

O'Brien Proposal

Affordable Housing in South Lake Union – 3/21/13

- 1) **Near Term Action:** Adjust pay-in-lieu price for South Lake Union and Downtown to account for inflation and achieve on-site performance.

Project Type	Current Pay-in-lieu fee/gross sq. ft.	Proposed Pay-in-lieu Range	Proposed Pay-in-lieu fee for South Lake Union and Downtown
Residential	\$15.15/gsf	\$22.00 – \$25.00/gsf	\$21.68/gsf
Commercial	\$22.00/gsf	\$29.00 – \$32.00/gsf	\$29.27/gsf

Methodology to achieve price:

- Apply CPI increases to the existing pay-in-lieu price since prices were set : 2006 (Residential) and 2001 (Commercial). Maintain same percentage of total units affordable housing policy (~4–6% of total building). Add a 20% premium to residential rate to incentivize on-site performance.
- Models indicate that this base residential pay in lieu price is financially equivalent to performance on site for a 240 foot tower. Adding a 20% premium to the residential rate makes pay in lieu the more expensive alternative on most projects resulting in on-site performance.

Results:

- Workforce housing (80% AMI) built in South Lake Union.
- An additional \$13–\$18 million invested in affordable housing, and
- Housing developed at the same time as market rate housing, allowing the neighborhood to “grow up” together.

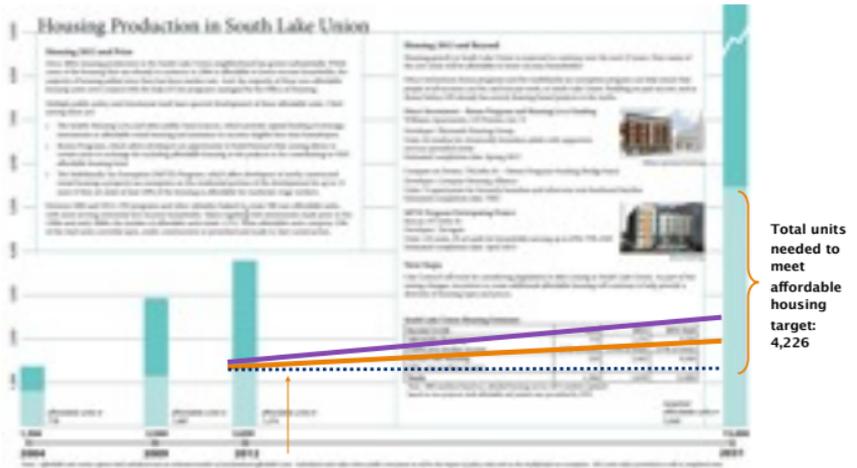
- 2) **Long Term Action:** Establish path for additional increases of affordable housing set-asides over time in order to achieve a greater portion of neighborhood goals (4226 additional affordable units by 2031).
- 3) **Further Study:** Establish Committee to review affordable housing policies city-wide.
- a. **City-wide needs and strategy**
- Review affordable and workforce housing needs city-wide and assess city plans to meet need at all levels of affordability.

- Articulate the city's strategies to meet specific needs including the role of subsidized housing, market rate development, the incentive zoning program and any new proposals to meet each level of affordability.
- Recommend changes in strategies to achieve goals.

b. Incentive Zoning specific policy

- Establish specific percentage of affordable workforce housing that commercial and residential development projects are required to include when accessing bonus height and FAR.
- Evaluate efficacy of pay-in-lieu program and off-site performance options and whether to continue them.
- Determine index for pay in lieu price to accurately capture inflation.

b. Committee Make-up: Members appointed by both Council and Mayor.



Orange line represents initial proposal and yields 727 units of workforce housing, or 17% of the housing we need to reach our goal by 2031.

Purple line represents an increase in the pay in lieu prices to that yields an estimated 250 additional units, getting us to 23% of the affordable housing units we need to create by 2031.