

EXHIBIT C



Statement of Intent for Basic Framework for Mandatory Inclusionary Housing and Commercial Linkage Fee

The parties agree that the following framework represents an agreement in principle to adopt and support the following actions. It is the intent of the parties to work in collaboration to achieve the terms of this framework. It is understood that during the course of conducting the necessary analysis and drafting of legislation, some of the terms may be modified. The parties agree to work collaboratively toward finding solutions in keeping with the spirit of this framework and the terms described below.

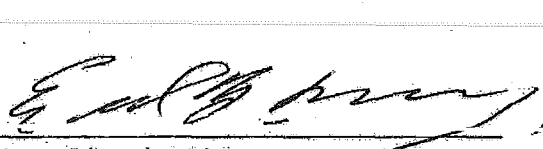
Framework document to be signed by participants in these negotiations.

- 1) The shared goal is that the development of a Commercial Linkage Fee and the Mandatory Inclusionary Housing ordinances combined shall target a projected production level of no less than 6,000 affordable units at 60% AMI and below over ten years. In the event that in the course of program design, production levels are projected to fall below 6,000 affordable units at 60% AMI over 10 years, all parties agree to develop and consider options to achieve the projected production target.
- 2) For residential property, there will be a new Mandatory Inclusionary Housing program with an upzone with following characteristics:
 - a) Mandatory Inclusionary Housing program would not go into effect until adoption of additional zoning capacity.
 - b) For low-midrise areas, this would add additional floor(s)/FAR across most zones at or below 85' (including LR, NC, C, MR).
 - c) This would change roughly 6% of all Single Family zoned land – that in Urban Villages and along corridors – to Lowrise (LR1 and in some cases LR2 and LR3).
 - d) For low- and mid-rise, including new LR, the affordability requirement would vary by market, and for <65' zones be set at rates for high (7%), medium (6%), and low (5%) inclusion of 60% AMI.
 - i) While affordability will be set at 60% AMI, this could also be met with comparable worth of fewer apartments at greater affordability, as approved by the Seattle Office of Housing.
 - ii) We will explore separate requirements for properties currently at 65', 85' and MR that have some combination more capacity/density, lower affordability, or less favorable numbers.
 - e) The payment-in-lieu option would be set by calculating cost as the capitalized value of the loss of net operating income with some additional charge (10%) to account for delay and inflation of paying for someone else to construct the home. (More detailed document available)
 - f) For high-rise areas (DT/SLU/HR-First Hill), residential buildings would be given an extra ~1,000 sf/floor.

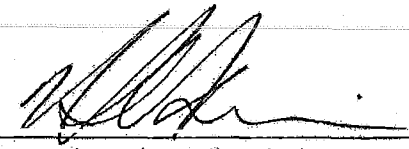
- i) This increment would be charged at the current incentive zoning rate.
 - ii) This increment would be viewed as part of mandatory incentive zoning, so the value of this available increment would be paid towards affordable housing whether or not the increment was used.
 - (1) DPD would grant relief from other dimensional code requirements as necessary to accommodate additional capacity in most cases.
 - (2) In the limited number of cases where regulatory/permit requirements prevent the use of some of the additional capacity, additional fee would be adjusted downward to reflect this loss.
- g) Zoning changes would be "zone-wide", but completing proper EIS, legislative process, would take 2+ years to pass. The timeline for adoption of the Mandatory Inclusionary Housing program will be defined in a Resolution in 2015, with an implementation plan to pass all ordinances by September 2017.
- h) There would be efforts to move some areas sooner with Mandatory Inclusionary Housing requirements that reflect this framework:
- i) Neighborhood upzones in progress: U District, 23rd Ave, Bitter Lake, Uptown, Delridge.
 - (1) For these areas, the mandatory inclusionary requirement would, in most cases, be incorporated into the already anticipated additional height and set as comparable percentage 5% - 7% of total building.
 - ii) Areas with recent EIS work that anticipated more capacity than was zoned: Downtown, SLU, HR, South Downtown.
 - iii) Possibly areas covered under Comp Plan EIS such as converting Single Family in Urban Villages and expanding Urban Village boundaries.
- i) Other considerations:
- i) An affordable unit may be used to satisfy requirements of both the Mandatory Inclusionary Housing program and MFTE (i.e. programs may overlap on the same unit), but would have to demonstrate deeper affordability, as approved by the Seattle Office of Housing.
 - ii) Off-site performance would be allowed, as approved by the Seattle Office of Housing.
- 3) For commercial properties, there will be a Commercial Linkage Fee, that will:
- a) The fee would be set for 10-years (indexed for CPI). Additional changes could only occur based on the Mayor and the Council appointing a Technical Review Committee (additional document).
 - b) Be phased-in over 3 years to match increases in zoning/capacity. Imposition of fee in Year 3 conditioned on adoption of additional zoning capacity. Fee would supersede current housing bonus fees.
 - c) The linkage fee amount for a project will not exceed the amount of bonus fee payable under current zoning until FAR capacity increase is effective. Technically, a project would pay the higher of (i) the linkage fee on the entire building, or (ii) the bonus payment on the bonus portion under current code. The phase-in would be structured to ensure that prior to the adoption of the FAR capacity increase, the existing bonus payment would always exceed the phased-in linkage fee. If there is currently no bonus payment, the linkage fee payment would be \$0 until the FAR capacity increase.

- d) Outside of DT/SLU:
 - i) These zoning changes would come in form of the Mandatory Inclusionary Housing program of additional height and FAR.
 - ii) The fee will vary by zone from \$5/sf - \$8/sf
 - e) In DT/SLU:
 - i) Buildings would be given an additional FAR (this could be done, in at least SLU, next year).
 - ii) The fee will vary by zone from \$9/sf - \$14/sf where additional capacity is added, expanding upon current IZ program. (examples: DOC1, DOC2, DMC 340, DMC 240, SM 160/85-240 and IC 85-160)
 - iii) Additional work will be done to develop new zoning capacity where possible and fees for zones with additional restrictions (examples: DRC; DMC less than 240'; DMR; PSM; IDR; PMM; DH1; DH2; SM-65; SM 85/65-160). Fees in these zones would need to be accompanied by new capacity.
 - f) Major Institutions will be exempt from the Commercial Linkage Fee, but requirements would be reviewed as part of any future reviewing of the Major Institutions Ordinance.
 - g) Sites with existing site-specific affordability requirements or special zoning restrictions (e.g., under the Code or a separate rezone agreement) would be reviewed for appropriate range of benefits and fees.
 - h) DPD would grant relief from other dimensional Code requirements as necessary to accommodate additional capacity in most cases.
 - i) In the limited number of cases where regulatory/permit requirements prevent the use of some of the additional capacity, additional fee would be adjusted downward to reflect this loss.
 - j) The Commercial Linkage Fee as described would be passed by Council this year.
- 4) Other commitments:
- a) The Mandatory Inclusionary Housing program and Commercial Linkage Fee are but two parts of a larger set of HALA-endorsed strategies to build more affordable housing across the city and across the economic spectrum, including for where the need and need for resources is most acute – the homeless and others in 0% - 30% AML. All parties will need to work together to advance the entire agenda, including:
 - i) Renewing an expanded 2016 Housing Levy
 - ii) Passing a .25 increase in REET and expansion of Housing Trust Fund in Olympia.
 - iii) Revise and expand the MFTE to include longer affordability requirements and the ability to ensure affordability in preservation/renovation.
 - iv) The zoning changes required for Mandatory Inclusionary Housing.
 - v) Additional policy recommendations supported by HALA.
 - b) Commitment from “major players” to not pursue legal action on either Mandatory Inclusionary Housing or Commercial Linkage Fee.
 - c) Commitment to support this package of Mandatory Inclusionary Housing and a Commercial Linkage Fee as described in this document.

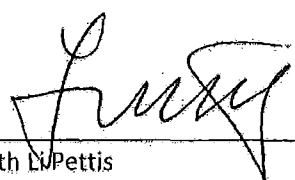
On July 13, 2015, the following parties hereby agree to work collaboratively to adopt, develop and support the above outlined framework towards a shared goal of more affordable housing for the City of Seattle.



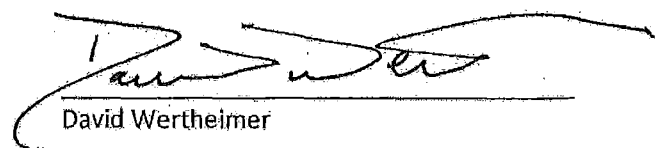
Mayor Edward B. Murray



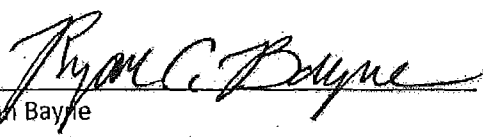
Councilmember Mike O'Brien



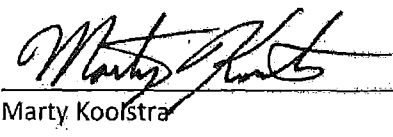
Faith LiPettis



David Wertheimer



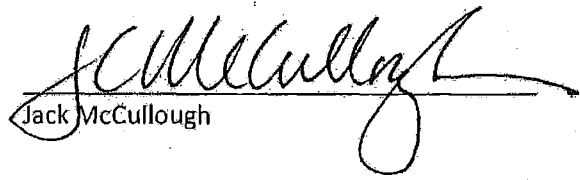
Ryan Bayle



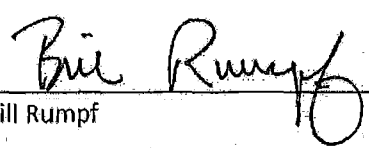
Marty Koolstra



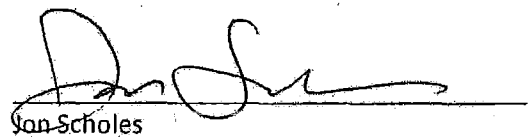
Paul Lambros



Jack McCullough



Bill Rumpf



Jon Scholes