable

- **Use public lands for housing** – The State constitution generally restricts cities and counties from giving property to private individuals or from offering it for less than fair market value ([Article VIII, 7](#)). However, if the property would be used to directly benefit the “poor and infirm,” the City could “lawfully donate surplus city property to an organization for use for the benefit of the needy.” The City should pursue this potential for donating or selling land it owns at less than fair market value for affordable housing development.
- **Fix design review** – City staff have said in public documents and reviews that design review adds costs, time, and doesn’t lead to the outcomes neighborhoods or developers want. The City needs a lean review of the process and a serious reset on what the outcomes it wants to achieve with design review. Currently, design review does not yield benefits that equal costs nor do they meet the expectations of neighborhoods that want to stop projects.
- **Create new Neighborhood Development Manager (NDM) position** – Over a decade ago the City abolished the NDM position and the program of funded and staffed neighborhood plan implementation. The City should reconstitute the program of 6 well-paid and politically supported City staff that can work together with neighbors, City Departments, and private builders as neighborhoods grow. The program was effective during its short life in helping neighborhoods figure out how to accommodate new projects rather than arguing about whether new growth should happen.
- **Explore Lean Urbanism** – Lean Urbanism is a movement that has grown out of the work of Andres Duany, a planner and architect. An important element of Lean Urbanism is the idea that sometimes rules, regulation, and even planning itself can retard innovation and limit new ideas. The City should support, study, and incentivize spontaneous and unorthodox approaches to welcoming growth with pilot projects and an audit of the code to reduce its complexity.
- **Try a zero based zoning experiment** – Zero Based Zoning is a concept that would allow developers, neighbors, and funders of new projects craft development projects without any code requirements other than those required for health and safety. After review by the City’s Planning Commission, the project proposal would be submitted to the City Council for an up or down vote.