

Housing Innovations Program (HIP) Complete Housing Toolkit

Accessory Dwelling Units (ADU)	1
Affordability Covenants	3
Cluster Development	4
Commercial Linkage Fees	5
Community Outreach Plans	6
Cottage Housing	8
Credit Enhancement	9
Density Bonuses	10
Design Guidelines	11
Development Agreements	12
Direct Household Assistance	13
Displacement Resources	14
Educating Permitting Officials	15
Fee Waivers or Reductions	16
Flexible Single Family Development Regulations	17
Foreclosure Resources	18
Form-Based Zoning	19
Incentive Zoning	20
Inclusionary Zoning	21
Infill Development	22
Interjurisdictional Cooperation	23
Local Housing Fund	24
Lot Size Averaging	25
Master Planned Communities	26
Minimum Densities	27
Mixed-Use Development	28
Mobile/Manufactured Homes	29
Multifamily Development	30
Multifamily Tax Exemption	31
NIMBY, Strategies to Address	33
No Maximum Densities	34
Nonprofit Partnerships	35
Parking Reductions	36
Performance Zoning	38
Permitting Priority	39
Planned Action EIS	40
Planned Unit Development (PUD)	41
Preservation & Rehabilitation	42
Public Land for Affordable Housing	43
Regulatory Streamlining	44
SEPA Categorical Exemptions	46
Short Plats	47
Small Lot Development	48
Strategic Marketing	49
Transfer of Development Rights for Affordable Housing	50
Transit Oriented Development Overlays	51
Townhomes	53
Upzones & Rezones	54
Zero Lot Line Development	55

HIP Tool: Accessory Dwelling Units (ADU)

An accessory dwelling unit (ADU) is a small, self-contained residential unit built on the same lot as an existing single family home. ADUs may be built within a primary residence (e.g., basement unit) or detached from the primary residence. They can be an effective way to add variety and affordable rental housing stock to existing single family neighborhoods.

Background

What issues do accessory dwelling units address?

Housing Diversity. Accessory dwelling units add variety and housing choice in single family neighborhoods. Units are generally smaller than traditional single family homes. In addition to adding different sizes and forms of housing, ADUs can also add rental opportunities to largely owner-occupied neighborhoods. ADUs can be a great option for allowing residents to age in place or live with or near family and caregivers, providing a flexible way to address family needs for additional housing.

Affordability. In expensive single family dominated areas, accessory dwelling units can also provide affordable housing choices. Most communities require an ADU to be smaller than the primary home on the property, and the smaller size can reduce the rental price of the unit. Monthly rent of the unit would likely be lower than a mortgage payment for a house in the same neighborhood. Residents would likely not bear the maintenance and other costs associated with owning a home. Depending on how the ADU is constructed, residents may be able to share utility costs with the primary residence. For example, if the unit is attached to the primary residence, utility costs may be lowered by the simple efficiency of shared walls. For homeowners, an ADU can be an additional source of income for property owners, offsetting the cost of home ownership.

Density. Accessory dwelling units are a way to create infill housing and add density to single family neighborhoods without compromising the character or design of a community. ADUs can help jurisdictions achieve housing goals by providing density with an alternative approach to apartment complexes.

Where are accessory dwelling units applicable?

Accessory dwelling units work in every size jurisdiction. While Washington cities and towns with populations greater than 20,000 are required to plan for ADUs in single-family zones (RCW 43.63A.215), smaller cities frequently find on their own that ADUs provide an answer to some of their key housing goals at a variety of densities and neighborhood settings. Larger cities that already allow ADUs may be interested in revisiting their ordinance to expand their application. ADUs are particularly helpful in providing new housing options in cities or

neighborhoods that are already built out, or where the character is to remain single family in design but with increases to density.

Accessory dwelling units are excellent tools for adding housing choices in centrally located residential zones. Encouraging units in neighborhoods near transit, shopping and other amenities can provide additional affordability and convenience from reduced transportation costs. ADUs are also effective in rural areas, providing people who work in agricultural or isolated areas with opportunities to locate nearer to their job, without having to purchase a home or large tract of land.

HIP Tool: Affordability Covenants

Affordability covenants can be incorporated into affordable housing projects to limit the resale price of ownership units or tie rents to established income thresholds to maintain the affordability of the units, either for a set period of time or in perpetuity. These controls can be set up through regulatory agreements, deed or mortgage restrictions, options or other legal agreements.

Background

Deed- or title-based price controls use income-based restrictions and other qualifications (e.g., household size, employment status) to preserve affordable housing. In owner-occupied housing, price controls ensure that when a unit is put back on the market, it remains at a price attainable to low-income families. The equity the owner has in the home is limited, thus constraining the return the owner can receive when the home is sold, but conditions in the deed generally ensure that the owner receives some profit. In rental buildings, price controls set rent limits to a percentage of median county income for a particular household size.

Cities can advocate or mandate affordability covenants when a developer is constructing affordable homes, but they do not generally write the deed or manage the income-screening process. A non-profit developer or housing authority administering the unit usually handles income or household screening required to qualify for the unit. An ordinance attaching a covenant to a particular regulation may specify language to be included in the recorded covenant, including its duration, eligibility requirements, and how the covenant is attached to the property. The covenant is recorded with the county recorder. Depending on how the covenant is written, the city may later play a role in ensuring that the unit remains affordable if the property is redeveloped or resold. Units constructed under some programs, such as the multifamily tax exemption, require affordable units to remain so for a specified number of years. Affordability covenants can be mandated with a provision of an incentive, such as density bonuses.

HIP Tool: Cluster Development

Cluster subdivisions or developments locate housing around green space or other amenities, allowing houses to be closer on one portion of a site to preserve natural features elsewhere. This can increase land use efficiency, lower infrastructure development and maintenance costs, lower site grading and drainage costs, and help preserve open space and natural features. Clustering is often used when a portion of a building site is constrained by sensitive or critical areas or as a rural development technique.

Background

Cluster development can relieve development pressure on environmentally sensitive areas, greenbelts and rural and resource lands by focusing development in one location while preserving open space. Cluster development can provide benefits in addition to land conservation. The smaller, denser home sites can introduce different housing types into areas dominated by large-lot single family development. In areas with high land values, a smaller lot or home with open space owned in common can reduce housing costs. Additionally, cluster development can reduce developer costs. Clustered homes are often grouped around a common space instead of placed in rows along roadways, saving on infrastructure costs. Developer savings can be passed on to residents, increasing the affordability of these units.

Cluster development requires relaxing development standards for setbacks, lot sizes and densities to permit such compact development. In a cluster development, the total number of units is established independently of minimum lot standards. The portion of the site held out of development is counted towards the gross density of the parcel. Cluster ordinances incorporate design standards, along with minimum open space and density standards. Cluster design standards can be either voluntary or mandatory. Voluntary provisions are often paired with incentives like density bonuses, which are awarded based on established performance standards. Cluster development ordinances can specify how preserved open space is used and managed.

Review and permitting of cluster developments is usually similar to that of a regular subdivision. Communities permit cluster development by adopting an ordinance specifying standards for cluster subdivision review or permitting the development type in certain zones. This technique may require considerable outreach to developers and building staff for both promoting and understanding cluster development.

HIP Tool: Commercial Linkage Fees

Commercial linkage fees are a form of impact fee assessed on new commercial developments or major employers based on the need for workforce housing generated by new and expanding businesses. Revenues generated by the fee are then used to help fund the development of affordable housing opportunities within accessible commuting distance to the employment center.

Background

Commercial linkage fees build upon the relationship between commercial and residential development. They hinge on balancing the impact of growth in non-residential development by stimulating affordable residential development for workers or supporting demand for services.

Linkage fee schemes vary by the type of commercial development (generally office, hotel, retail, or industrial). Different development types may be charged separate rates per square foot of development, due to their differing levels of impact. A threshold size of development may also be established to exempt smaller developments. Linkage fees may be structured to devote a percentage of the fee specifically to different public benefits, for example, a \$3.50 per square foot fee with \$3 benefiting affordable housing and \$0.50 supporting open space. Setting the correct fee level requires analyzing the types of jobs the development will create and the affordability of housing within a reasonable commuting distance of the development. If, for example, a development will create or stimulate lower-paying service sector employment, the linkage fee may need to be higher to close the larger gap between income and nearby affordable housing. If the development will create higher paying jobs, in technology or engineering, for example, the linkage fee may be smaller. The size of the fee will also vary by jurisdiction, with more expensive markets having larger commercial linkage fees.

This tool requires a vibrant development climate to succeed. Depending on your community's needs, the fees collected can be applied to any type of affordable housing proposal or district. Commercial linkage fees can serve as a designated revenue stream for a local housing fund.

HIP Tool: Community Outreach Plans

Outreach plans provide a strategic road map for bringing key stakeholders and underrepresented groups into the planning process, increasing community awareness and providing opportunities for constructive citizen engagement and community input regarding a planning effort. Plans may contain a background assessment of the issue at hand, why the issue is important, public opinions on the issue and strategies to address potential barriers and community needs.

Background

What issues do community outreach plans and strategies address?

The intent of community outreach is to involve the public in a decision-making process. People are often sensitive to the possibility of neighborhood change. While you may not see affordable housing opportunities as threatening the character of a neighborhood or city, residents may be uncomfortable or resistant for a variety of reasons.

Community outreach gives citizens an opportunity to be heard, to learn more about proposed actions and to participate in shaping development. It also presents an opportunity to bring disenfranchised or underrepresented voices into the conversation. Targeted outreach efforts can reach out to specific groups that are not usually present in the decision-making process.

Outreach provides planners with experiential knowledge to incorporate in policy, an opportunity to educate and invigorate the public on controversial issues, power to counter NIMBY attitudes and an opportunity to collaboratively plan with the public.

Where are community outreach plans and strategies most applicable?

Depending on the issue and scope of interest, outreach can be geared towards an entire city, residents within a given zone, a single neighborhood or population group. Outreach plans are applicable to all project types, focus areas and affordability levels, and may be tailored to meet unique needs. The goal is to increase community understanding and awareness of an issue. While the means for doing this may vary by project, the intent and need for community outreach can apply to all dimensions of affordable housing production.

Community outreach plans and strategies can apply to any jurisdiction interested in engaging the public for a variety of reasons:

- Soliciting input on a proposed change in policy or an ordinance.
- Creating a vision for a neighborhood or entire town.
- Receiving feedback on a proposed development.
- Connecting citizens interested in working on a particular issue.
- Understanding the sentiment behind opposition to a policy or development.

- Educating the public on an unfamiliar issue.
- Providing facts and information about a contested or controversial issue.

HIP Tool: Cottage Housing

Cottage housing developments are groupings of small, attached or detached single family dwelling units, often oriented around a common open space area, and developed with a coherent plan for the entire site. Cottage housing is typically built as infill development in established residential zones and can provide increased density, diversity and a slightly more affordable alternative to traditional detached single family housing.

Background

Cottage housing is effective in medium to higher density single family areas, especially those with larger vacant or redevelopable properties or in neighborhoods built well below maximum density.

Households that locate in cottage housing tend to be demographically different than those seeking traditional single family homes (e.g., smaller households, fewer children, fewer cars), and this is important to consider when crafting a cottage housing ordinance. Consider parking reductions, especially in areas with good transit access. Other issues to address in the ordinance include: density (using FAR instead of dwelling units per acre may be more appropriate), setback and lot size requirement exemptions, and common area/green space requirements.

The increased density and novelty of these developments might be sensitive issues for neighbors. Pair a new cottage housing ordinance with education and outreach strategies that promote understanding of the program. As cottage housing is generally built by private developers, development interest in your community is essential to this strategy's success. Be sensitive to creating an overly burdensome approval process, which can discourage interest. Communities should consider developing a trial period for cottage housing to ensure that the regulations and process are meeting the community vision for this development type. One bad project that is labeled a "cottage housing" development can stigmatize that product type for an entire community.

Although cottage homes are smaller units, they may not necessarily be less expensive for the developer to construct. Common ownership of open space or single ownership of smaller lots may make the units more affordable in markets with high land values. Combining incentives like density bonuses with this strategy may also be helpful in making the homes affordable to lower income households.

HIP Tool: Credit Enhancement

Credit enhancement refers to the backing of a loan or bond for an affordable housing project by a local government. This makes the investment more attractive to a bank or bond investor, therefore lowering the interest rate. The cost savings are then transferred back to the affordable housing developer.

Background

Credit enhancement provides leverage to developers creating housing that achieves a jurisdiction's housing goals. A jurisdiction specifies the criteria a project must meet to qualify for the enhancement program, such as transit-oriented housing development or housing within urban centers. If a project qualifies, it must construct a specified amount of affordable housing as a part of the development, or pay the jurisdiction in lieu of on-site construction.

Constructing a credit enhancement program requires an ordinance authorizing the program. The ordinance should specify the types of developers eligible for the program (private or non-profit developers) and the intended beneficiaries of the project, such as the specific income levels or populations. Additional review processes required for approval should also be specified. Jurisdictions may choose to assign an application fee.

Once the program is in place, planners and building officials can actively market it to developers as projects are proposed, or passively wait for applications to enter the system. The project review team that administers the program will require expertise in housing development and real estate finance and law. Because of the resources required to administer this tool, smaller jurisdictions may want to pursue interjurisdictional cooperation to administer the program and provide sufficient leverage and review.

HIP Tool: Density Bonuses

Density bonuses are a zoning tool that permits developers to build more housing units, taller buildings, or more floor space than normally allowed, in exchange for provision of a defined public benefit, such as a specified number or percentage of affordable units included in the development. An affordable housing density bonus program can be designed to allow developers to contribute to a housing fund in lieu of building the affordable units.

Background

What issues do density bonuses address?

Density bonuses provide incentives for specific development types that achieve an agreed upon community vision. This tool can help encourage lower cost market-rate housing in areas with high land costs. Density bonus programs encourage developers to create affordable dwelling units in areas where the local government has identified a shortage of housing affordable to low- and moderate-income households. Density bonuses can also be used to entice development to specific neighborhoods or zones, such as transit-oriented development in station areas or housing in urban centers, or provide amenities, including open space or transit and non-motorized transportation features.

The result is development that provides public benefits without direct public funding. The added density is intended to compensate the developer with additional revenue from constructing additional dwellings, recognizing the added costs of development or differences in profit margins between market rate and below market rate units.

Where are density bonuses most applicable?

Density bonuses are a way to harness strong housing markets to construct affordable housing and other necessary public benefits. Communities that have strong housing markets and wish to instigate affordable and diverse housing options not available through the private market should consider offering a density bonus system in single-family, multifamily or mixed-use zones. Different levels of bonus may be offered for different development intensities. This tool tends to work well if market rents or home prices are high, land values are high, and development capacity is artificially constrained (that is, developers want to build much more densely than zoning allows). If developers can easily develop market-rate housing at lower densities, the density bonus will not likely be used often.

Density bonus and height or floor area ratio incentive programs are also created for areas where a community wants to establish a particular building scale and character – for example, multistory mixed-use developments with underground parking in a downtown.

HIP Tool: Design Guidelines

Design guidelines help ensure that new development is aesthetically and functionally compatible with the current or desired character of a neighborhood or community. Design guidelines are criteria that specify the form of new development. They can address a range of elements, such as site layout, scale, architectural features, circulation and parking configuration, open space, landscaping, and related topics. Balanced guidelines should promote good design without imposing prohibitively costly requirements on new developments. They can serve to facilitate community acceptance of affordable housing projects or increased densities.

Background

What issues do design guidelines address?

Design guidelines represent community aspirations for future development. They can play a significant role in winning community support for affordable and more dense or diverse housing. The process of creating design guidelines serves to inform the community about housing issues, particularly addressing the myths that affordable or new forms of housing are unattractive and not compatible with the neighborhood. Developing design guidelines should be a public process that offers citizens an active role in shaping their environment.

Where are design guidelines most applicable?

Design guidelines can be implemented by any jurisdiction. They are most applicable to communities where affordable housing or innovative development is underway or being considered. Because they are particularly helpful in mitigating concerns about unsightly or disconnected development, design guidelines are helpful in communities where resistance to new development is strong.

HIP Tool: Development Agreements

Development agreements are contracts negotiated between a developer and a local jurisdiction to specify the terms by which a proposed project moves forward. Development agreements are often used to resolve or mitigate site-specific issues that are not well addressed by standard development regulations. These issues often arise from complex or unique projects. They can also be used to formalize an arrangement in which the developer provides certain public benefits (e.g., affordable housing) in exchange for certain concessions by the jurisdiction (e.g., regulatory flexibility, density bonuses).

Background

Development agreements are attractive to developers because they secure approvals at the outset of a project and assure that multi-phased projects will not be subject to regulations adopted after an initial application is approved. Such agreements are mutually beneficial because the jurisdiction can specify the inclusion of public benefits like affordable housing and provide an additional measure to ensure consistency of developments with planning goals.

Development agreements are voluntary for both parties. Agreements must be negotiated with final approval by the legislative body of the jurisdiction. Any development agreement the local government enters into must be consistent with the City's development regulations. The agreement must be comprehensive and specific on the intent and connection of the public benefit to the development.

Negotiating the agreement may require intensive efforts on the part of local government staff, as well as elected officials. Some jurisdictions hire third parties to help them negotiate on the local government's behalf.

HIP Tool: Direct Household Assistance

Jurisdictions can establish financial assistance programs that provide direct monetary assistance to low-income renters, owners and first-time homebuyers. Forms of assistance can include monthly rent and utility support for low-income households, grants and loans for low-income homeowners undertaking weatherization and repair, or grants and loans for first time homebuyers for down payment, closing costs and mortgage assistance.

Background

To cover temporary financial hardships and prevent homelessness, mortgage, rental, and utility assistance programs provide families with low-interest loans or grants to bridge a gap in payment. This ensures stability and safety for low-income households. In the central Puget Sound region, state funding for transitional housing and rental assistance is distributed through county human services offices and non-profit organizations. Utility assistance programs are generally offered through the winter and early spring months. These programs are generally available only for very low-income residents.

Many financial assistance programs aid low- to moderate-income households in purchasing a home. Down-payment assistance programs offer subsidized loans to low- and moderate-income homebuyers who would otherwise qualify for mortgages, but are unable to afford a large sum of money at a single time. Organizations that offer alternative ownership arrangements, such as community land trusts, offer down-payment grants that raise the purchasing power of would-be homeowners.

Grant and loan funds are also available for low-income homeowners for rehabilitation and weatherization of their homes. See the Preservation tool for more detail.

HIP Tool: Displacement Resources

Displacement can refer to several different processes. First, residents may be displaced when a property is slated for redevelopment, conversion, or when the affordability restrictions on a subsidized unit/building expire. A second definition of displacement describes the impact of increasing housing prices in a neighborhood prompted by neighborhood reinvestment, major infrastructure investments, and processes of gentrification. In this scenario, displacement may occur through legal rent increases, illegal evictions, and foreclosure. State legislation (RCW 59.18.440) establishes standards for the former definition regarding the amount of financial support jurisdictions and property owners are required to provide to displaced residents. Resources to mitigate the latter definition of displacement include, but are not limited to: preservation of affordability, community land banking, community land trust, right of first refusal, relocation advisory services, reimbursement for moving expenses, and payments for the added cost of renting or purchasing comparable replacement housing.

Background

Housing demolition, conversion of apartments to condominiums, market pressure, speculation, redevelopment of aging subsidized housing and closure of manufactured housing communities threaten to reduce the availability of affordable units and displace low-income residents. For displacement caused by housing demolition or conversion, many jurisdictions require a one-for-one replacement or a payment to the city's affordable housing fund in lieu of replacement. However, the units are often available too late for displaced residents or built too far away. To cover the cost of moving and resettling because of displacement, federal, state and local funds are available to low-income residents, depending on the displacement circumstances. Federal relocation assistance is available only to residents displaced by federally funded projects. The state of Washington has adopted legislation authorizing local jurisdictions to require relocation payment to low-income tenants displaced by housing demolition, change of use, substantial rehabilitation, or removal of use restrictions from assisted housing (RCW 59.18.440).

Washington State also provides relocation assistance to low-income residents of manufactured housing communities when the property they reside on is sold for a new use.

HIP Tool: Educating Permitting Officials

The development process and timeline for affordable or innovative housing projects can differ from typical market rate projects. The administrative process will be smoother and more supportive if permit and building department staff are included in policy development and proactively kept up-to-date on affordable housing finance and diverse housing options in the city. Staff should also understand the importance of project schedules associated with subsidized projects.

Background

Building department staff are often the first point of contact for property owners interested in developing their land. Building officials and permit staff should be kept on board with the jurisdiction's affordability and density goals, as well as any new regulations on innovative housing. It can make the processing and approval of development applications more efficient. Building officials and permit coordinators are a source to developers for the latest information on development code changes and additions. Officials working with developers and landowners can accurately advise on incentives and programs for affordable housing, or explain the variety of housing developments permitted on the property.

Keeping the permitting process organized and efficient is essential for keeping development projects on time and within budget. When affordable or innovative housing proposals are brought forward for permits, the review process can be smoothed so that project schedules are met per funding and financing requirements. Maintaining a schedule of upcoming deadlines and project milestones can help assure that projects keep moving through the review and permitting process on schedule.

Regulatory streamlining and priority permitting can also be used to create a supportive administrative environment for new innovative or affordable housing development.

HIP Tool: Fee Waivers or Reductions

Costs associated with the development process, such as impact fees and building permit fees, can be reduced or eliminated to encourage selected types of development. For example, jurisdictions may enact measures to reduce or waive such fees for projects that include a percentage or number of affordable housing units.

Background

Since impact or mitigation fees can increase the upfront construction cost of affordable housing, some jurisdictions have enacted measures to reduce, waive, or defer such fees for projects that include affordable housing units. To reduce barriers to affordable housing, the Growth Management Act (RCW 82.02.060) grants cities authority to exempt low-income housing and other projects with public benefit from impact fees. Jurisdictions can also reduce or waive other development fees, like permitting and planning costs, for projects that include affordable housing units.

To implement, jurisdictions should review all current development fees to determine where reductions and/or waivers for affordable housing projects may be appropriate.

HIP Tool: Flexible Single Family Development Regulations

Flexible single family development regulations refer to an array of strategies that permit lot size, setbacks, sidewalks, street widths, height and other development standards to vary from what is otherwise prescribed by the zoning code. Flexible standards allow for denser and more diverse development and more economical use of available land. The cost savings realized from lower land, infrastructure and other development outlays can translate into lower per-unit housing costs.

Background

Adjusting development regulations to permit varied setbacks, reduced street width and varied building height measurements in certain zones may reduce the costs of development and provide more diverse housing options. Flexible standards can be implemented through planned unit development (PUD) ordinances, overlay zones, or other amendments to development standards.

Setbacks. Narrower setbacks may increase the number of lots available for development and reduce infrastructure costs for developers. Flexible setback requirements can also help protect natural resources by allowing homes to be built in clusters, on smaller lots or closer than zoning permits (see also lot size averaging). Adjustments to front yard setback requirements can reduce the cost of driveways and utility lines. Reducing required side yard setbacks can save additional land costs and allow more efficient infrastructure servicing. These cost savings to developers can, in turn, be passed on to homebuyers or renters.

Transportation Infrastructure. Street design and construction standards can account for significant development costs, so some jurisdictions have sought to reduce the cost of housing by revising their street development standards. Narrower street widths can decrease construction, maintenance and land costs. Similarly, parking reductions or grouped parking can also cut down development costs.

To maintain community character, local jurisdictions may retain some standards for curbs, planting strips, and sidewalks, but reduce pavement widths of travel lanes, allow sidewalks on one side, allow rolled curbs instead of vertical curbs, and reduce overall right-of-way widths.

Height Measurement. Some jurisdictions measure building height to the mid-point of a pitched roof rather than to the top of the roof in order to encourage varied roof forms. This may also accommodate additional living space.

HIP Tool: Foreclosure Resources

Foreclosure resources help homeowners in jeopardy of losing their homes avoid or navigate the foreclosure process. Programs include a variety of tools such as homebuyer education, debt and financial counseling and facilitating mortgage refinance. Jurisdictions with high foreclosure rates may also choose to engage in foreclosure mitigation and recovery strategies to support homeowners and neighborhoods.

Background

At the peak of the 2006 housing bubble, mortgage interest rates were low and home prices were high. Many lenders attracted homebuyers into mortgage agreements with adjustable rates that would reset within a few years with higher monthly payments. Buyers assumed their homes would increase in value within a few years and that they would be able to refinance into more traditional, fixed-rate mortgages. This practice made homeownership available to many moderate-income households, who were otherwise unable to purchase homes through traditional mortgage lending.

As the economy declined in the late 2000s and unemployment rose, many homeowners became unable to afford their mortgage payments. When home values declined sharply and interest rates increased, homeowners found themselves “upside-down” or “under water” on their mortgages—making prohibitively higher payments than the new worth of their home and having few options to refinance. Lenders, unwilling to re-negotiate mortgages with homeowners in default, moved to repossess property through foreclosure. This situation had an acute and lasting effect on moderate and low-income homebuyers, who were more often victims of unsound lending practices and adjustable rate mortgages, and thus more exposed to the faltering economy and housing crisis.

The foreclosure and housing crisis created additional unforeseen impacts and outcomes, including: abandonment and neglect of bank-owned foreclosure properties; displacement due to evictions of tenants renting units in bank-owned foreclosure properties (Real Estate Owned or REO); and banks selling foreclosed properties to investors rather than individuals. Jurisdictions with persistent high foreclosure rates of REO properties and investor owned properties may seek to implement policies and programs that improve the likelihood of low and moderate-income homeowners staying in their homes and ensure that foreclosed upon homes remain affordable in the long-term.

HIP Tool: Form-Based Zoning

In contrast to zoning which separates and regulates land uses, form-based zoning systems focus on the character of the built environment's building size, design, street/block scale, streetscape and open space standards, as well as cohesion with surrounding development. This allows a variety of uses to co-locate within a zone. The codes are not merely advisory; they mandate development regulations (e.g., setbacks, building height and bulk, parking requirements) and are supplemented by design guidelines to shape how the district should look, feel and be experienced.

Background

Form-based codes seek to codify and regulate the forms of development in a neighborhood or zone, rather than the uses. Form-based codes de-emphasize development regulation detail, adding development flexibility and making the code more easily understood. Generalized form prescriptions make the code easier to enforce as well, often by relying on simple visual cues. Density is often specified in terms of floor area ratio (FAR) and building height maximum/minimums instead of units per acre or minimum lot sizes.

The [Form-Based Codes Institute](#) outlines several common form-based code elements, including planning documents, public space and building form standards, as well as definitions and program administration.

The emphasis on character and style of development and the codification of architectural standards (e.g., opacity, rooflines, façades, signage) allows communities to fold design guidelines into their code. Form-based codes are intended to be complete packages for land use regulation, incorporating street and other public utility, parking, open space, and design regulations in one document.

With an increased emphasis on urban form and architectural standards, some builders may worry about increased development costs. Proponents of form-based codes counter this claim by noting how intricately the review process and standards are woven into the code. Administrative clarity and certainty, and a willingness to work with developers can relieve anxieties about discretionary review. Coordinating a community outreach strategy to educate developers and property-owners about the code and ensuring that permitting and building officials are well-trained and up-to-date can ease a transition to a form-based code.

HIP Tool: Incentive Zoning

Incentive zoning is a broad regulatory framework for encouraging and stimulating development that provides a desired public benefit as established in adopted planning goals. An incentive zoning system is implemented on top of an existing base of development regulations and works by offering developers regulatory allowances in exchange for public benefits. It can incorporate one or several incentives including density bonuses, flexible development regulations, parking reductions, fee waivers or reductions and permitting priority. Common public benefits achieved through incentive programs include affordable housing, historic preservation, open space and recreation, and increased environmental protection. Jurisdictions should craft incentive zoning policies that best reflect the needs of their residents, paying close attention to details relating to program management and monitoring.

Background

Incentives for affordable housing in residential developments is a response to high housing costs and the improbability of building lower-cost market-rate housing in many areas due to high land prices, and is an affordability strategy designed to secure a public benefit from growth. RCW 36.70A.540 provides cities and counties the authority to enact incentive zoning programs to encourage affordable housing. Incentive zoning provides a menu of incentives and public benefits, which the local code must delineate explicitly. Inclusionary zoning is a form of incentive zoning that mandates the inclusion of affordable housing, where the cost is offset by a density bonus or other incentive. The helpful links section below notes statutes encouraging incentive zoning for other planning goals.

Incentive zoning programs may be triggered by the location of a project within a specific zone or by the type of project. Incentive zoning may be applied in ownership and rental developments, single-family and multi-family zones, and can be tied to specific geographic areas. For jurisdictions implementing incentive zoning programs to encourage affordable housing, an incentive zoning policy may include opportunities for on-site affordable units or an in-lieu fee for construction of off-site affordable units. Both for- and non-profit developers may take advantage of incentive zoning.

The right incentive levels will encourage development and public benefit: they should not interfere with other planning goals or discourage development by complicating the process. Several communities have experienced a trial-and-error process before finding the best balance of incentives and benefits. Note, too, that incentive programs that function well in strong real estate markets may need adjustment for weaker market conditions, and vice versa. Finally, policy makers will want to weigh both the short-term and the long-term consequences of regulatory allowances and the urgency for the kinds of development they need.

For more information on specific incentives, see density bonuses, flexible development regulations, parking reductions, inclusionary zoning, and fee waivers or reductions.

HIP Tool: Inclusionary Zoning

Inclusionary zoning is a tool that stipulates that new residential development in certain zones include some proportion or number of affordable housing units, or meet some type of alternative compliance. In order to ensure that costs are offset, jurisdictions often increase the development rights (i.e., density) of a proposed project. Adopting this combination—mandatory affordable housing and increased density—into the local code a priori an actual development application distinguishes inclusionary zoning from other types of incentive zoning. Inclusionary zoning may be applied in ownership and rental developments, single-family and multi-family zones, and can be tied to specific geographic areas. Jurisdictions should craft inclusionary zoning policies that best reflect the needs of their residents, paying close attention to details relating to program management and monitoring. In the state of Washington all units developed through an inclusionary zoning program must remain affordable for at least 50 years (RCW 36.70A.540).

Background

Mandatory inclusion of affordable housing in residential developments is a response to persistently high housing costs and the difficulty of building lower-cost market-rate housing in many areas due to high land prices, and is an affordability strategy designed to secure a public benefit from growth. Jurisdictions may produce a [nexus study](#) to show the extent that new development generates a need for new affordable housing. Some jurisdictions choose mandatory programs over voluntary ones, based on conclusions that voluntary incentive programs face challenges in producing significant numbers of affordable housing units.

Before 2006 mandatory inclusionary housing requirements were used infrequently in Washington State due to concerns about takings challenges and the appearance of establishing a “tax.” However, amendments to the Growth Management Act in 2006 (RCW 36.70A.040) and other state laws allow jurisdictions to enact or expand affordable housing mandatory inclusionary zoning programs as long as they are tied to an upzone or other regulation changes that increases the area’s development capacity. For more detail, also see WAC 365-196-870.

Affordable housing must be mentioned explicitly as a public benefit to be rewarded with increased density, reduced parking, reduced fees or taxes or other incentives offered.

See density bonuses or incentive zoning for more information about state law, and voluntary inclusionary programs.

HIP Tool: Infill Development

Infill development refers to any new development in already built-up areas. It can also mean redeveloping existing properties to make more efficient use of the land. Generally, infill increases neighborhood density and the ratio of improvement-to-land value of the property.

Background

Infill development adds residential capacity to cities without annexation or infringing on open space or other sensitive areas. Instead, it directs development to areas where it already exists. This can be a cost-effective strategy for cities and developers. Directing growth to already-serviced neighborhoods avoids the cost of sewer, road and other utility extensions. Infill development can help achieve goals like creating transit-oriented development and increasing neighborhood density and diversity.

Infill development generally occurs on individual properties or a collection of neighboring properties. Cities can encourage infill development by aggregating neighboring properties into larger parcels for (re)development. Properties that make good candidates for infill development are those served by transit and other amenities. They are located in densely zoned neighborhoods or neighborhoods built below their zoned density, are vacant or economically underutilized, or are large enough to be subdivided.

Despite the numerous benefits of infill development, barriers to its widespread application exist. Infill construction can be inhibited by neighbors' concerns about increased density or different housing types, by infrastructure in need of modernization and by regulatory barriers preventing innovative forms of housing. Coupling infill development strategies with other tools may help overcome these problems. Creating overlay zones and flexible development regulations can help remove regulatory barriers for smaller or oddly sized lots. A lot size averaging ordinance could be implemented in neighborhoods where vacant lots are smaller than the minimum requirements. Jurisdictions can encourage infill by offering density bonuses or using incentive zoning, especially for development incorporating affordable housing. Applying design guidelines to infill projects and conducting citizen outreach can help ease community concerns about density and character of development.

HIP Tool: Interjurisdictional Cooperation

Local jurisdictions can partner with each other to pool resources and stretch funding for their housing needs. The central Puget Sound region is fortunate to have a national model for interjurisdictional cooperation in A Regional Coalition for Housing (ARCH). ARCH is comprised of 16 member jurisdictions in east King County. It assists with the following:

- Support for below-market rate housing through loans, grants and surplus land.
 - Development of comprehensive and neighborhood plan housing policies.
 - Regulation implementation.
 - Housing program implementation and administration.
 - Finding affordable ownership and rental options for households.
 - Education for members and the public.
-

Background

Local governments create the capacity for housing through their comprehensive plans and zoning codes. They try to remove unnecessary regulations to allow for diverse housing choices at different income levels. It is rare for local governments to actively create housing themselves; this is typically the role of for-profit and non-profit housing developers. It is difficult for local governments by themselves to provide financial resources directly to housing projects. Housing market conditions and challenges to creating housing can be larger than any one community, and thus pooling resources through coordination or local housing fund can be more effective than each jurisdiction planning on its own.

Given the coordinated planning required through the Growth Management Act (RCW 36.70a), there are forums for local governments to discuss ways to partner in facilitating diverse and affordable housing opportunities. These include the [King County Growth Management Planning Council](#), the [Kitsap Regional Coordinating Council](#), the [Pierce County Regional Council](#), and [Snohomish County Tomorrow](#). Snohomish County Tomorrow has been researching national models for interjurisdictional cooperation on housing. Their recent study (see link below) lists important features for a successful interjurisdictional program, including support from key stakeholders, efficient use of resources, and clear identification of program objectives and community needs.

HIP Tool: Local Housing Fund

A local housing fund provides a dedicated source of funding for affordable housing projects. Jurisdictions can use the funds in a variety of ways:

- Direct loans or grants to owners or developers of affordable housing.
- The underwriting of general obligation or councilmanic bonds sold to support low-income housing.
- Direct low-income renter or first-time homebuyer subsidies.

Typically, a local housing fund is established through a legislative process that generates fund revenue (e.g., a special purpose housing levy enacted through voter approval, general funds, or a portion of sales tax from new development).

Background

Local housing funds have become increasingly popular with local jurisdictions. Financing for affordable housing involves layering funding sources with unique affordability criteria whose timelines and affordability limitations sometimes pigeonhole affordable housing developers or make projects infeasible altogether. The flexibility of fund types makes them ideal for affordable housing developers and useful to large and small jurisdictions alike. Although funds have unique components, local housing funding sources are specific vehicles by which government entities can consistently address the shortage of funding for affordable housing. The resolution, ordinance or legislation establishing the local housing fund specifies the priorities, key elements and implementation of the fund based on community needs.

Commercial linkage fees can serve as a designated revenue stream for a local housing fund. Local jurisdictions can also pool resources through a shared local housing fund with interjurisdictional cooperation. Partnerships with non-profit developers can also be built with through a local housing fund by providing technical assistance or direct loans or grants to developers of affordable housing.

HIP Tool: Lot Size Averaging

Lot size averaging allows the size of individual lots within a development to vary from the zoned maximum density, provided that the average lot size in the development as a whole meets that maximum. Housing can then be developed on lots smaller than otherwise permitted in a zone, allowing for greater densities in some areas and more diversity throughout the development.

Background

The flexibility and variety allowed by lot size averaging can be useful for developing housing on unusually shaped parcels or properties with critical areas, as well as for mixing housing types in larger developments. In places with expensive land costs, smaller lot sizes can enhance a property's affordability, especially for moderate-income households. Lot size averaging can be applied to greenfield or infill development, short plats and larger subdivisions. Cluster subdivisions usually employ lot size averaging as well.

Lot size averaging is generally configured to preserve the underlying density of the zone. An absolute minimum lot size can be established in addition to an average lot size. Jurisdictions should consider whether the average or absolute minimum lot size should be calculated by gross lot area or net buildable area. Development standards may also need adjustment to allow large enough homes on smaller lots. Home sizes depend on market demand and specific development aims.

The flexible development regulations tool provides more information on structuring development standards for innovative housing techniques. Lot size averaging can be written into the development code for specific zones, enacted through an overlay zone or allowed in a planned unit development or master planned community. Additionally, it should be considered whether permitted uses incidental to single family homes, such as accessory dwelling units, will be allowed on averaged lots.

HIP Tool: Master Planned Communities

Master planned communities are grand-scale projects for developing new communities under a central, guiding plan. They are designed to incorporate the full range of land uses needed to establish a complete community including residential, commercial, office, civic/institutional and open space. Development is often designed around a network of public spaces, parks and recreational amenities. As a condition for approval, master planned projects frequently include an allotment of affordable units, which can be encouraged through the use of an inclusionary requirement or development agreement.

Background

Master planned communities (MPCs) allow developers flexibility and creativity by establishing whole communities on large tracts of land. A master plan establishes a conceptual layout of residential tracts, streets, recreation, open space, commercial centers and other features. Because of the complex and multi-faceted nature of the projects, MPCs are often phased over many years. Design review and public participation processes, including meetings, feedback, and visioning sessions specifically related to the MPC are appropriate at the time of project development and can provide a framework for establishing community-specific regulations and desired components.

Development agreement operate with MPCs and establish community-specific land uses and development standards. Affordable housing and diverse housing types are often mandated in the agreements. Including a development agreement with an MPC can greatly aid the development of affordable housing in expensive housing markets. Incorporating an inclusionary zoning requirement can further reinforce the development of affordable housing.

MPCs are generally treated differently than traditional neighborhoods. Rather than having many different zones, the entire MPC might have only one zone, or its own specific zoning. The residential development standards may be allowed to differ from what would ordinarily be prescribed for a given housing type. Small lots, cluster development and other innovative single family developments are common components and may be easier to facilitate in an MPC.

The number of permits needed for the development is likely to be large, and it might be helpful to establish a special review process or team devoted to the development of the entire community. Coordination between utility and land use planners and staff will be necessary.

HIP Tool: Minimum Densities

Maximum densities are a key feature of zoning, but development may occur at intensities much lower than the intent of the zone (e.g., development occurs at four dwelling units/acre when maximum zoning allows for 10 DU/acre). Supplemental minimum densities can be used by jurisdictions to require more efficient use of available residential-zoned land.

Background

Development at a very low density can result in land use patterns that are difficult or more costly to serve with infrastructure and utilities, reducing affordability. Untapped development potential may be lost as it can be difficult for these areas to redevelop when there is more demand for housing, forcing development to sprawl. Enacting a minimum density ordinance can help ensure that housing is built at sufficient densities to support transit or provide a variety of housing choices.

Setting a “floor” for density within zones can ensure that development is consistent with comprehensive plan density goals. The minimum density may vary by zone or be a specified percentage of the maximum density. When calculating the minimum density allowed, jurisdictions should consider whether to calculate the density based on the net buildable area of a parcel or the gross land area.

HIP Tool: Mixed-Use Development

Mixed-use developments co-locate two or more types of land uses in a building or project. Through zoning, jurisdictions can foster mixed-use projects, as well as a mix of uses within a planning district, such as residential, commercial, office, civic/institutional and open space.

Background

Traditional urban forms freely mixed uses both in neighborhoods and individual buildings. With the advent of zoning, this style of development was “zoned out” of some urban areas. Recently, the smart growth movement has encouraged cities to return to mixed-use patterns as way to foster healthy communities by placing residential units in close proximity to services, retail, offices and transit. This return to mixed use projects and zoning:

- Promotes diverse housing options.
- Maximizes limited available land and buildings within built-out cities and helps contain growth in urban areas instead of rural areas.
- Amplifies the use of transit nodes or transit corridors.

Mixed-use development may not inherently provide more affordable housing options, but such provisions can be encouraged through other tools, like density bonuses or multifamily tax exemptions. Mixed-use development provides residents with access to amenities like businesses, services and transit, improving quality of life in neighborhoods and reducing transportation costs and congestion.

HIP Tool: Mobile/Manufactured Homes

Mobile/manufactured homes offer a very affordable option for single-family ownership and rental housing. Allowing placement of mobile or manufactured homes in single-family zones can increase affordability and housing choice in single-family neighborhoods. Preserving manufactured home communities at risk of redevelopment is an effective strategy for sustaining an important component of the affordable housing stock, as well as preventing dislocation of existing residents.

Background

Manufactured housing provides relatively dense single-family housing in urbanized and rural areas. The number of manufactured home communities has declined in some jurisdictions as a result of redevelopment pressures. Jurisdictions can protect manufactured home communities in the following ways:

- Creating zoning classifications or standards that restrict other uses.
- Enacting mobile home park conversion ordinances.
- Exempting manufactured homes relocated due to park closures from new building regulations.
- Purchasing/transferring land development rights associated with the underlying property.

Jurisdictions can also permit individual manufactured homes on single-family lots. Resident-owned cooperatives have been effective in preserving manufactured home communities and raising funds necessary for infrastructure improvements. See Preservation for additional information on this tool.

HIP Tool: Multifamily Development

Multifamily housing refers to a broad range of residential development types that are characterized by multiple dwelling units contained in a single building or otherwise adjoined by shared walls. Multifamily development may be constructed at different scales (e.g., low-rise, mid-rise, high-rise) depending on the character of the district and can be developed as rental or ownership housing.

Background

Multifamily housing is a key element to providing affordable rental or ownership housing through economical use of land and shared building infrastructure. Low-rise multifamily development may be established in transitional areas near single-family zones, or may represent the established character in commercial centers. Downtowns in smaller cities often exhibit a low-rise multifamily character. Mid-rise multifamily becomes transit-supportive development at key commercial nodes and along corridors. High-rise development is most often implemented in regional metropolitan centers such as downtown Everett, Bellevue, Seattle, Tacoma, and Bremerton.

Multifamily housing is key to achieving appropriate density for transit oriented development. Tools like upzones and rezones, minimum densities, multifamily tax exemption, and parking reductions can be used to encourage multifamily construction or conversion.

Mid-rise and high-rise multifamily development can be a source of affordable and/or diverse housing at a scale appropriate in designated urban centers or transit oriented development areas. Multifamily development of any scale can be appropriate in expensive housing markets where developers can maximize the number of dwellings on high-cost land.

HIP Tool: Multifamily Tax Exemption

A state law (RCW 84.14) helps cities attract residential development. Cities may exempt multifamily housing from property taxes in urban centers with insufficient residential opportunities. The city defines a residential target area or areas within an urban center; approved project sites are exempt from *ad valorem* property taxation on the residential improvement value for a period of eight or 12 years. The 12-year exemption requires a minimum level of affordable housing to be included in the development (at least 20% of the units or 100% if the building is solely owner-occupied). The eight-year exemption leaves the public benefit requirement—in both type and size—to the jurisdiction’s discretion. The eight-year exemption carries no affordable housing requirement. Cities must pass an enabling ordinance to enact the MFTE and to allow applications for the exemption.

Background

What issues does a multifamily tax exemption (MFTE) address?

This tool encourages multifamily development and redevelopment in compact mixed-use districts (urban centers) where housing and affordable housing options are deficient. Through the multifamily tax exemption, a jurisdiction can incentivize dense and diverse housing options in urban centers lacking in housing choices or affordable units. MFTE can also apply to rehabilitating existing properties and redeveloping vacant or underused properties.

Where is the multifamily tax exemption most applicable?

Cities planning under the Growth Management Act (RCW 36.70a) that have designated urban centers with a deficiency of housing opportunities are eligible to implement this tool. In King, Pierce, Snohomish and Kitsap counties, cities must have at least 5,000 in population. Cities must designate eligible areas that contain urban centers. Urban centers—in the context of the MFTE-enabling legislation—have a particular meaning:

“...a compact identifiable district where urban residents may obtain a variety of products and services. An urban center must contain:

- a) Several existing or previous, or both, business establishments that may include but are not limited to shops, offices, banks, restaurants, governmental agencies;
- b) Adequate public facilities including streets, sidewalks, lighting, transit, domestic water, and sanitary sewer systems; and
- c) A mixture of uses and activities that may include housing, recreation, and cultural activities in association with either commercial or office, or both, use.” (RCW 84.14.010)

Based on the state law, designated districts are commercial or business districts with some mix of uses. Such areas may exist in downtowns, commercial corridors, or other intensively developed

neighborhoods. Examples of designated districts throughout the central Puget Sound region are listed in the model policies, regulations and other information section.

MFTEs have been effective in producing multifamily units in the region's larger cities. Since its inception, the MFTE law has been expanded to include smaller cities. The effectiveness of this tool in larger jurisdictions could make it an attractive tool for smaller and moderate-sized cities that meet the population threshold.

Multifamily tax exemptions can encourage relatively dense attached flats or townhomes, in mixed-use projects or residential complexes, which means this tool is particularly useful in urban centers and transit-oriented developments. Dense development is also economically efficient in expensive housing markets, and can reduce housing costs.

HIP Tool: NIMBY, Strategies to Address

Affordable housing projects, increased density and other proposed regulatory changes to established neighborhoods can be contentious issues that provoke common “not-in-my-back-yard” (NIMBY) reactions from the surrounding community. Building community support throughout the planning process is essential to bridging the acceptance gap for a particular project or regulatory change. Some general strategies to build support and address NIMBY attitudes include: community outreach plans, coalition building, education, and ongoing communication.

Background

Building community support to combat NIMBY-ism requires patience, listening and creativity. It can be a time-consuming process and may require expert consultation. Because of the variety of motives groups have for mobilizing around an effort, jurisdictions and housing advocates will likely need to create different messages that respond to particular issues. The intent of this tool is to be persuasive and to demonstrate how providing housing for all is a community benefit on many levels. Projects will appeal to more people if outreach relates to deeper values and interests. Residents will cite a variety of concerns that may be based on prejudices or misconceptions about a project. Common NIMBY claims around affordable housing center on concerns about declining property values, increased traffic, changing character of a neighborhood or stereotypes about residents. Many of these concerns are based upon misinformation and can be rebutted with educational outreach.

Objective community concerns, such as those relating to traffic congestion, service provision or environmental quality, should be heard and addressed within development plans, not brushed off as disguises for NIMBY attitudes. Concerns about design and unsightliness may be addressed through design charrettes and review processes.

Stereotypes can be harder to dislodge, but can be counteracted by interactions between concerned neighbors and actual residents of affordable housing, and by building a relationship among neighbors, residents and developers. The links below offer more specific suggestions on addressing common community concerns.

The process of building support can take many forms. The outreach approach can range from promotional, where jurisdictions or developers provide information and communicate a project or concept, to collaborative, where information is being shared and gathered by each side of the issue. Jurisdictions should think about their goal(s), such as whether they are trying to inform the community about a proposed development or create a coalition supporting affordable housing issues. Not all techniques for building support will work in every situation, and a variety of strategies will probably be used, depending on the project, the community’s familiarity with the subject, and who is involved.

HIP Tool: No Maximum Densities

Eliminating maximum densities is a zoning approach for multifamily and mixed-use districts where jurisdictions omit a maximum dwelling unit per acre requirement and instead focus on the height, bulk, and design of buildings in a zoning district. Floor area ratios (FAR) are a regulatory alternative to maximum unit densities for establishing parameters around development intensity while permitting some flexibility in building height, bulk and design.

Background

Building form is emphasized when maximum density requirements are eliminated in particular districts. The number of dwellings on a given residentially zoned site are instead based on:

- Building envelope—height, floor area ratio, and setbacks
- Ability to meet parking standards
- Local market conditions

This tool is effective in areas where high density is particularly desired, like downtown districts and transit oriented development.

This tool benefits housing development by allowing site developers to make efficient use of land and maximize height and floor area ratio to help achieve the community's desired urban form. Given the impact of parking requirements on the effectiveness of this tool, communities should consider reducing parking requirements where applicable in neighborhoods with no maximum densities.

In the central Puget Sound region, several cities have removed density requirements in downtown areas. The City of Bellevue reported 2,800 units built in last five years with this housing tool in place (2009 PSRC Local Government Housing Survey).

Citizens may be concerned about the lack of certainty about how many dwellings may be developed in areas near their neighborhood. Providing for design standards, such as transitional height, setback, and landscaping standards where districts abut, may assist in alleviating citizen concerns. Preparing some example case studies of development and design standards may also help.

Planners should coordinate with public works departments to ensure that functional plans for water, sewer, and other utilities are in sync with the level of projected growth and demand for services.

HIP Tool: Nonprofit Partnerships

Jurisdictions can establish cooperative arrangements with public or non-profit housing developers to promote low-income or special needs housing in their communities. Jurisdictions can also encourage for-profit developers to partner with non-profits to provide affordable units within larger market-rate developments.

Background

In the U.S., production of affordable housing and delivery of housing services is largely done by non-profit agencies and developers. These developers have an underlying mission to provide affordable housing, working in partnership with local jurisdictions and state and federal agencies that provide funding and other related subsidies or incentives.

Non-profit providers are tax-exempt national or community-based organizations that provide a range of services. They develop housing, manage properties, provide housing assistance services, function as community finance institutions, deliver social services, and advocate for affordable housing. Non-profits may also partner with local banks to provide low-income households with loans and assistance and to finance their own activities.

Partnering with non-profits provides local governments with the expertise of staff who are devoted to affordable housing provision and management, which can lead to informed policies and funding that support and enrich underserved communities. Non-profits gain funding and allies for their cause through partnerships with local government, plus assistance in navigating the development process.

Private sector developers rarely develop low-income housing without technical or financial assistance from non-profit and government sources. Private developers may lack knowledge and access to federal, state, and local subsidies and financing mechanisms to fund affordable housing and may also lack relationships with communities where affordable housing is most needed. Their technical building and development expertise and financial resources, however, makes them attractive partners. Non-profits and private-sector developers can collaborate on mixed-income projects to achieve objectives of both partners.

Cooperative partnerships can be built with both non-profit and for-profit developers through a local housing fund by providing technical assistance or direct loans or grants to developers of affordable housing.

HIP Tool: Parking Reductions

Reducing parking standards can help prevent excessive parking requirements that add to the cost of housing. Jurisdictions can better match residential parking standards with parking demand by studying neighborhood and resident characteristics, transit access and mobility. Once a balance is struck between standards and parking needs, maximum parking standards may be enacted to eliminate development of excessive parking.

Background

What issues do parking requirement reductions address?

Parking requirement reductions contribute to housing affordability and encourage the use of alternative transportation modes.

Reducing Unneeded Parking:

- Lower-income, senior and non-traditional single-family development households have lower rates of car ownership. Requiring more parking than necessary increases the cost of construction and reduces housing affordability.
- Excessive parking takes up land and space that could otherwise be used for more housing or other development.

Encouraging Non-Auto Modes:

- Requiring excessive parking tacitly encourages auto-dependence.
- Requiring less parking promotes transit and non-motorized travel.

Where is a reduction in parking requirements most applicable?

Because the American urban landscape is still largely dependent on automobiles, reducing parking requirements is most applicable in areas or districts that have good transit accessibility and offer amenities within walking/biking distance.

- Some larger jurisdictions with higher densities, compact form and lower rates of auto ownership are able to incorporate a reduction in parking requirements in more neighborhoods or districts.
- In smaller jurisdictions, reduced parking requirements may be more appropriate in downtown locations or business districts where space is at a premium, congestion is most severe, more transit options are available, and the community wants to foment a lively pedestrian atmosphere.

Parking reductions can be applicable to both attached and detached housing types making it a versatile tool to use in different markets.

HIP Tool: Performance Zoning

In contrast to traditional zoning, performance zoning allows different uses to co-locate within a zone as long as the development achieves specified performance criteria and planning goals. In lieu of regulating land uses, performance zoning establishes neighborhood compatibility, transportation, open space and other standards that developments must meet. Developments are rated on their performance, and those that score sufficient points in the appropriate categories are approved.

Background

Performance zoning is effective at increasing diversity and mixing uses; affordable housing goals may be achieved by offering incentives in tandem with this tool.

Benefits of performance zoning include a flexible approach to development that responds to changing market conditions. Performance zoning also eliminates additional administrative processes like variances or conditional uses.

Disadvantages of implementing this tool can include upfront time and costs in developing the criteria and points system. The amount of agency and public review for development permit approvals can also be greater than under traditional zoning. For this reason, full implementation of performance zoning has been limited. More often, it is selectively applied in particular districts.

Some performance zoning examples combine elements of traditional zoning such as development standards with critical areas regulations, design standards and environmental analysis procedures.

HIP Tool: Permitting Priority

Jurisdictions can offer priority permit review and approval to developers of affordable housing and other projects that meet local housing goals.

Background

Priority processing of land use and construction permits is most effective when used selectively, to provide an incentive to develop a particular type of housing the market is not currently producing. A special team can be assembled to usher the development through the permitting and review process. A jurisdiction could also simplify or combine steps of the process for affordable developments. Permits for affordable or dense housing projects could automatically be granted priority. Ensuring the long-term affordability of units can be secured through affordability covenants. Permitting priority could be made contingent upon covenants or other demonstrated measures to ensure the development's affordability.

HIP Tool: Planned Action EIS

An Environmental Impact Statement (EIS) is a report prepared by counties or cities in accordance with the State Environmental Policy Act (SEPA, RCW 43.21c) and SEPA rules (WAC 197-11). An EIS provides information about environmental conditions, potential impacts, and mitigation measures related to a development proposal or legislation. The goal of a planned action EIS is to simplify and expedite environmental review of future individual projects in a study area. Detailed and comprehensive environmental analysis occurs upfront during the planning stage for a study area, thereby streamlining the permit review process and reducing or eliminating the possibility of legal challenges to individual projects within the study area. A planned action EIS can reduce the overall costs for project developers, which may translate into lower final housing costs. It can also help to attract growth to a priority planning area of a community.

Background

An EIS is prepared for a site-specific project or a non-project legislative action, such as plans, ordinances or regulations, if the jurisdiction believes the proposal may have a significant environmental impact. The EIS identifies and describes: the proposed action and alternatives; existing conditions of the built and natural environment; impacts that may occur if the proposed action or an alternative action were implemented; mitigation measures to reduce or eliminate impacts; and impacts found to be significant, unavoidable, and adverse (residual impacts despite mitigation measures).

A planned action EIS can help facilitate development, including housing, which may in turn reduce permitting costs and streamline efforts to achieve the community's housing goals.

The basic steps in designating planned action projects are to prepare an EIS, designate the planned action projects by ordinance, and review permit applications for projects. The intent is to provide more detailed environmental analysis during formulation of planning proposals, rather than at the project permit review stage. A planned action designation shows that adequate environmental review has been completed. It also means that further environmental review under SEPA, for each specific development proposal or phase, will not be necessary if it is determined that each proposal or phase is consistent with the planned action ordinance. Planned actions are not subject to SEPA appeal procedures. This means housing proposals within a designated planned action area can proceed through the permit review process with less time and cost, as well as without concern that the environmental analysis will be appealed.

HIP Tool: Planned Unit Development (PUD)

Planned unit development (PUD) ordinances allow developers flexibility to depart from existing zoning requirements in exchange for fulfilling an established set of planning criteria. PUDs are also called planned residential developments (PRDs) or urban planned developments (UPDs). The benefits of PUD can include more efficient site design and lower infrastructure and maintenance costs. Ordinances can also be written to require or incentivize public benefits such as affordable housing or open space in exchange for regulatory flexibility and assumed cost savings. Tools like density bonuses and parking reductions can help underwrite the cost of incorporating low- and moderate-income units into a project, either through established incentive programs or implemented on a case-by-case basis through development agreements.

Background

PUDs are frequently created as floating or overlay zones. Alternatively, land slated for a known project could be rezoned as a PUD. Standards will vary based on the intent of the ordinance. For example, a PUD ordinance designed to add diverse housing forms to a single family area could allow smaller lot sizes, attached dwellings or flexible setbacks. Determine the mix of uses to be permitted in the PUD district, lot size requirements and guidelines for building height, bulk, design and site orientation. Open space allowances may be important for large properties or on those where the density is greater than the surrounding zone.

Design guidelines complement PUD ordinances, and can help ensure appropriate community design and compatibility with adjacent properties. Connecting PUDs to the overall fabric of the community through good design, traffic circulation and site requirements is essential for success and community buy-in. Review of proposed PUDs is often site and project specific.

Designating PUDs or offering them as a development option are good techniques to motivate redevelopment of brownfields or vacant properties in urban centers. PUDs are generally directed at market rate developments, but subsidized projects can locate in PUDs as well. Because of the special nature of PUDs, and their potential to create housing forms that differ from neighboring properties, cities often stipulate affordable housing as a PUD component through development agreements or in exchange for density bonuses. This can be particularly helpful for growing, expensive housing markets and for ensuring that affordable housing is developed as a part of new dense and diverse development.

HIP Tool: Preservation & Rehabilitation

Preservation and rehabilitation efforts are aimed at retaining existing affordable housing, including both subsidized and unsubsidized housing. Programs include preservation/rehabilitation of subsidized affordable units with expiring affordability covenants, affordable housing at risk of redevelopment or conversion), and repair and maintenance (including weatherization) for affordable multi-family units and single-family homes suffering from disinvestment.

Background

One of the greatest threats to the long term availability of affordable units, especially those affordable to households with incomes less than 80% of area median, is the loss of existing units. These types of units often are not typically built today or are more expensive to rebuild. Units may fall into disrepair and become uninhabitable, landlords may opt out of the rental assistance voucher program, or units may be at risk of being converted from rental to ownership units or to non-affordable homes. Unique affordable housing opportunities, such as single-room occupancy (SRO) and resident hotel or efficiency units, are often found in older buildings. A variety of housing preservation and rehabilitation programs exist including: combining historic preservation with affordable housing goals and funding; using Transfer of Development Rights to preserve low-density affordable units; and converting buildings that have outlived their original uses (e.g., multi-story warehouses, hotels, churches).

Funding sources are key to maintaining affordable units. Federal money for preservation and rehabilitation is channeled to local and state programs through the, Rental Assistance Demonstration (RAD), Community Development Block Grants (CDBG), and HOME Investment Partnerships Program. Strategies for maintaining units may also involve selling/donating the units to non-profit, affordable housing organizations, organizing cooperatives, land banking, and preserving manufactured home communities.

A good place to start is with an assessment of affordable units, including the means by which they remain affordable and their present condition. This will reveal the current state of affordable units and how their affordability is maintained, which help you target methods and funding sources that address the issues specific to your jurisdiction. Next, investigate places where affordable housing could be located. Adaptive reuse of vacant or underutilized buildings and brownfield and greyfield redevelopment hold great potential for housing conversion. These properties may also be eligible for funding through EPA brownfield redevelopment grants or historic preservation tax credits, loans and grants.

For any affordable unit, especially those built in primarily market-rate developments, sale of a unit, conversion to market rate housing or, for rental housing, conversion to owner-occupied housing, can jeopardize long-term affordability. Affordability covenants attached to a home's deed or title can maintain income restrictions or rental prices linked to area median income.

HIP Tool: Public Land for Affordable Housing

Local governments can facilitate the development of affordable housing by making public land available for eligible projects. Parcels may be surplus or underutilized public properties, as well as vacant, abandoned, and tax-delinquent private properties acquired through purchase or tax foreclosure. Land banking programs can strategically acquire and preserve multiple properties for affordable housing development.

Background

Local governments, transit agencies and special districts may own property that is no longer useful for its original purpose, or is ideally situated for shared public and private uses (e.g., transit-oriented development on construction staging or transit station sites). The agency may sell surplus property, prioritizing the development of affordable housing. Some agencies have assembled properties in order to co-locate transit facilities, civic buildings or other purposes, as well as to attract mixed-use housing and commercial development to support neighborhood revitalization.

Cities or agencies can help assemble adjacent vacant or underutilized properties from private owners to sell as a package for larger developments. Fragmented individual properties may be collected to sell to individuals, but developers are generally interested in larger properties. This program is commonly called “land banking.” Larger parcels can be segmented to create lots that would result in denser urban development. By collecting the land under one owner, the city or agency can resolve confusing ownership issues and remove land encumbrances that would add legal costs for the developer or deter redevelopment altogether.

The Municipal Research and Services Center of Washington notes that 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, many cities and counties can donate or sell surplus property for less than market value if the property would be used to directly benefit the “poor and infirm.” Alternately, for publicly owned land in neighborhoods with increasing market demand or recent public investment, jurisdictions can sell land at market price to affordable housing developers before increases in value are realized in the price of the land. A city can offer lots to private developers for fair market value. Cities may also use eminent domain to acquire property for public purpose.

HIP Tool: Regulatory Streamlining

Unpredictability, delay and excessive process in project review and approval can drive up the cost of housing. Regulatory complexity or rigidity can also restrict a jurisdiction's ability to attract certain types of desired development or may discourage developers from building in a community. To ensure that local regulations are supportive of adopted development and housing goals, jurisdictions should consider reviewing and streamlining their permitting processes and development regulations to eliminate unnecessary costs and barriers and facilitate development of affordable or innovative housing types.

Background

The state of Washington's Local Project Review law (RCW 36.70B) requires a predictable and timely review process by setting time limits on application review and permit decisions, providing public notices and consolidating hearings.

In addition to implementing permit procedures consistent with the state law, jurisdictions can also establish other streamlined permitting techniques such as:

- **Centralized counter services.** Minimizes coordination time.
- **Pre-application conferences.** Allows applicants to understand the rule upfront before submitting expensive permit applications.
- **Permit checklists.** Helps the jurisdiction make timely determinations on the completeness of a submitted application.
- **Reducing the number of residential zoning districts.** Allows the jurisdiction to simplify development standards and reduce the potential for interpretations.
- **Reducing complicated administrative procedures.** Minimizes the number of persons involved in reviews, the number of rounds of review, or allows more permits to be administrative rather than discretionary if standards are clear and specific.
- **Permit expeditors.** A "team" can be assembled to review permits of a certain type or certain location.
- **Fast tracking routine applications.** For example, issue routine building permits over the counter or online.

Projects that trigger review by multiple divisions should have coordinated review process that allows a project to move efficiently through approval, avoiding duplicate work. As new policies aimed at increasing diverse and affordable housing are added to the building and zoning codes, bear in mind the administrative load that can add time to a project's approval. When constructing incentive programs like density bonuses or increasing regulatory flexibility through flexible development regulations, make sure that additional review involved with these programs fits in with other approval processes. Jurisdictions may also use additional permit expediting as an incentive for affordable housing development through an incentive zoning program.

Alternative zoning codes suggested in this toolkit, including form-based codes and performance zoning, take longer to implement, but can provide means of streamlining regulations themselves. Traditional zoning codes may also be streamlined through allowing suitable uses, both affordable and diverse, to be permitted, which reduces the need for a property owner to obtain a conditional use permit or variance. This may be done through an overlay district or a global change to a zone's permitted uses.

HIP Tool: SEPA Categorical Exemptions

SEPA (State Environmental Protection Act) categorical exemptions remove projects below a set threshold number of units from SEPA review. Typically, developments of more than four dwelling units are subject to an environmental review process under SEPA; however, jurisdictions are allowed to adopt higher exemption thresholds for single family, multifamily and other project types.

Background

A higher exemption threshold may spare developers the expense and time of the environmental review process for relatively smaller and simpler projects, which can then translate into lower housing costs. The exemption threshold is variable and should be set to the level that achieves the most public benefit for an individual jurisdiction. See WAC 197-11-800 for the maximum exemption levels by project type.

To implement this tool, jurisdictional SEPA rules need to be amended to specify a higher threshold. Several central Puget Sound jurisdictions have raised the threshold to help spur new development.

HIP Tool: Short Plats

Short subdivisions are defined as plats with up to four lots, but any city or town can increase the maximum number of lots to nine. Counties planning under the Growth Management Act may also do the same within the urban growth area (RCW 58.17.020 (6)). Increasing the number of lots allowed in a short plat can help to streamline the permit process.

Background

Because council and public involvement are not required for short plat approval, increasing the maximum number of lots can simplify the plat approval process for relatively lower impact development, and result in cost savings for developers that can be passed to future home buyers. State law still requires administrative approval for short plats, but individual jurisdictions may tailor their ordinances to meet local needs. Jurisdictions should consider the impact of raising the maximum number of lots on vested development and the lack of required public and council review.

Expanding your short plat ordinance and coupling it with other development regulations like cottage housing, small lot development, flexible development regulations or zero lot line development can further facilitate the construction of diverse and dense single family homes in your community.

HIP Tool: Small Lot Development

Small lot development allows single family homes to be built on lots that are smaller than typically allowed in single family zoning districts, generally ranging from approximately 1,500 to 5,000 sq ft. Development is permitted by ordinances that reduce or relax minimum lot size, setback or lot coverage regulations to allow greater density. Ordinances can be written to apply to specific zoning or overlay districts.

Background

What issues does small lot development address?

Small lots have great potential to encourage density and housing diversity in jurisdictions and neighborhoods dominated by single-family housing types on large lots. Allowing small lots in areas where the value of land is high can reduce the per-unit land costs, making housing more affordable.

Where is small lot development most applicable?

Small lot development can be used in all sizes of cities and in a variety of situations. It is effective in developed residential zones with fragmented lots that, under present land use regulations, are undevelopable but would make good home sites. It can also be applied effectively in areas below maximum density where large or adjacent lots could be subdivided to create denser development. Small lot development may also be used in greenfield development, and is often deployed in combination with short plats, lot size averaging, planned unit developments, cottage housing, cluster development and master planned communities.

HIP Tool: Strategic Marketing

Local jurisdictions hoping to attract innovative and affordable housing development can borrow tools and techniques from the field of strategic marketing to better position their communities to developers and investors, as well as to potential residents. Jurisdictions can actively promote the kind of development they desire by spreading the word that they are friendly to innovative and affordable housing, advertising the attractions and development potential of their community, and working to counter any negative or outdated misconceptions about their community.

Background

Marketing can be crucial to a project or neighborhood's acceptance and success. Marketing can be used to attract developers, investors, and residents. It can help gain community acceptance of projects and policies. A successful marketing plan is more than simple promotion; research and data collection are important steps that can inform a jurisdiction about the market potential of their product. Organizing the community in support of affordable housing and engaging them in the marketing process will help entrench community identity and social networks. Getting community stakeholders onboard can carry a marketing effort forward and extend outreach efforts.

Gathering data and interviewing members of the community and the target audience develops a clearer picture of how to direct the marketing campaign. It frames issues that make an argument more compelling. For example, interviews may reveal a perception that crime is a problem in a community. Crime statistics could provide facts to counter this claim. Research is crucial to a strategic marketing plan.

For other tools specific to broadening community acceptance, see [Strategies to Address NIMBY](#) and [Community Outreach Plans](#).

HIP Tool: Transfer of Development Rights for Affordable Housing

A transfer of development rights (TDR) program relocates development potential from properties in designated “sending areas” to sites in designated “receiving areas.”

A TDR transaction involves: (a) selling the development rights from a sending site, thereby preserving the sending site from future redevelopment; and (b) purchase of those development rights by the owner of a site in the receiving area to be allowed to build at a higher density or height than ordinarily permitted by the base zoning. Typically, TDR sending areas are located in rural and resource lands. However, a TDR program can be structured to allow urban affordable housing preservation projects to qualify as a sending site (e.g., mobile home parks, high-rise low income apartments).

Background

Although a TDR program is most commonly considered a means to preserve farmland, forest or open space, it can also be used to preserve affordable housing in urban areas. Manufactured home parks are an important source of affordable, single family homes in many communities, but are increasingly threatened by encroaching urban development or redevelopment. By allowing manufactured home parks to qualify as a sending area in a local or regional TDR program, their development rights can be purchased and existing use preserved. The transaction then provides revenue for park maintenance and improvements.

Similarly, TDR could be applied to preserve affordable housing in high density urban areas at risk of redevelopment. Unique affordable housing options such as residential hotels, single-room occupancy (SROs) or efficiency units in historic buildings or gentrifying neighborhoods can be at risk for redevelopment. The development rights of these buildings could be highly valuable and worthwhile contributions as sending areas of a TDR program. It may be helpful to partner with other cities or counties to develop the attractiveness of the areas within the TDR; see interjurisdictional cooperation for more information.

It is important to structure receiving site incentives so they do not de-emphasize bonuses for affordable housing provision. If affordable housing is a community priority for a receiving site, it should be prioritized in a menu approach to TDR incentives, so that a developer should not be given a choice to achieve bonus density by picking between including affordable housing in a project and/or using TDR credits. Rather, jurisdictions are encouraged to set up a system that requires some affordable housing or contribution to the provision of affordable housing prior to being able to use TDR incentives.

HIP Tool: Transit Oriented Development Overlays

Transit oriented development, or TOD, refers to residential and commercial centers designed to maximize access by transit and non-motorized transportation. A TOD overlay is a floating zone that implements an array of development regulations that support transit usage and create a vibrant neighborhood around a transit station. Usually, the overlay zone extends a “walkable” distance around the station, depending on the type of transit amenity and size of the center. TOD overlays implement some or all of the following characteristics:

- **Mixed uses.** Land uses are mixed and may include shops, job centers, restaurants, public services such as schools and community centers, and a variety of housing choices including housing that is affordable to households across the income spectrum.
 - **Affordable housing.** Mixed-income housing affordable to a range of income, household sizes, and types.
 - **Compact development.** Development around station areas is compact, with medium to high densities.
 - **Neighborhood center.** Transit station areas are complemented by concentrations of business, civic and cultural activities that support vibrant street life.
 - **Parking management.** Parking around transit station areas is limited and requirements are reduced.
 - **Pedestrian and bicycle friendly design.** Streets around transit station areas encourage walking and bicycling.
-

Background

What issues do TOD overlays address?

Overlays permit the residential forms and density, mix of uses and access to transit and amenities required for compact, mixed-use development within existing urban areas.

Creating mixed-use, walkable activity centers. Zoning was created to segregate land uses. TOD overlays work to reverse flaws of the traditional zoning model by allowing different but compatible uses, such as retail, office, and dense residential development to match unmet demand for new development near high-capacity transit nodes and in transit corridors. TOD overlays also work to promote walkability and compact form by restricting auto-oriented forms, like “drive-thrus” and superblocks. People who live and work within the TOD overlay boundaries are able to walk to neighborhood amenities, reducing automobile-dependency and transportation costs, improve public health, and creating a lively pedestrian environment. Transit oriented developments are an important component of urban centers.

Leveraging investments in transit by supporting transit and non-motorized

travel. TOD supports transit investments by bringing potential riders closer to transit facilities and increasing ridership. People who live in a TOD community are more likely to commute by transit than other residents; in addition, TOD can significantly reduce per capita motor vehicle travel. This occurs as trips to and from the TOD shift to transit, and transit stations serve as a catalyst for higher density, mixed-use, walkable neighborhoods. Residents of these neighborhoods tend to own fewer cars, drive less, and use transit more than in other locations.

Increasing housing variety and affordability. TOD overlays allow increases in density and floor area ratio that promote dense residential development. Mixing uses allows these forms of housing to develop in commercial centers where the underlying zoning would not otherwise permit. Siting housing near transit, employment, services, and amenities can reduce transportation and time costs, making life within the overlay boundaries more affordable. Apart from the cost of housing itself, transportation costs constitute the second greatest expenditure for households. By pairing housing and transportation through TOD, lower-income households can live more affordably with reduced transportation costs.

Where are TOD overlays most applicable?

An overlay could be applied to the area surrounding a variety of high-capacity transit nodes and corridors, from a neighborhood bus transfer center to a commuter rail station. The size of the district and degree of development intensity permitted by the district will be tied to the size of the transit center. Urban centers are often served by transit hubs and make great places to apply TOD overlays.

HIP Tool: Townhomes

Townhomes are attached single family units, generally sharing one or both side walls with neighboring units. Individual units may have their own small front or back yards or share a common open space. Depending on design and underlying development regulations, units may be located on separate lots or on undivided, commonly owned land. Allowing townhomes in single family zones can promote affordable housing opportunities and increased diversity in both established and new communities.

Background

Townhomes are a common and well-established way to increase density and diversity. Styles that allow side-by-side units with individual yards fit well in single-family neighborhoods, and can provide a good transition between lower and higher density residential or mixed-use zones. Design guidelines can be an important complement to the implementation of a townhome ordinance to ensure conformity with appearance, scale and features of the existing homes.

Townhomes can provide a more affordable option to traditional single-family homes because of the limited land ownership. However, the homes are not necessarily more affordable in and of themselves. Consider offering developer incentives like density bonuses to include affordable units within a development.

HIP Tool: Upzones & Rezones

Upzones and rezones can increase the range of affordable choices in market rate housing by increasing capacity for new residential development types, uses and densities. Below market rate housing can be supported through upzones and rezones that institute zone-specific inclusionary provisions requiring that future residential developments in the district include a share or number of affordable units.

Background

An upzone occurs when a jurisdiction increases the density of a district so that more units can be built on an acre of land. A rezone involves changing the allowable uses from non-residential to residential or mixed-use. In this case, a commercial district may be amended to permit horizontal or vertical mixed-use development including housing.

Upzones and rezones can benefit affordability by boosting the supply and range of housing choices in the marketplace. In addition, local jurisdictions can require that future development in the area include affordable units. Higher density makes it possible for more development capacity and, therefore, more rental or sale income. The increased value of the parcel, realized by the upzone, incentivizes the inclusion of affordable units. Upzones and rezones, linked to affordable housing policies, can help jurisdictions achieve diverse, mixed-income communities. See density bonuses and inclusionary zoning for more information on affordable housing linkages.

HIP Tool: Zero Lot Line Development

Zero lot line development makes use of flexible setback regulations or variances to allow single family homes to be sited on the property line, typically on one or more sides of the lot. This achieves compact development that maximizes usable lot space. Units can be detached or attached (e.g., duplexes, townhomes). Zero lot line development allows individual ownership of each unit/lot instead of condominium-based ownership of undivided land.

Background

Zero lot line development aims to maximize land use efficiency through the orientation of the house on a property. In small lot developments, where land is at a premium, or where narrow lot sizes restrict infill development, zero lot line development maximizes the usable yard space, and depending on the site plan, can provide additional privacy in a dense neighborhood setting. Creating zero lot line standards in zones that permit denser single family units, townhomes or small lot development can further support those housing forms. Zero lot line development could be a component of a set of flexible development regulations.

The illustrations below provide examples of how a zero lot line development could be arranged. Other ordinances could allow a unit to be placed on more than one lot line.

Figure 1: From [New York City Dept. of City Planning](#)

Figure 2: Zero lot homes with private courtyard

Identify zones or neighborhoods of your community that could be improved by more compact single family development. These could include moderately dense single family zones or areas that transition from traditional larger lot single family homes to more dense single family homes or mixed-use areas.

Zero lot line ordinances can operate through development standards allowed in specific zones, or they can be applied through an overlay zone. Zero lot line ordinances also work well in combination with planned unit developments and master planned communities.



HEADING HOME

Kitsap Homeless Crisis Response and Housing Plan

2018 Update

Released for Public Comment 4/26/18



Kitsap County
Department of Human Services



Kitsap Housing and
Homelessness Coalition

Table of Contents

Executive Summary	3
Introduction	5
Crisis and Response	9
A Housing Affordability Crisis	9
Progress and Innovation	11
Current Resources	15
Kitsap Homelessness Today	17
Action Plan	
Needs, Gaps, Core Strategies, and Action Areas	25
Action Plan Detail: Goals, Core Strategies, and Action Steps	31
Defining and Documenting Success	38
Conclusion	40
Appendix	41

Acknowledgements

Thanks to the many people and organizations that provided input and supported this effort to update the Plan, including citizens, mayors, city council members, social service providers, and people experiencing homelessness.

Kitsap County Board of Commissioners	Kitsap Housing and Homelessness Coalition Member Agencies	
Robert Gelder , Chair	Agape Unlimited	Kitsap Legal Services
Charlotte Garrido	Beacon Communities	Kitsap Mental Health Services
Ed Wolfe	Brain Injury Alliance of Washington	Kitsap Public Health District
Homeless Housing Plan Update Committee	Bremerton Foodline	Kitsap Recovery Center
Kirsten Jewell , <i>Housing and Homelessness Program Coordinator, Kitsap County Human Services (Chair)</i>	Bremerton Housing Authority	Kitsap Rescue Mission
Monica Bernhard , <i>Community Services and Development Manager, Kitsap Mental Health Services</i>	Bremerton School District	Kitsap Transit
Bridget Callahan , <i>Housing Solutions Center Manager, Kitsap Community Resources</i>	Catholic Community Services	Meals on Wheels Kitsap
Marta Holt , <i>Property Manager and Homeshare Administrator, Housing Resources Bainbridge</i>	Catholic Housing Services - Max Hale Center	North Kitsap Fishline
Beverly Kincaid , <i>Partner & Grant Professional, Sound Grants</i>	City of Bremerton CDBG Program	Olalla Recovery Center
Sheryl Piercy , <i>Social Services Director, Salvation Army</i>	Coffee Oasis	Olive Crest
Sandra Paulino-Winborn , <i>Financial Services Specialist 4, DSHS</i>	Crime Victim Assistance Center	Parent-Child Assistance Program
Sean Raybell , <i>Housing Specialist, Department of Corrections</i>	DSHS – Bremerton CSO	Peninsula Community Health
Sarah Van Cleve , <i>Housing Director, Bremerton Housing Authority</i>	Goodwill Industries	R W Martin Youth Services
	Habitat for Humanity of Kitsap County	Saint Vincent de Paul
	Helpline House – Bainbridge Island	The Salvation Army
	House of Hope Ministries	Sound Grants
	Housing Kitsap	South Kitsap Helpline
	Housing Resources Bainbridge	StandUp for Kids
	Kingston Cares	United Way of Kitsap County
	Kitsap Community Resources	WA Department of Veteran’s Affairs
	Kitsap County CDBG Grant Program	WA Employment Security Department
	Kitsap County Aging and Long Term Care	Weaver Foundation ~ Georgia’s House
	Kitsap County Housing & Homelessness Div.	West Sound Free Clinic
	Kitsap County Sheriff’s Office	West Sound Treatment Center
	Kitsap County Veteran’s Assistance Program	West Sound Youth for Christ
	Kitsap Interfaith Network	YWCA of Kitsap County

Executive Summary

The Kitsap Homeless Housing Plan contains data and information collected in 2017 and 2018, as noted. It was updated during 2018 and approved by the Kitsap County Board of Commissioners on _____.

History

Historically there had been no statewide, integrated approach to homelessness in Washington. House Bill 2163, passed in 2005, attempted to remedy this situation by requiring each county to develop a homeless housing plan, providing a funding source through document recording fees to directly address the goals identified in these plans, and outlining reporting requirements. Subsequent changes to the legislation have added funding and changed requirements. Most recently, legislation passed in March 2018 increased the amount of funding available, specified additional performance and reporting requirements, and changed required elements for homeless housing plans.

Progress Since Last Plan

Action Steps identified in the 2016 Plan and implemented during the last two years resulted in significant shifts in the homeless crisis response system to:

- 1) Target prevention to those most needy and divert people from experiencing homelessness as much as possible,
- 2) Identify and prioritize serving the most vulnerable people experiencing homelessness, including expanding street outreach and providing more immediate shelter beds,
- 3) Increase alternative housing options,
- 4) Improve system efficiency by using performance measures and evidence-based practices, and
- 5) Improve communication with the public about homelessness.

The 2018 Plan builds on these accomplishments to further improve the Kitsap Homeless Crisis Response System.

Development of this Plan

The Kitsap Homeless Housing Plan Update Committee, a subcommittee of the Kitsap Housing and Homelessness Coalition (formerly called the Kitsap Continuum of Care Coalition), a network of homeless services and affordable housing providers, worked extensively with Kitsap County Human Services Housing and Homelessness Division staff to analyze the needs of people experiencing homelessness in Kitsap County by reviewing the Homeless Point In Time count data, Homeless Management Information System data, results from a survey of community members and providers, a survey of people experiencing homelessness, a stakeholders workshop, meetings with elected officials, and review of national evidence-based practices.

The Plan includes data analysis, a needs assessment, coordination and linkage of resources to avoid duplications, and identification of community-wide collaborative approaches. The included Action Plan is intended to address homelessness by promoting a continuum of housing and support services that augment individual and family stability, resiliency, and economic independence.

This Plan is intended to complement the 2016-2020 CDBG/HOME Consolidated Plan (HUD), the Kitsap County Comprehensive Plan, the Challenge to End Veteran Homelessness Plan and other local plans that address homelessness and affordable housing.

The Plan has been updated every 3-4 years to respond to changes in legislative and policy requirements, changing availability of homeless services, new evidence-based practices, completion of identified action steps, and identification of new focus areas.

Scope of the Plan

This plan addresses issues of homelessness throughout Kitsap County, including:

- Information about progress made over the last ten years,
- Current demographics of homelessness in Kitsap,
- Resources available,
- Current needs and gaps, and
- An Action Plan that outlines specific action steps that will be undertaken over the next 3-5 years.

Plan Goals

The overall goal of the Plan is to ***work together as a community to make homelessness a rare, brief, and one time occurrence in Kitsap County through an efficient and effective homeless response system.***

The Action Plan is comprised of five Goals, each with supporting Core Strategies and New Action Steps, which will be used over the next five years to address homelessness. Each Goal also includes Performance Indicators of Success.

- 1) **Make homelessness rare** (prevention strategies).
- 2) **Make homelessness brief** (crisis response strategies).
- 3) **Make homelessness one-time** (ensure long-term housing stability strategies).
- 4) **Continuously improve the homeless response system** (increase capacity and efficiency strategies).
- 5) **Expand community engagement** (leadership, planning, and communication strategies).

Gaps and New Action Focus Areas

Needs and gaps in the homeless crisis response system have been identified, with specific new action steps, timelines, and responsible parties identified to address them:

- **Implement discharge planning** for homeless individuals entering the community from jails, correctional facilities, foster care, hospitals, and behavioral health systems of care
- **Encourage development of affordable housing** and alternative housing models through incentives and policy changes
- **Add 120 low-barrier night-by-night shelter beds** and alternative shelter options (tiny houses, safe parks, etc.) throughout the County
- **Add 15 respite care shelter beds** for people with medical needs that are not able to be supported in other shelters
- **Add 60-80 Permanent Supportive Housing** units for people with long-term behavioral health and physical health issues that create challenges to stable housing
- Focus on **tenancy supports and employment/education connections**, including the new Medicaid Transformation Project Supported Housing and Supported Housing benefits
- Expand the use of **performance measures and data** to ensure the most efficient use of public funds
- Implement **trauma-informed care and evidence-based practices**
- **Expand leadership, accountability, and opportunities for community education and volunteering**

The Plan in its entirety is available online at
<https://www.kitsapgov.com/hs/Pages/HH-Housing-and-Homelessness-Landing.aspx>

Introduction

Homelessness Among our Neighbors

Here in Kitsap County, homelessness is not as visible as it may be on the streets of Seattle, but it affects hundreds of people directly, every day, right here in our urban and rural communities. These are our friends, neighbors, co-workers, and community members.

According to the 2018 Point In Time Homeless Count, on any given day there are estimated to be more than 450 people living on the streets, in vehicles, and in the woods of Kitsap County, in shelters, and in transitional housing.

Homelessness happens to people of all ages, genders, education levels, races, income levels, and household types. It happens to good people in our community who work hard to be self-sufficient but live on the brink of economic instability. Health issues, poor credit, job loss, family break-up, domestic violence, mental illness or substance use disorders can also push people into homelessness. Whatever the underlying reason for their homelessness, they are in crisis. Visible or hidden, everyone deserves a safe and decent place to live.

History of Homelessness

Homelessness was a relatively rare phenomenon until the 1980s, when many economic and social changes converged to cause its dramatic rise. These changes included:

- Lack of growth in real earnings for those with low incomes,
- Growing scarcity of appropriate affordable housing,
- Demolition of old buildings that provided inexpensive Single Room Occupancy (SRO) opportunities, and
- Closing of institutions (*i.e.* beds at Western State Hospital) that had long served individuals with mental illnesses.

The number of homeless families and individuals continued to rise during the 1990's. Factors included:

- On-going deinstitutionalization of persons with mental illness without the development of adequate community-based housing and appropriate support services,
- Foreign out-sourcing of manufacturing jobs that paid a living wage,
- Rise of a service economy with low paying jobs, and
- Flat and/or reduced spending on social programs at the state and federal level.

More recently, the Great Recession of 2009-2012 created the highest unemployment rates in decades, resulting in fewer workers employed, a decline in earned income, fluctuating rents, an increase in home foreclosures, and a reduction in state and federal funding for need-based assistance programs. These factors pushed many low-income households, and even some middle-income families, into crisis, including homelessness.

Spectrum of Services at Coffee Oasis Spark Charlie's Hope

Street Hope, Coffee Oasis' Street and School Outreach program found Charlie, age 19, as he exited Renaissance Alternative High School due to lack of stable housing. Charlie's parents' addictions to methamphetamines had torn the family apart and his sister was placed in Child Protective Services.

Once connected to Coffee Oasis, Charlie's relationship with the Program's director blossomed. During that time his father entered an Oxford House to support his addiction recovery.

Soon Charlie entered Coffee Oasis' Partnering Hope program to support his goals of getting a driver's license, completing his education at Renaissance High School and working with his dad to secure housing in order to bring his sister back into the family.

Next steps brought Charlie into Coffee Oasis' HOPE INC job training program, resulting in an internship, and eventually a permanent job at the YMCA. Also, following monitored weekly visits, Charlie's sister was returned to the care of Charlie's dad, who secured employment and rented a three-bedroom home that the three now live as a family unit. Sadly, Charlie's mom has not overcome her addictions.

Causes of Homelessness

Today, many of our community's low-income households are at-risk of becoming homeless – often a single paycheck away from losing their housing. Many individuals lack education and job skills to be prepared to compete for living-wage jobs, have an insufficient personal safety net to successfully weather temporary or chronic adversity, and may have limited options for improving their situation. Ultimately, they lose hope for a future that envisions economic self-sufficiency and social resiliency.

While economic problems and evictions are often the final event leading to homelessness, individuals with serious behavioral health issues are particularly vulnerable. They are often unable to maintain a job (or if they do, it is at very low pay), have difficulty managing medicines appropriately and rely on multiple services to sustain self-sufficiency. Others at-risk are members of dysfunctional families who are often victims of domestic violence, runaway or abandoned youth or youth who have aged out of foster care, large families, or veterans who have been negatively impacted by the traumas of war. The combination of rising housing costs, limited income and a severe shortage of affordable housing are other major factors leading to homelessness. The issue of homelessness is evident across Kitsap County.

Ultimately, homelessness is a result of other societal factors that create financial instability and inability to afford housing: lack of affordable housing, inter-generational poverty, expensive health care costs, lack of living-wage jobs, lack of education and training, severe mental illness, and substance use disorders. Addressing homelessness is, necessarily, working backwards attempting to fix the condition (homelessness) and then providing individualized social supports to address the underlying social issues facing each individual household.

Social Impact of Homelessness: The Cost of Doing Nothing

Homelessness not only has huge impacts on the individuals experiencing it, it is also expensive for our community. Homelessness almost always escalates an already unstable family situation. Youth and adults with mental illness or drug and alcohol problems get worse when they do not have stable housing to get the behavioral and/or medical attention they need.

Homelessness costs our community in other ways, as well. Each year, Kitsap County residents' tax dollars are spent caring for homeless people through our emergency services – including 911, emergency rooms and clinics, law enforcement, fire and rescue units, jails, detoxification programs, public health system, the judiciary system and more.

Homelessness has a particularly troubling impact on children. Homeless children often are impacted by adverse childhood experiences (ACEs) resulting in impediments to growth and development and overall weak performance in school. Numerous studies have found that housing instability and homelessness lower academic performance, increase the chances of repeating a grade, and reduce high school completion rates. Homelessness also puts children at greater risk of serious physical health problems.¹ All of these factors contribute to perpetuating the cycle of homelessness.

Homeless adults have a hard time gaining employment and holding a job. Evictions and foreclosures hurt landlords, banks, and neighborhoods. Law enforcement spends countless hours responding to complaints about illegal camping and illegal overnight parking.

Downhill Slide, Then Hope

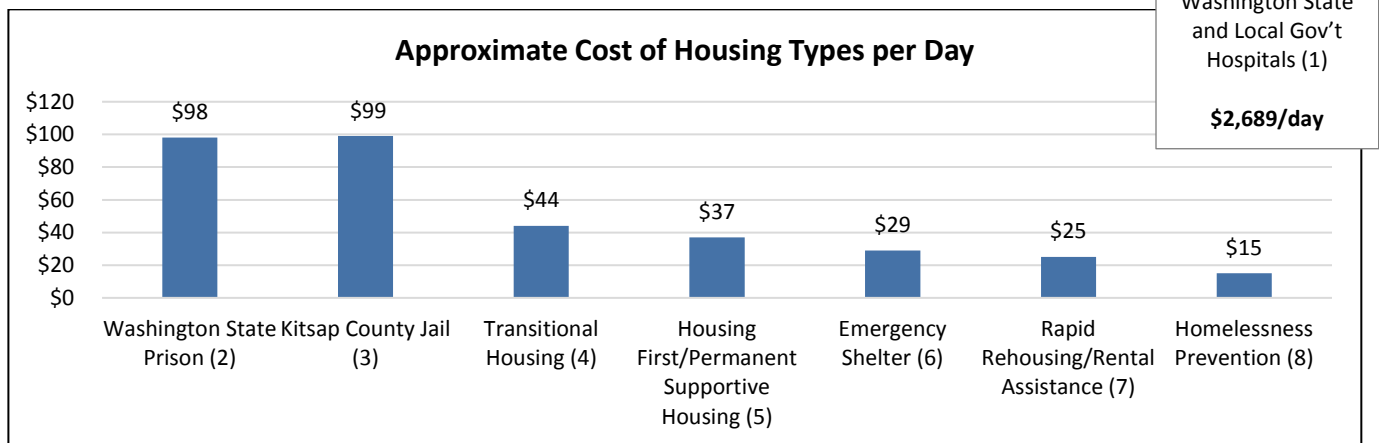
In his mid-30's, Tom, who had a long history of using and selling cocaine, arrived at Benedict House, a Kitsap shelter and transitional residence for men. He had worked as a truck driver for most of his life, but had a serious accident that crushed his right hand making it impossible to continue driving.

Lost, injured, homeless, and stigmatized, Tom ended up at the Benedict House. Tom's case manager was able to help him access an orthopedic specialist to perform restorative surgery on his hand.

Tom is making excellent progress as a result of the restorative surgeries and therapy that he is receiving, while concurrently participating in a 12-Step program to curb his addiction. Tom has been accepted into permanent housing at Catholic Housing Services Max Hale Center and will now live independently.

¹ The Center for Budget and Policy Priorities, Report: Recession Could Cause Large Increases in Poverty and Push Millions into Deep Poverty, 11/24/08.

Cost studies around the nation, however, have proven that many of these individuals and households can succeed in transitioning back to stable housing, and often self-sufficiency, if they access appropriate supportive services. Once housed, their use of emergency services declines sharply as family or individual’s stability improves. The result: a decrease in expenses for society, and a more livable community for all of us.²



(1) 2010 Kaiser State Health Facts
 (2) Washington State Prison, 2016
 (3) Kitsap County Sheriff's Office, 2017
 (4)(6)(7)(8) Washington State Department of Commerce, State Homeless Housing System Overview
 (5) 1811 East Lake Project, Seattle, DESC.

Although implementing the Kitsap Homeless Housing Plan will require significant community investment, it will not cost our community as much as continuing to try to manage homelessness indirectly through law enforcement, emergency services, and less effective temporary solutions over the years to come.

History of the Plan

This plan is part of a national movement to end homelessness. As part of that national effort, Washington State passed legislation in 2005 (ESSHB 2163), and subsequent legislation in later years, mandating that each county focus on reducing homelessness. Each county is required to (1) develop and periodically update a Homeless Housing Plan, (2) collect funds to pay for its implementation through a document recording surcharge at the county Auditor level, (3) collect data about homeless households and the services they receive to evaluate progress, and (4) coordinate efforts among homeless service providers.

The Kitsap Housing and Homelessness Coalition developed the first Kitsap Homeless Housing Plan, which was approved by the Kitsap Regional Coordinating Council in December 2005. Since that time, the Plan has been updated every three to four years.

2018 Plan Update

The picture of homelessness and the body of research about the most effective ways to help people regain housing stability have changed rapidly. Since the first Plan in 2005 many new strategies have been implemented, the landscape of providers has changed, we have much better data about our homeless households, and new evidence-based practices have been developed and replicated around the country.

While the original 2005 legislative mandate was to “reduce homelessness by 50% by 2015”, there is now a more sophisticated understanding of the causes of homelessness. The goal in Kitsap now, and nationwide, is to **make homelessness rare, brief, and a one-time event**. Until the underlying social issues that lead people to become homeless are addressed, the homeless crisis response system’s role is to prevent homelessness whenever possible and help people quickly regain stable housing and overcome their barriers to sustaining that housing.

² U.S. Department of Health and Human Services, Medicaid and Supportive Housing for Chronically Homeless Individuals: Literature Synthesis and Environmental Scan, Martha Burt, Carol Wilkins and Danna Mauch, 1/6/11

For this latest update, the Kitsap Housing and Homelessness Coalition formed an *Ad hoc* Homeless Housing Plan Update Committee to oversee the process of updating the plan to reflect the current situation. One objective of this update is to focus on gaps in what's currently being provided and offer specific goals and strategies to fill them. Another objective is to incorporate strategic thinking about what is needed over the next three to five years to continue the progress effectively addressing homelessness in Kitsap County.

Input for the plan was gathered from a broad range of sources:

- Point in Time Count data,
- Homeless Management Information System data,
- Kitsap Housing and Homelessness Coalition members through survey of service providers,
- Community members through a survey and a stakeholder workshop,
- Individuals experiencing homelessness through a survey,
- Meetings with elected officials, and
- Other plans and evidence-based practices from around the country.

This Plan includes three substantive sections:

- **A Progress Report**, which briefly discusses progress made in addressing homelessness since the last Plan update, and outlines the current homeless response system and resources available;
- **The State of Homelessness**, which provides a review of data and statistics regarding homelessness in Kitsap in 2017; and
- **The Action Plan**, including the current needs and gaps, as well as goals, core strategies, and new action steps that our community should undertake to address homelessness over the next three to five years.

Although these sections overlap, each can “stand alone,” presenting relevant information on a single aspect of homelessness in Kitsap. Collectively, these sections complete the picture of what will be required to make homelessness rare, brief, and one-time.

Purpose of the Plan

The Homeless Housing Plan Update Committee identified three main purposes of the plan, in addition to fulfilling the legislative mandate:

- **Blueprint for Implementation:** A clear and concise agreement about the community's plan to reduce homelessness.
- **Tool for Advocacy:** An informational focal point to inspire local advocacy and leadership to embrace homelessness as a priority for action.
- **Reference for Funders:** An articulation of the community's priorities for funding, ensuring that these priorities meet the Federal, State, and local requirements that the funded programs are in alignment with the community's homelessness plan.

The plan lays out broad goals and strategies to guide government, non-profit agencies, and other partners to achieve the desired outcomes necessary to reduce homelessness and create community impact.

Future Plan Updates

The Homeless Housing Plan Update Committee recommends updating the plan periodically to reflect the changing factors that affect homelessness, recent successes in reducing homelessness, new innovations in homeless housing programs, as well as new legislation. The plan should be updated every three to five years, or as required by the Washington State Department of Commerce.

Crisis and Response

The past decade has been challenging for many Kitsap County citizens, as the value of their wages has diminished, the number of households living in poverty has risen, and the lack of affordable housing has affected many households, resulting in housing instability and homelessness. In response, Kitsap’s social service providers have created a homeless crisis response system to meet the growing demand, with more beds and units available even in the face of diminishing state and federal resources. Together this “Continuum of Care” has been recognized by Commerce as a leader in implementing major changes in the way people are assisted to regain housing stability. However, barriers and gaps still exist that impede progress toward the goal of making homelessness rare, brief, and one-time.

A HOUSING AFFORDABILITY CRISIS

Although Kitsap’s economy is recovering, mirroring positive economic forecasts around the state, those households at the lowest income levels are still struggling to find and maintain stable housing.

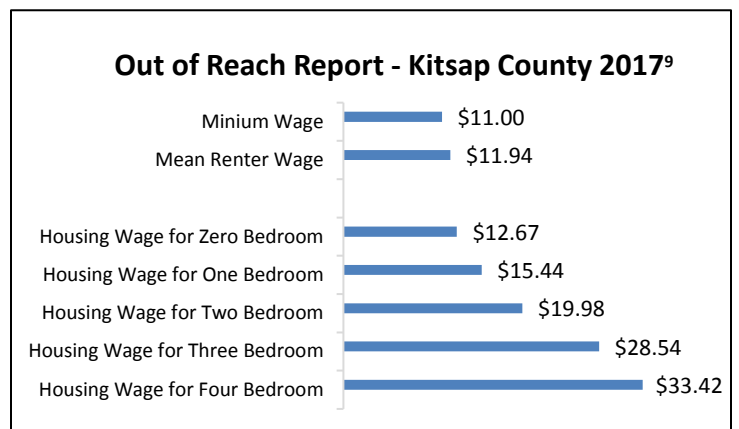
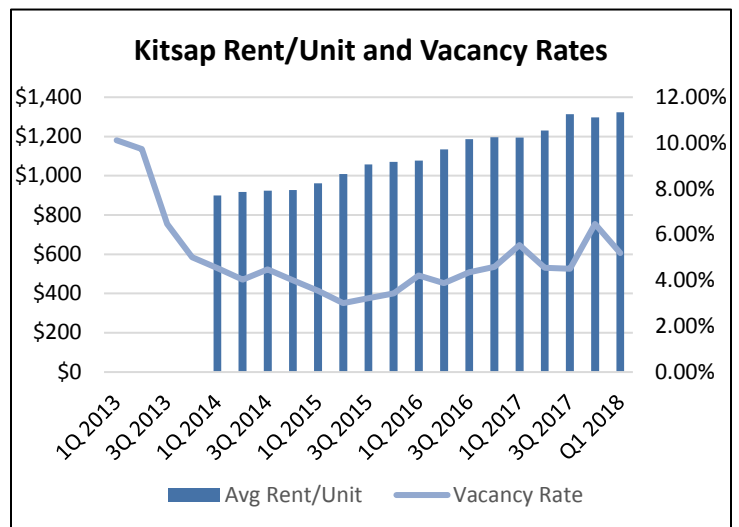
Affordable Housing Shortage

The gap between incomes and the cost of available housing pushes many people into homelessness, particularly in a market like Kitsap where housing prices rise faster than incomes.

Research conducted by the Washington State Department of Commerce shows that increasing rents is the largest driver of homelessness in Washington State.³ National research indicates that every \$100 increase in rent is associated with an increase in homelessness of 6% in metro areas and 32% in non-metro areas.⁴ Kitsap County includes both.

At the end of first quarter 2018, the average rent per unit in Kitsap County was \$1,323. The average unit rent increased \$128 (10.7%) from the prior year and \$424 (47%) since the beginning of 2014. Vacancy rates have fallen from 10.12% at the beginning of 2013 to below 5% for the last several years. Vacancy rates were 5.2% at the end of first quarter 2018.⁵ Vacancy rates can also fluctuate due to changes in Naval Base Kitsap personnel levels.

Housing is considered “affordable” when it costs no more than 30% of household income. Kitsap housing costs are well beyond the affordability of low-income households, particularly households with children, where an adult must provide childcare⁶:



³ “Why is homelessness increasing?”, Washington State Department of Commerce, Housing Assistance Unit, 2017

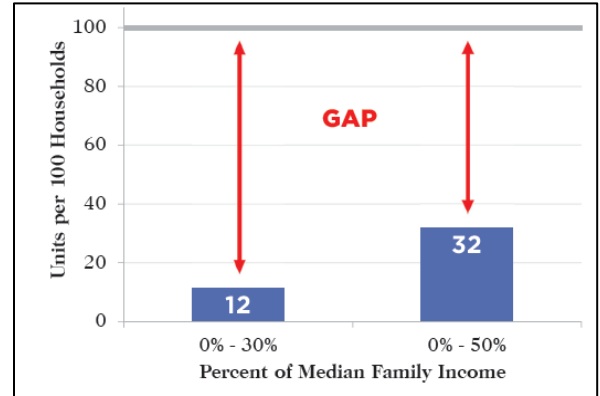
⁴ Journal of Urban Affairs, New Perspectives on Community-Level Determinants of Homelessness, 2012

⁵ Apartment Insights Washington, 2018

⁶ National Alliance to End Homelessness, Out of Reach Report, Kitsap County, 2017.

- In 2017 affordable rent for a person earning minimum wage (\$11.00) was \$572.
- In Kitsap, the estimated mean renter wage was \$11.94; making \$621 an affordable rent with a single wage-earner.
- However, in Kitsap the fair market rent (FMR) for a two-bedroom apartment was \$1,039 (statewide: \$1,229). The annual household income needed to make this affordable was \$41,560, or \$19.98 per hour.
- For a household of any size earning 30% or less of Area Median Income (\$23,130), affordable rent would be no more than \$578.
- For households receiving a disability payment through Supplemental Security Income (SSI) (\$781/month), they can afford rent of only \$234.

The Eviction Lab at Princeton University recently released data showing that Kitsap County had about one eviction per day in 2016 (357 evictions), a 1.09% eviction rate, nearly double the .58% eviction rate in 2014 (187 evictions).⁷ As rents increase and households are unable to keep up with the cost of housing, evictions are an inevitable result.



In addition, a 2015 Washington State Housing Needs Assessment revealed that for Kitsap County, there are only 12 affordable and available housing units for every 100 households earning less than 30% of the Median Family Income (about \$22,500).⁸

Declining Value of Wages

Nationally, statewide, and locally, the value of wages has not kept pace with inflation and the cost of goods and housing. In 2017 in Washington, a minimum wage worker earned an hourly wage of \$11.00 and the average wage earned by Kitsap renter households was \$11.94, however those wages are not nearly sufficient to afford housing and other basic needs.⁹ In addition, in Washington State households with the lowest 30% of income pay the highest proportion of taxes than in any other state due to the state's regressive tax system which results in a greater tax burden on the poor.¹⁰

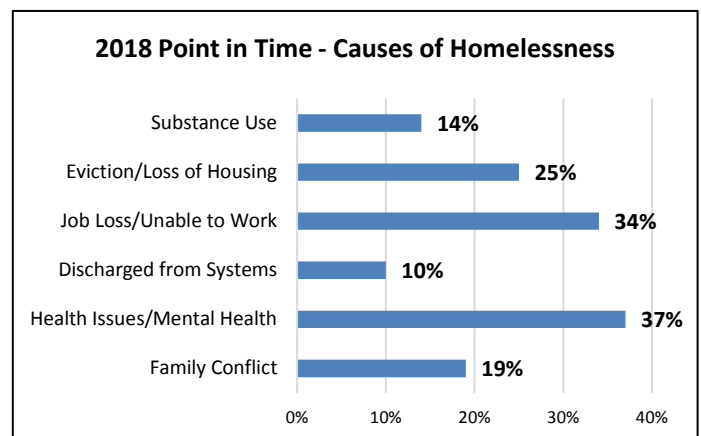
Rising Poverty Rates

According to community health indicators prepared by the Kitsap Public Health District, more of our Kitsap neighbors are experiencing poverty than ever before¹¹:

- 10% of residents are living below the Federal poverty level (2015), an increase from 8% in 2005.
- 9% of youth are living below the Federal poverty level (2015), an increase from 6% in 2005.
- 31% (2015) of households are spending more than 30% of income on housing, similar to 32% in 2005.

Other Causes of Homelessness

The lack of income to pay for housing is a result of the breakdown of other social factors, such as economic security, employment, education, and the health care system. The Great Recession that began in 2008 had a huge impact on economic and housing factors that affect homelessness. The effects of the Great



⁷ 2018 Eviction Lab data, Princeton University

⁸ 2015 Washington State Housing Needs Assessment.

⁹ MIT Living Wage Calculator, Kitsap County, 2017.

¹⁰ Institute on Taxation and Economic Policy, 2015 Report

¹¹ Kitsap Public Health District, Public Health Indicators, September 2017.

Recession still affect many households today. The resulting economic instability, foreclosure, unemployment, insufficient outreach to some of the most vulnerable citizens including veterans, loss of retirement and savings, and loss of health benefits forced an unprecedented number of households into homelessness. Many of these households were not previously considered to be at risk of homelessness, but were affected by prolonged unemployment, foreclosure, or rising health care costs.

Mental health, substance use disorders, and physical health issues are a factor in a large number of households' homelessness. Inadequate resources to address their needs is a significant challenge today. Another key reason for homelessness is discharges from other systems of care, such as jail, foster care, and health care systems. During the Summer 2017 Point in Time Count, surveys collected in the Kitsap County Jail revealed that 43% of inmates had involvement with homelessness in the past or anticipated upon release. Of these, 67% were homeless immediately prior to jail and 78% expected to be homeless upon release.

With so many of our neighbors living on the edge of housing instability, small crises are often the tipping point leading to homelessness. These crises are often related to loss of employment or financial hardship, physical or mental health issues, being discharged from other systems of care (jail/prison, foster care, physical or mental health), substance use disorders, or family break-ups¹². In addition, emerging research shows the impact of adverse childhood experiences (ACEs) on the physical and behavioral health of adults, increasing the likelihood of homelessness.

PROGRESS AND INNOVATION

When individuals or families are in danger of becoming homeless, or have already lost their housing, the goal is to get them into housing and provide services that best meet their needs as quickly as possible. This “homeless crisis response system” involves many organizations, a diverse set of programmatic tools, and multiple funding sources. Twelve years after the originating legislation, Kitsap has made progress in many areas, adding emergency housing beds, expanding outreach, and supportive services and programs.

Action Steps identified in the 2016 Plan called for a significant shift in the homeless crisis response system to:

- 1) Divert people from experiencing homelessness and target prevention to those most needy
- 2) Identify and prioritize serving the most vulnerable people experiencing homelessness, including expanding street outreach and providing additional immediate shelter beds
- 3) Increase short-term and long-term alternative housing options
- 4) Improve system efficiency by using performance measures and evidence-based practices, and
- 5) Improve communication with the public about homelessness.

Below are highlighted significant changes or accomplishments since the last update of the Homeless Housing Plan for 2016 – a lot was accomplished in 2 ½ years!

Prevention and Diversion

The most cost-effective way to decrease homelessness is to intervene before individuals and families lose their housing. Often, a household on the brink of homelessness can avert the crisis with a small amount of financial support and the necessary supportive services to regain financial stability. Contrast this minimal cost for prevention with the immense cost to the family, social service agencies, and the community

Prevention and Diversion

- Housing Solutions Center implemented a Diversion Program
- Prevention programs focused on most needy
- Therapeutic courts expanded and divert people with behavioral health issues from jail
- Steps to Housing program provides easy one-stop connection with resources

¹² 2018 Kitsap Point in Time Count

when individuals or families become homeless. By focusing on diversion and prevention, we can effectively reduce homelessness.

The Housing Solutions Center of Kitsap County (HSC, opened in 2012) is our coordinated entry program, a single point of entry where all residents seeking assistance with housing or homeless services are welcomed, assessed, and referred to appropriate housing and resources for which they are eligible. The HSC also keeps a community-wide emergency housing waitlist. In mid-2016, the HSC launched a more robust diversion component to the intake process, working with each client to determine ways to avoid going into shelter if other options are available – such as family and friend resources, employment supports, or assistance negotiating with landlords.

Prevention programs were re-oriented to focus on identifying households that had the least other resources available to them, were the most vulnerable, or the least likely to be able to help themselves. Prevention was also targeted to those who would be successful after a one-time infusion of rental assistance.

Therapeutic court diversion programs were expanded in Kitsap over the last several years to identify good candidates for alternative sentencing and supportive services to help people get treatment for underlying behavioral issues and keep them out of jail and prison where these issues would not be addressed. There are now therapeutic courts for mental health, substance use, and veterans.

The HSC also launched a Steps to Housing program, which provides a weekly drop-in opportunity for household concerned about housing stability to easily get connected with resources.

Identifying and Prioritizing the Most Vulnerable

Both philosophically and financially, it makes sense to focus on helping those in our community who are most at-risk of harm living on the street and/or least able to help themselves – we often refer to people in these situations as “most vulnerable.” Since its inception, the homeless crisis response system has, by default, focused resources on those who could seek resources and advocate for themselves. Programs prioritized households who were thought to have the best outcomes for the least amount of investment. However, this has meant that people at the other end of the spectrum have been neglected in the system and this has contributed to extending their homelessness. In response to directives from the Department of Commerce and a growing recognition of this problem locally, the 2016 Kitsap Homeless Housing Plan began to shift the system to identify and prioritize the hardest to serve individuals – focusing efforts to bring the services to the people who need it most.

The HSC began experimenting with vulnerability assessment tools – giving incoming households an additional screening tool to determine their capacity in various areas. This screening results in a vulnerability index score, which assists with determining who is prioritized for shelter and housing program placement. Through trying various vulnerability index tools, the HSC has developed and implemented a customized tool for Kitsap.

In addition, the HSC has expanded outreach to the Bremerton ferry terminal, select libraries, and the Kitsap County Jail. The Coffee Oasis, our primary youth homelessness provider, launched a jail outreach program for young adults, and West Sound Treatment Center started a jail outreach program for people who are seeking treatment for substance use disorders upon discharge. The Kitsap Rescue Mission has stepped up to be a key organization in outreach to encampments, as well as opening a day room program for people to have a safe and welcoming place to go during the day.

Identify/Prioritize Most Vulnerable

- Housing Solutions Center implemented vulnerability index screening tool
- Greatly expanded outreach, including several programs in the jail
- Expansion of Severe Weather Shelter program to North Kitsap and South Kitsap
- Opening of Salvation Army low-barrier Winter Shelter and Kitsap Rescue Mission night-by-night shelter
- Kitsap Connect program serves most vulnerable high utilizers of emergency services

Building on a program launched many years ago by the Kitsap Housing and Homelessness Coalition and the Kitsap County Department of Emergency Management (DEM), the Severe Weather Shelter (SWS) program was greatly expanded in the last two years. The SWS relies on host organizations to supply volunteers to open shelter beds in churches and community centers when the DEM determines that inclement weather make it dangerous for anyone to be sleeping outside. A single SWS operated for many years in Bremerton and moved in 2016 to operate out of the Bremerton Salvation Army. Over the last several years, organizations in Kingston, Poulsbo, and Port Orchard have volunteered to host additional severe weather shelters so that people experiencing homelessness throughout the county are able to survive these winter nights.

The Salvation Army Winter Shelter served 470+ unique individuals between December 2017 and March 2018.

The Severe Weather Shelter at the Salvation Army was so highly utilized that the Salvation Army opened a 60-bed Winter Shelter, open every night during December through March rather than only on severe weather nights. It has been extremely popular with guests, and served more than 470 unique individuals. The low-barrier model welcomed guests with their spouses/partners, accommodated their possessions, and sheltered their pets – this encouraged many people who had not been eligible and/or willing to come into shelter in the past to participate in the program and begin building relationships and accessing other services. The Winter Shelter ran over capacity most nights during the 2017-2018 season. Upon its closing in March 2018, many of the guests will go back to living in the woods and on the streets.

Also in Bremerton, the Kitsap Rescue Mission started a night-by-night shelter with 25-beds. Guests are required to register in advance with the HSC and must meet certain requirements. The Mission shelter works closely with the Winter Shelter to take referrals for families and others that need a more structured environment.

The Kitsap Connect program was launched through a partnership with Kitsap Public Health, the Salvation Army, the Housing Solutions Center, and Kitsap Mental Health Services. It works to identify the highest utilizers of emergency rooms, emergency medical services, and law enforcement with the goal of reducing costs to these systems and improving health outcomes through a coordinated care model that includes public health nurses, behavioral health professionals, and a housing specialist. The vast majority of their clients are chronically homeless and extremely high-needs. Through 2017, they have assisted 67 individuals to form positive social relationships, connect with resources, improve their health, and (for some) find housing.

This shift to focus on outreach to those who may not be accessing resources and prioritization of emergency housing for those who are the most vulnerable has not been easy, but a good start is underway. It has been challenging for shelters to serve people with higher needs, often with staff and programs structures that are not equipped for this population's needs. Shelter stays can be longer because it can take longer to get high-needs clients stabilized and is even more difficult to find permanent housing placements for them. Action Steps in the 2018 Plan will continue this work.

Alternative Housing Options

Another focus over the last two years has been expanding alternative housing options, such as legal encampments, boarding houses, home sharing, and tiny houses. Kitsap County Commissioners approved a permanent Transitory Accommodation Ordinance that allows permitting of encampments, tiny house villages, boarding houses, and other temporary housing solutions on both small and large scales. Despite some promising opportunities, no organizations have applied for a permit under this new code to date.

Alternative Housing Options

- Kitsap County Transitory Accommodation Ordinance
- Homes for All Tiny Cottages project underway
- City of Poulsbo/Coffee Oasis youth Boarding House

In 2016, the County, Cities, and Tribes sponsored a Homelessness Workshop with nationally recognized guest speakers, drawing more than 120 Kitsap leaders from across many sectors. This convening led to the creation of

a cross-sector leadership group, the Homes for All Leadership Group, which has been spearheading the development of tiny cottages for use as emergency housing. Partnering with area churches and a wide array of organizations in different sectors, the Homes for All project hopes to pilot a tiny cottage village in South Kitsap in 2018.

The City of Poulsbo has partnered with the Coffee Oasis, a youth housing provider, on piloting a youth boarding house model on city property. The City hopes to expand the model to other sites in the next few years.

System Efficiency

Each year progress has been made to improve the efficiency of the housing and services delivery system; the last two years continued this work with some additional changes.

A Strategic Analysis of Funding Sources undertaken in 2010 resulted in the creation of the Coordinated Grant Application Process, implemented in 2011, which combines the applications for the major local government funding sources for homeless housing, social services, and community development into a single application and review process. This eliminates duplication of funding, and increases the efficiency for grant administration and for grantees. In 2017, the Consolidated Homeless Grant, a funding source from the Washington State Department of Commerce, was brought under the administration of the Kitsap County Housing and Homelessness Division. This has resulted in a more consistent and coordinated approach to funding homeless programs and services. Work will continue to streamline and maximize efficiency in the funding process over the next several years.

System Efficiency

- Better funding coordination with Consolidated Homeless Grant
- Expansion of Project Connects and Point in Time Count outreach

The Point in Time Count has been conducted in coordination with a low-income services fair, Project Connect, for the last ten years. In 2017, large-scale outreach efforts were added to the survey process to locate more households living on the streets and in wooded areas. Also in 2017, a Summer Point in Time Count was piloted. In 2018, Project Connect resource fairs were added in North Kitsap and South Kitsap to improve access for households throughout the county and to improve data collection during the Point in Time Count.

Communication and Engagement

As mentioned earlier, elected leaders and key organizations gathered for a Homelessness Workshop in June 2016. This led to the formation of the Homes for All Leadership Group, which is working on creating a tiny cottage pilot program in South Kitsap.

Responding to citizen requests for more information about homelessness, the Housing and Homelessness Division began producing various data summaries about different aspects of homelessness. In addition, the Division assists organizations and individuals with data upon request.

Communication and Engagement

- Homes for All Leadership Group
- Homelessness Data Summaries and information available
- Community group presentations
- Promoting Hunger and Homelessness Awareness Week activities
- Point in Time Count volunteer project

The Housing and Homelessness Division staff and leaders from other Kitsap Housing and Homelessness Coalition organizations frequently respond to requests from community groups (such as Rotary, Kiwanis, Elks, League of Women Voters, citizen advisory groups, and school groups) to make presentations. Over the last two years, they have presented information about homelessness to more than 20 groups.

In 2017, the Housing and Homelessness Division launched a volunteer effort to support outreach efforts for surveying during the Point in Time Count. More than 100 citizen volunteers have participated during the last three Point in Time Counts.

Hunger and Homelessness Awareness Week, usually held the week before Thanksgiving, is organized nationally. Over the last two years, the Kitsap Housing and Homelessness Coalition has been building support and promoting specific activities to raise community awareness during this week, including a Hunger and Homelessness Awareness March.

Specific Population Programs

Certain homeless populations require specific services or housing situations to be able to acquire and sustain housing. Several programs exist to serve particular populations, such as veterans, youth, severely mentally ill, those with chemical use disorders, and survivors of domestic violence. In addition, people who are on fixed incomes and/or disabled experience significant challenges affording permanent stable housing. As our population ages, we can expect this to affect a growing number of Kitsap residents. We need to further develop innovative, evidence-based programs in order to move these sub-populations out of homelessness.

Specific Population Programs

- Youth: Coffee Oasis – HOST Home Program, Youth Crisis Hotline, youth boarding home, and Kingston services
- Veterans: Homes for All Who Served – Functional zero for unsheltered veterans

Homeless youth, countywide, have benefitted from an ever-expanding array of services offered by the Coffee Oasis programs. In addition to youth street outreach, drop-in centers, case management, job training, and a youth shelter, over the last two years the organization has brought online a 24-hour youth crisis hotline, is piloting a HOST home program wherein youth are temporarily placed with volunteer families, opened a youth boarding house in Poulsbo, and is expanding services to Kingston.

Following the lead of a national initiative to end veteran homelessness, federal, state, and local veteran housing providers came together to form the Homes for All Who Served initiative. The group did a needs analysis, developed a plan to improve services for homeless veterans, and implemented many improvements for service delivery to veterans. Hundreds of veterans have been successfully housed and the goal of “functional zero” for unsheltered veterans was achieved. More work remains to ensure that sheltered veterans are able to get into permanent stable housing.

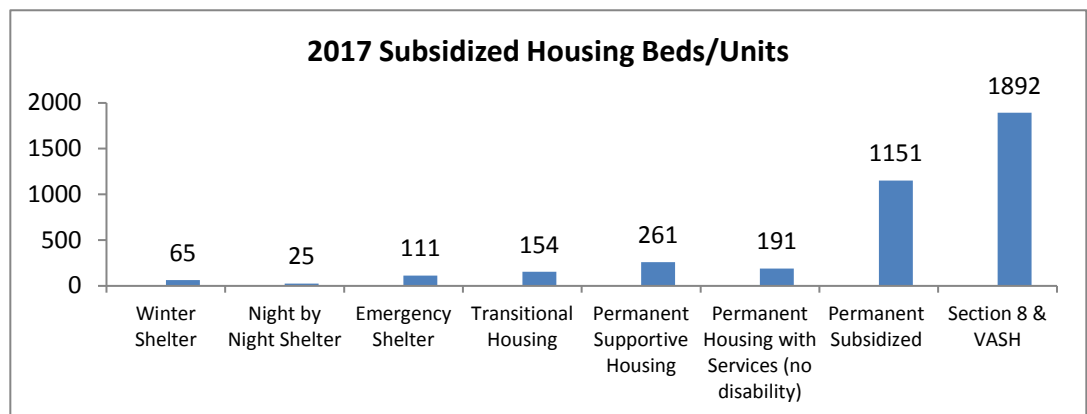
CURRENT RESOURCES

Leadership

The political and community commitment to address the issue of homelessness is essential. Over the last few years, leadership in this effort has

enabled Kitsap to make extraordinary progress in addressing homelessness through HMIS implementation, the Housing Solutions Center, and support for the Kitsap Housing and

Homelessness Coalition. The leadership has been by Kitsap elected officials, the Kitsap Housing and Homelessness Coalition, and many faith-based organizations.



Providers

The Kitsap Housing and Homelessness Coalition is a very active organized network of over 50 different homeless housing and service organizations that create a continuum of housing and services for homeless households. Together these organizations comprise the homeless crisis response system.

Housing Units

Through these providers, the emergency, interim, and subsidized housing listed on the chart above are currently available.

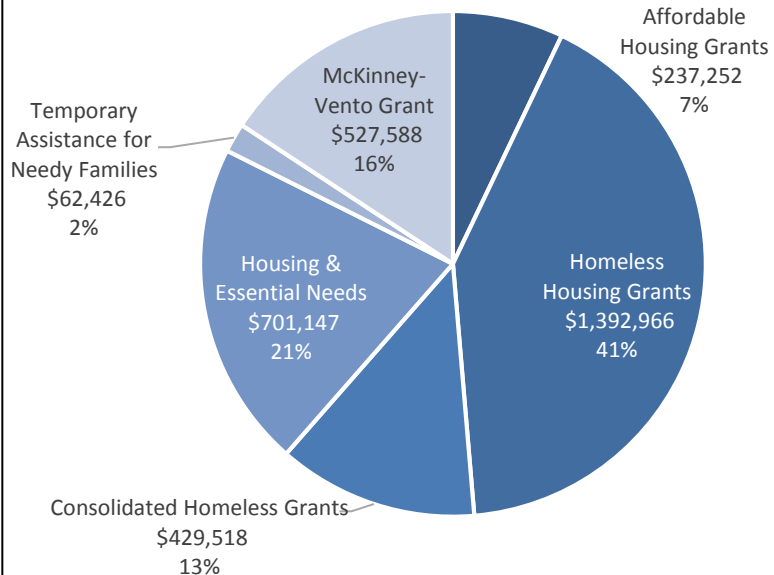
Funding Sources

In order to fund these programs, Kitsap County housing and services providers rely on a number of federal, state, local and private funding sources of funds.

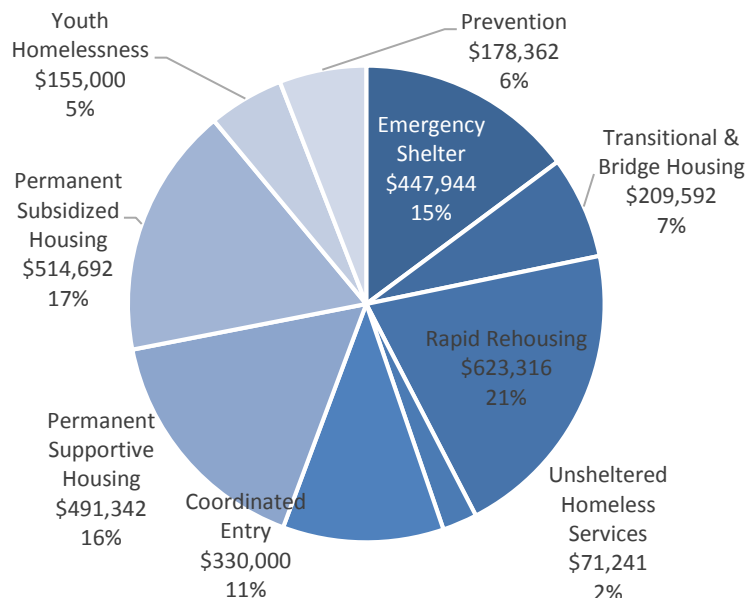
Many of these funding sources are specifically “targeted” towards homelessness and are restricted to services and projects which directly benefit homeless individuals and families and others with special needs. These charts summarize state and local targeted funding sources and how they are spent on Kitsap program types.

In March 2018, the Washington State legislature made a significant increase to the amount of funding available for homeless programs through local and state grants. However, this funding will not start to become available until mid-2019 to 2020.

2018 Homelessness Program Funding Sources



2018 Projected Investments by Project Type



Kitsap Homelessness Today

DEMOGRAPHICS

Understanding the scope of homelessness in Kitsap County is an important step in developing key strategies to address it. Homelessness is an extremely complex social challenge and requires significant community investments to create an impact. There is a constant flow of people becoming homeless while others move out of homelessness into housing. Many may only experience one episode of homelessness, while others (often termed “chronically homeless”) may experience multiple episodes over several years or remain homeless for many years. Fortunately, we have better data and statistics on the homeless population than ever before to guide our efforts.

Before discussing statistics and data, it is important to recognize that it is very difficult to arrive at a definitive number of homeless households or accurate statistics about our homeless population. The following variables impede our ability to accurately identify the number of individuals and families that are homeless and the complex barriers they face while attempting to overcome homelessness:

- The face and composition of homelessness is changing all the time. Each day new households are forced into homelessness and each day homeless households are re-housed and re-gain self-sufficiency.
- Due to the ongoing stigmatization of being homeless, many individuals and households either do not self-identify as homeless and do not seek services, or do not admit to being homeless. Our data collection efforts require voluntary participation, so households that do not seek services or volunteer to be counted in our homeless census are not included in statistics. This is the hidden face of homelessness.
- Data about homelessness gathered from different sources does not always provide a consistent picture, since it may define homelessness differently or collect data differently.

Data about homelessness is collected in several ways, through the efforts of the social service and housing providers who work with people experiencing homelessness:

Point in Time Count

The Point in Time Count (PiT) is required by the Department of Commerce and HUD in order to receive homeless grant funds. The information from the count is compiled and submitted to WA State and is used locally for evaluation and planning purposes. The PiT surveys sheltered and unsheltered people experiencing homelessness on the fourth Thursday in January during a specific 24-hour period in all WA counties. Kitsap County has conducted an annual Point in Time Count of the homeless since 2005. The PiT provides limited information about the full scope of homelessness, because external factors affect the results: weather, volunteers, and the social stigma of homelessness. Many communities consider the PiT to undercount homelessness by a factor of two to three times. However, the PiT provides a large sample, from which we can extrapolate general information about our homeless population, including reasons for homelessness.

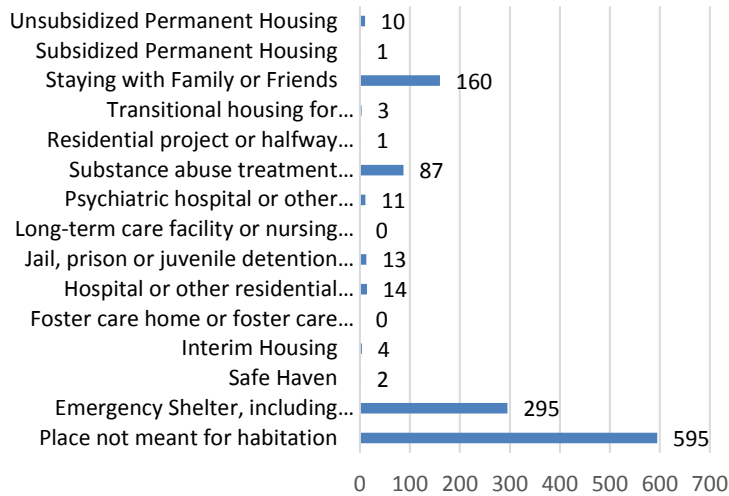
Homeless Management Information System and Housing Solutions Center

The second tool that is used to collect information about homelessness in Kitsap is the Homeless Management Information System (HMIS). This is a federally-mandated and state-managed database of information that is required to be collected by homeless housing and service providers about every client who receives homeless assistance provided by federal or state funding. Faith-based or privately-funded programs are not required to participate, though in Kitsap several of these programs choose to do so.

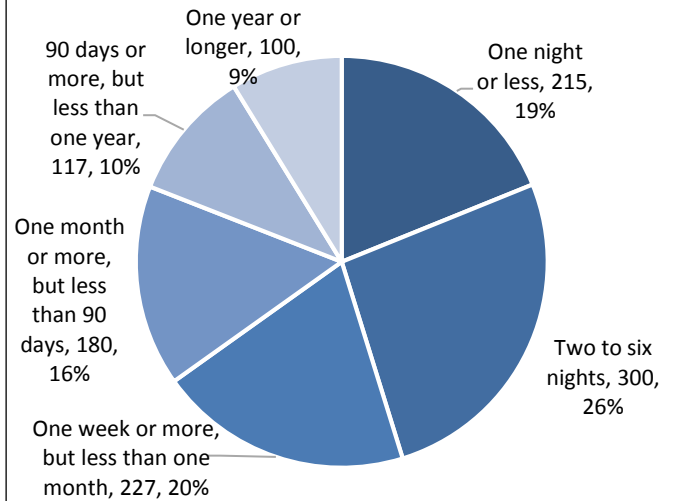
Required HMIS data includes demographic information such as gender, age, prior living situation, length of time homeless, education level, ethnicity, and family composition. Clients must provide signed consent to have identifying information entered into the system. When a client enters a particular housing or homeless services program, information about their participation in the program is also recorded in HMIS.

2017 Demographics for Households Experiencing Homelessness in Kitsap¹³

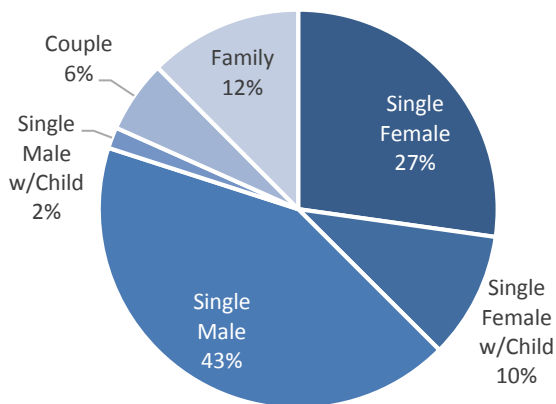
Prior Living Situation



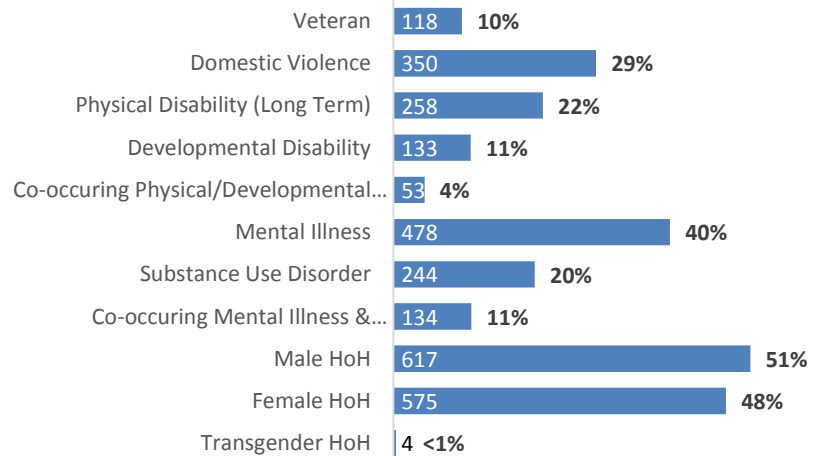
Length of Stay in Prior Living Situation



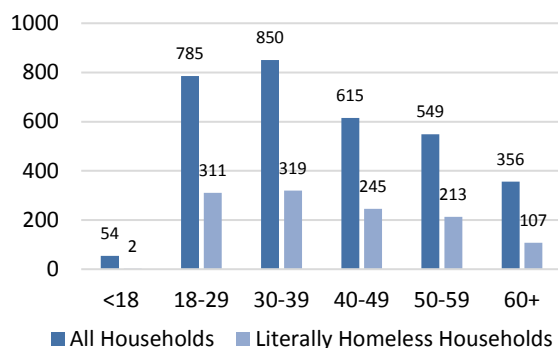
Family Composition



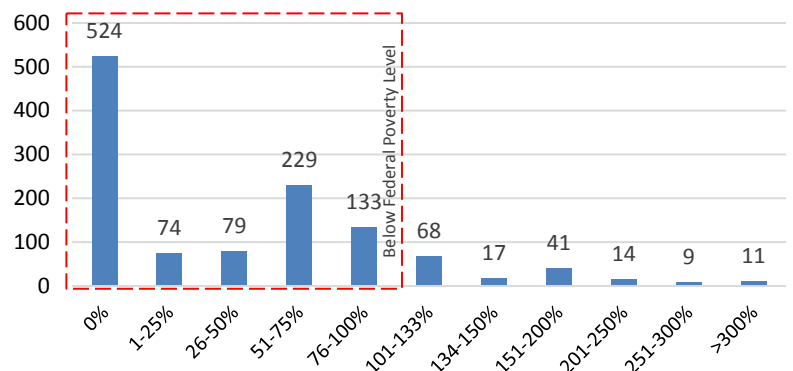
Head of Household Self-Reported Characteristics



Age - Head of Household



Income as a % of Federal Poverty Level

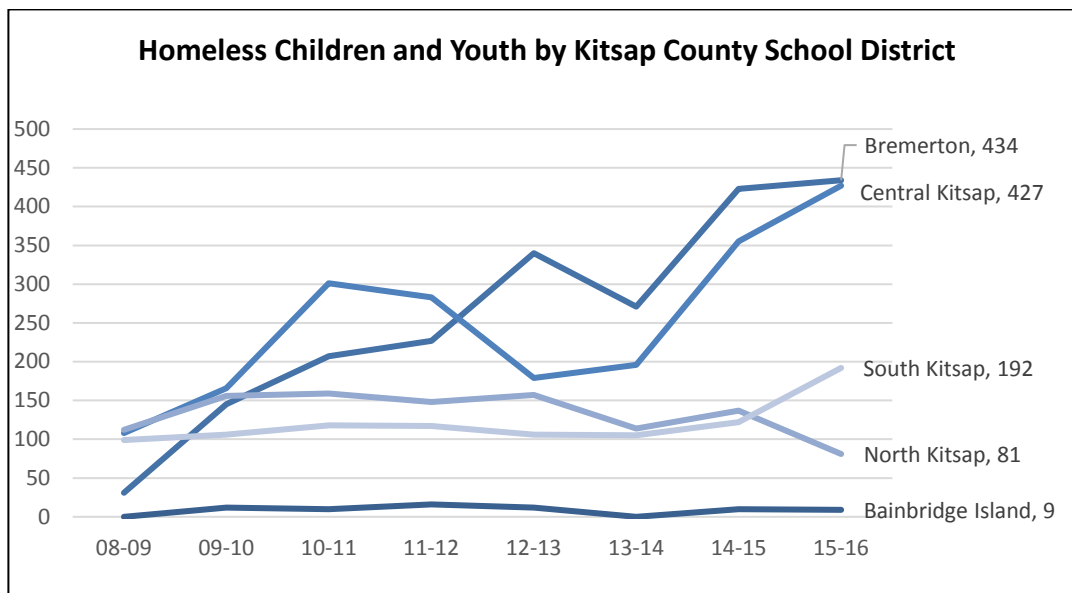


¹³ Data from the Homeless Management Information System, through the Housing Solutions Center, 2017, Literally Homeless Households.

HMIS information is used at the state level to develop state-wide statistics and models. At the local level it provides accurate information about clients who access services. Its limitation is that clients, who are not using services, either by choice or because needed services are not available, are not included. Thus, it provides limited information about under-served populations or gaps in service.

Youth Homelessness

Each school district is also required to collect information about student homelessness and submit it to the state Office of the Superintendent of Public Instruction. This represents students that were identified by school district staff as experiencing homelessness, but is considered to be a fraction of the actual number.



Statistically, this equates to about one student in every classroom experiencing homelessness.

SYSTEM PERFORMANCE MEASURES

To make sure that what we are doing is having the desired effect, specific system performance measures are used, based on data collected through the HMIS and other sources. Some of the performance measures listed below are mandated by the Department of Commerce – these are indicated by a ★.

RARE: How many people experience homelessness?

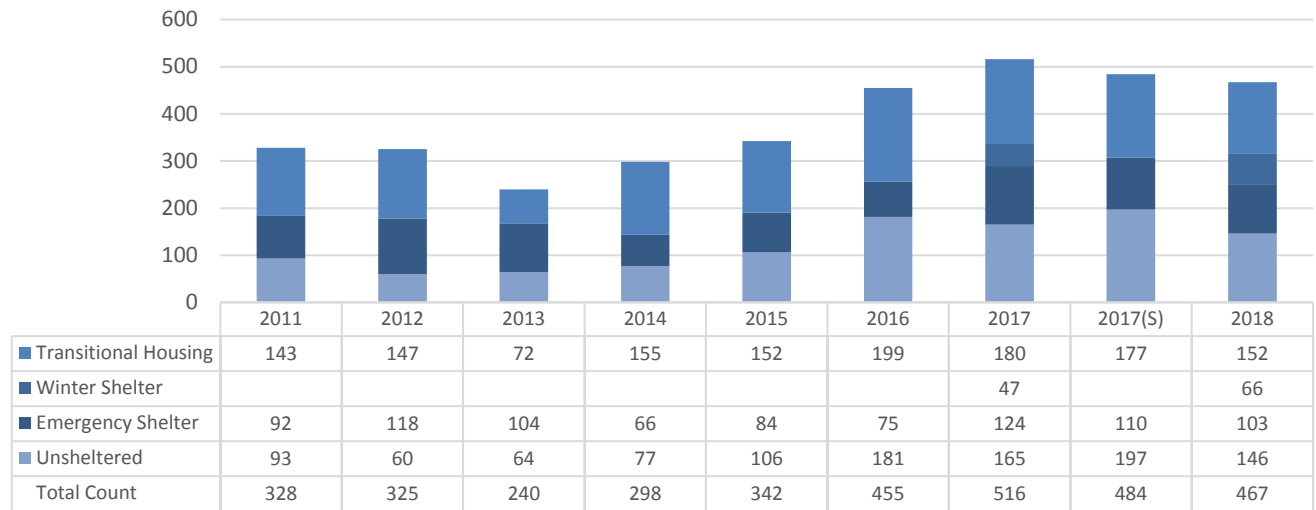
The Point in Time Count provides information about homeless households who choose to participate in a survey on one particular day, regardless of whether they are seeking or receiving services and includes individuals who are sheltered and unsheltered, by federal definition. The Homeless Management Information System and the Housing Solutions Center provide information only about clients who seek and access services.

★ At a Point in Time

The following table shows data compiled from annual Point In Time count from 2011-2018.

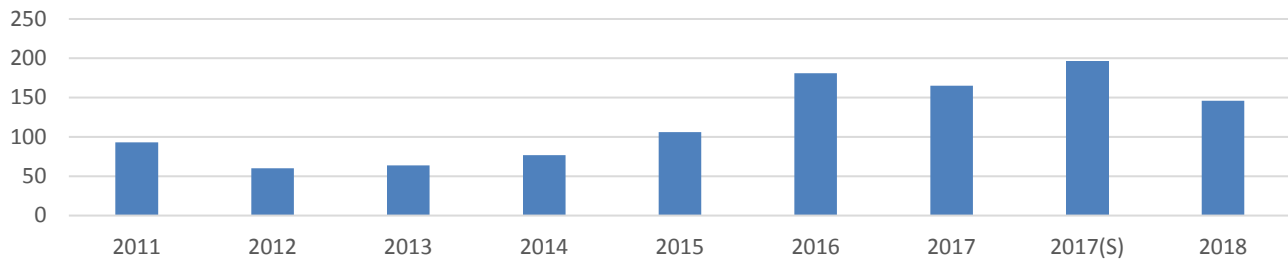
- In 2018, 69% were being served by current facilities, staying in emergency shelter or transitional housing.
- 31%, or 146 individuals, were not being served by current homeless housing programs and were living in situations not meant for human habitation, such as abandoned buildings, illegal encampments on private and public property, on the streets, or in their cars.

**Kitsap Point in Time Count of Homeless Persons:
All Individuals, 2011-2018**



The overall number of individuals who were counted in the annual Point in Time Count has decreased between 2017 and 2018 by 9%. However, the number of sheltered people is a direct reflection of the number of transitional housing units and emergency shelter beds available. For example, the chart above shows an additional 47 people sheltered in the Winter Shelter for 2017 and 66 for 2018. Winter Shelter capacity increased between 2017 and 2018, so that Winter Shelter-stayers plus unsheltered people add up to the same number for both years (212).

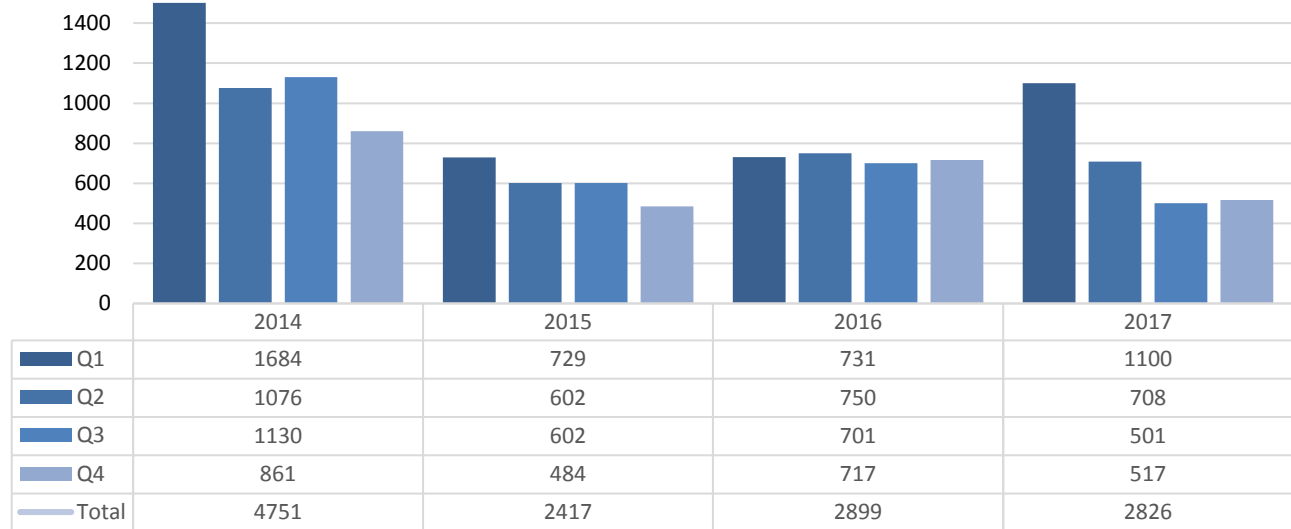
**Kitsap Point in Time Count of Homeless Persons:
Unsheltered Individuals, 2011-2018**



Annually

HMIS data collected upon entry into the Housing Solutions Center program indicates the number of households seeking assistance for housing stability.

**HSC Quarterly Enrollments by Household:
2014-2017 Literally Homeless and At-Risk**



Key 2017 statistics for people seeking housing stability assistance at the Housing Solutions Center:

- **Housing Status:** In 2017, the HSC enrolled 2,826 unduplicated households comprising 4,847 individuals. Of these, 33% or 1,199 households comprising 1,756 individuals, reported being literally homeless.
- **Prior Living Situation:** The prior living situation for literally homeless households: 50% were in an unsheltered situation (such as an encampment, living in a car, or place not meant for human habitation), 24% were previously staying in a shelter, 13% were staying with family and friends, and 7.3% were in a substance abuse treatment facility or detox.
- **Characteristics:** The following are literally homeless self-reported characteristics: Mental illness (40%), domestic violence (29%), physical disability (22%), and substance use disorder (20%).
- **Income:** 43% of literally homeless households reported \$0 income, 87% of households have incomes at or below the federal poverty level. \$700 is the minimum income for a household to be considered able to maintain housing independently, though at this income level, they are very likely to be severely rent-burdened (paying 50% or more of income on housing).

Per Capita Homelessness

The Kitsap Public Health District reported that in 2016, 1.7% of individuals in the County were currently or imminently experiencing homelessness, an increase from 1.5% in 2011.

2017 HSC data indicates that 1,756 unduplicated individuals were literally homeless over the course of the year. With an estimated Kitsap population of 264,811, that means that 1 in every 150 residents experienced homelessness in 2017.

★ New to Homelessness

Another performance metric is measuring the number of people who are new to homelessness. This is measured by the number of households who were literally homeless or at imminent risk of losing housing and who received HSC services, and had not received homeless services within the last two years. 2017 HMIS data indicates that 680 households were new to homelessness (75%) and had not received homeless services in the prior two year period.

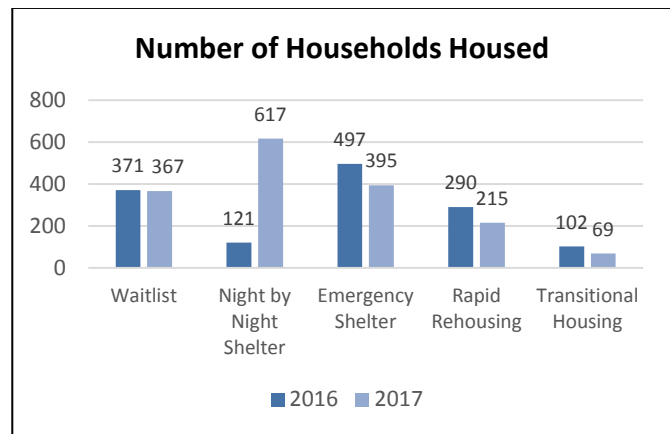
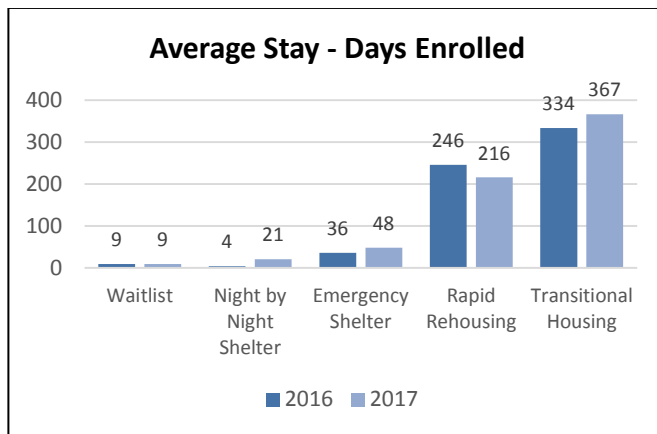
★ Prevented from Homelessness

In 2017, the homeless crisis response system provided targeted prevention assistance to 259 households, about the same number as in 2016.

BRIEF: How long are people homeless?

★ Length of Time in Housing Programs

HMIS records the length of time people spend in different types of housing and the number of households served. Between 2016 and 2017, shelter stays and transitional housing stays increased, while the length of time people were in a rapid rehousing program decreased. Night by night shelter beds were added, so there was a significant increase in the number of households able to be served. As emergency shelter stays increased, the number of people able to be served over the course of a year decreased; the same is true for transitional housing. Waitlist times and households stayed the same between the two years.



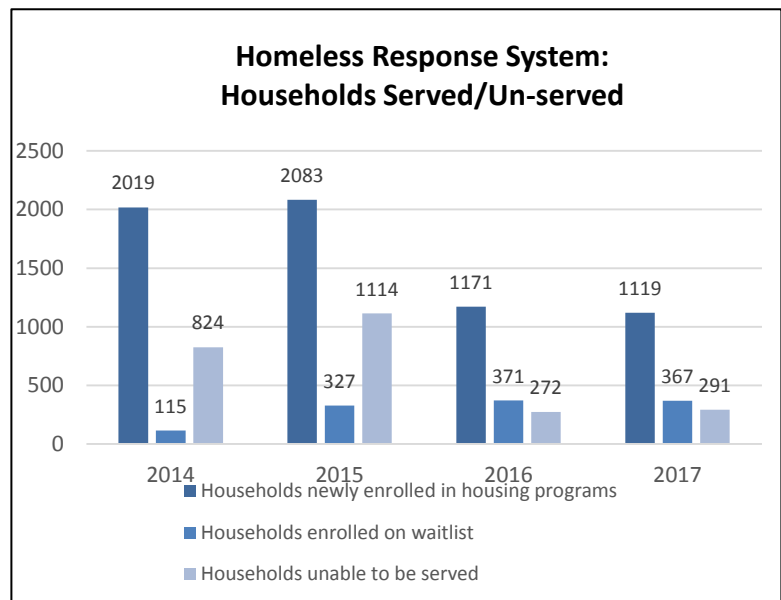
Shorter stays in temporary housing are considered to be better for building long-term stability. In addition, when people regain permanent housing faster, more people are able to be served with the limited temporary housing resources. HUD sets the goal of less than 20 days in emergency shelter.

This data does not include people who are unsheltered and are NOT seeking services – often these individuals experiencing “chronic homelessness” are unsheltered for extended periods of time (1+ years) or repeatedly over the course of many years.

Length of Time Homeless

Sixty-five percent of Kitsap’s homeless individuals who access services through the Housing Solutions Center are homeless for less than one month before seeking services, being housed through one of Kitsap’s social service agencies, or overcoming homelessness on their own. (Chart under Demographics section.)

At the same time, 100 individuals were identified as “chronically homeless” (*i.e.* they have been without housing 1+ years or have had four episodes of homelessness within three years).

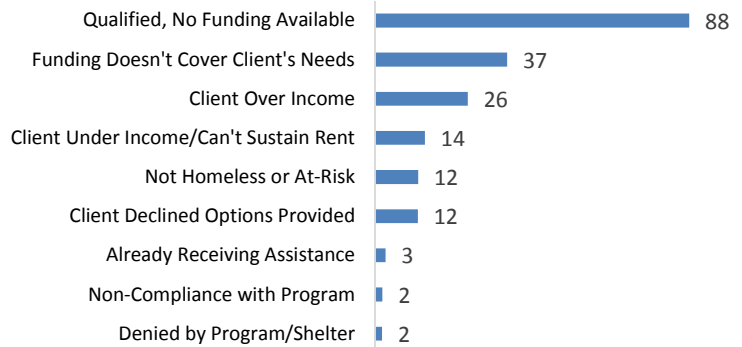


Unable to Be Served

This metric reflects whether the homeless crisis response system has adequate capacity to assist all households who need it. When households are assessed at the HSC, they are 1) immediately referred to shelter or a housing program, 2) placed on a waiting list if there is a shelter that they are eligible that will have an opening in the near future, or 3) if there are no housing programs for which they are currently eligible, they are considered “unable to be served”. For these households, they are connected with as many other resources as possible to address.

A breakdown of reasons people are unable to be served shows that the most frequent reason is that no rental assistance funding or insufficient rental assistance funding was available at the time. Some clients were unable to be served due to being over income or under income to qualify for programs.

2017 HSC: Reasons Unable to Serve



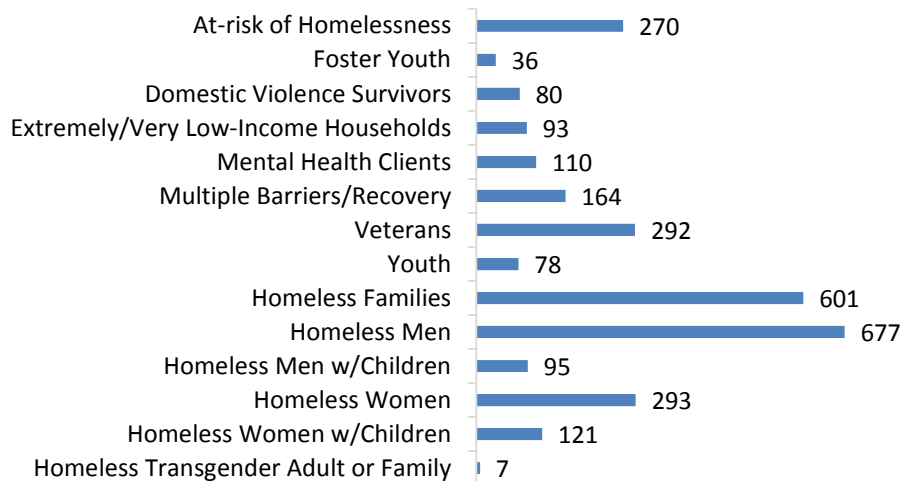
ONE-TIME: How many people are re-housed? How many people experience homelessness again?

A total of 2,917 individuals were housed in the homeless response system during 2017, broken roughly into these demographic categories.

★ Exits to Stable Housing, Increased Income

Households exiting housing programs to stable housing destinations is the ultimate goal of the homeless crisis response system. Increased income indicates a higher likelihood of self-sufficient housing in the future. Of the 456 households exiting emergency shelter, transitional housing, and rapid rehousing programs in 2017, 196 exited to stable housing and 61 exited with increased income (of those exiting emergency shelter, transitional housing and rapid rehousing programs).

2017: Individuals Housed



2017: Household Exit Outcomes



★ Returns to Homelessness

Of the 468 households who exited to permanent housing in the two years prior to 2017, 85% had not returned to homelessness; 15% returned to homelessness (71 households), a significant increase from 7.6% in 2016.

Conclusion

Though no single data source provides definitive information about homeless demographics, the picture that results from the data sources cited above indicate more than 2,800 households, with a variety of household compositions and needs, require homeless housing and services on an annual basis. Each household has unique needs that must be met in order for them to access a path to regain stable housing and self-sufficiency.

Single males make up the largest demographic of literally homeless households, though women are more likely to be head of household. The vast majority have incomes that are below the federal poverty line, making it difficult to secure and maintain long-term housing without some increase in income. Mental illness is the most frequently reported characteristic – highlighting the need for emergency and permanent housing for people with behavioral health issues.

Economic factors continue to precipitate households being pushed into homelessness, particularly the dramatic increase in rents over the last several years. People with fixed incomes are particularly vulnerable to rent increases.

Overall, Kitsap providers are doing a better job of quickly providing immediate housing and services, however the focus on prioritizing the most difficult to serve, has put a strain on shelters and has slowed exits to permanent housing because of insufficient permanent supportive housing. While the waiting list for shelter time is relatively short for most households, there are a significant number of households that are unable to be helped because we do not have the programs and resources to do so.

Most households are able to maintain stable housing after leaving programs to a stable housing destination, which points to successful program models. However, some households cycle through the system and use a higher proportion of resources. This calls for solutions that target highly vulnerable households with many needs and barriers – they will be more expensive to serve in the short-term, but this will have the biggest long-term impact on community resources, the quality of life for these households, and our ability to make homelessness rare, brief, and one-time.

RARE

1 in 150 people experienced homelessness in 2017.

About 150 people were unsheltered on a given day; many more when the Winter Shelter is closed.

BRIEF

1 in 6 were not able to be housed immediately.

1 in 8 were not able to be housed with existing resources.

ONE-TIME

75% of households seeking housing assistance were new to homelessness had not received assistance within the last 2 years.

85% of households who exit to stable housing are not homeless again within 2 years.

Action Plan

Needs and Gaps, Core Strategies, and New Action Steps

We will work together as a community to make homelessness a rare, brief, and one time occurrence in Kitsap County through an efficient and effective homeless response system.

Despite strong leadership and a diversity of existing resources, homelessness is still a persistent issue in Kitsap, illustrated by the current demographics of homelessness. The update process revealed specific barriers and gaps that represent some of the underlying causes of Kitsap's inability to meet the needs of all homeless residents.

This plan is not intended to be a comprehensive list of the existing strategies and programs already in place in our county. Instead, it anticipates that the existing continuum of housing and homeless services that has been developed over the last decade is maintained, with improvements that reflect evidence-based practices. This plan also does not enumerate every possible action step that could be implemented; instead it focuses on achievable action steps that are needed to fill identified gaps in housing and services. The Action Plan includes a narrative description of goals, current needs and gaps, core strategies, and new actions steps. It is followed by an Action Plan Matrix organized in the following way:

- Goals constitute the overarching critical path to making homelessness rare, brief, and one-time, while improving our response system and engaging our community.
- Core Strategies for each goal outline our overall methodology, principles, and current approaches to achieve each goal. They often encompass multiple actions and programs already in effect.
- New Action Steps to for each goal are listed with projected timelines and responsible organizations – these action steps are the focus for improving the homeless crisis response system over the next 3-5 years. Because many of the strategies are closely related, some of the action steps support more than one strategy.
- Indicators of Success are the performance metrics that help us measure our progress on achieving each goal. These indicators are not linked to individual strategies or actions, but show the aggregate impact of all of the strategies and actions.

Focus Areas of This Update

Building on the re-orienting of the system in the 2016 Plan towards prioritizing the most vulnerable, the 2018 Plan expands emergency and permanent housing options for this population. In addition, based on analyzing the many different sources of input during the planning process, the additional needs and gaps in the homeless crisis response system have been identified, with specific new action steps, timelines, and responsible parties to address them.

- **Implement discharge planning** for homeless individuals entering the community from jails, correctional facilities, hospitals, and behavioral health systems of care
- **Encourage development of affordable housing** and alternative housing models through incentives and policy changes
- **Add 120 low-barrier night-by-night shelter beds** and alternative shelter options (tiny houses, safe parks, etc.) throughout the County
- **Add 15 respite care shelter beds** for people with medical needs that are not able to be supported in other shelters
- **Add 60-80 Permanent Supportive Housing** units for people with long-term behavioral health and physical health challenges to stable housing
- Focus on **tenancy supports and employment/education connections**, including the new Medicaid Supported Housing and Supported Employment benefits

- Expand the use of **performance measures and data** to ensure the most efficient use of grant funds
- Implement **trauma-informed care and evidence-based practices**
- **Expand leadership, accountability, and opportunities for community education and volunteering**

1. Make homelessness rare

One of the most cost-effective ways to decrease homelessness is to prevent the endless flow of individuals and families who become homeless from entering the system.

Current Needs and Gaps

Increased Demand: The numbers of homeless individuals and households and requests for homeless services have grown over the past decade, as evidenced by data referenced earlier. As long as the myriad underlying social causes of housing crises exist, households will continue to become homeless. National research indicates that many households who report needing assistance to prevent homelessness may actually be resilient enough to resolve the issue independently, whereas those who are most vulnerable should be prioritized for assistance.

People Re-entering the Community from Systems of Care: People are frequently discharged from other systems of care, such as jails, hospitals, behavioral health programs, substance use disorder treatment, and foster care, into homelessness due to lack of housing options. In addition, Kitsap currently has very few emergency housing beds for people who have high behavioral health needs, significant medical needs not able to be tended while living homeless, or criminal histories.

Affordable Housing Shortage: Kitsap County, like many other cities and counties, is in the midst of a shortage of affordable housing – both subsidized and market-rate. The 2015 Washington State Affordable Housing Needs Assessment estimates that there are only 12 units of affordable housing for every 100 units needed by people earning less than 30% of Area Median Income (AMI). This results in 4,545 renter households at 30% of AMI and 4,110 renter households at 50% of AMI being cost-burdened, spending more than 30% of their income on housing. An addition 2,700 home-owner households at 30% of AMI and 2,845 households at 50% AMI are cost-burdened. These are the households most at risk of housing instability and homelessness. The 2016-2020 Kitsap County Consolidated Plan includes a comprehensive affordable housing needs assessment and gap analysis.

Core Strategies

Preventing homelessness through targeted prevention can avert eviction or foreclosure for those *most likely* to become homeless. **Diversion programs** make smaller investments of funds for non-housing items that prevent housing instability or homelessness. Prevention programs have improved efficacy if connections to existing supports (such as job training and placement, basic life skills, financial literacy, and education) are included, so that households can address the underlying reasons for their housing crisis.

Pro-actively planning for housing and services for individuals re-entering the community from jails, correctional facilities, foster care, hospitals, mental health programs, substance use disorder treatment, and homeless shelters, transitional housing, and other housing programs will prevent homelessness among people in these situations. In addition, **respite beds** are needed for people with complex medical and/or behavioral health needs who do not have stable housing and are in need of related supportive services either temporarily or long-term.

Additional units of affordable housing for households at very low- and low- income levels are required to prevent the large number of rent-burdened households being forced into homelessness. *This plan does not attempt to specifically identify strategies and actions to increase the number of affordable housing units.* Alternative housing models may also provide some solutions – in other counties Single Room Occupancy units, boarding houses, shared housing and tiny cottage houses have proved to be a viable way for more low-income households to remain intact.

New Action Steps

Proposed Action Steps for 2018 – 2020 focus on:

- Reducing discharges from other systems of care into homelessness
- Increase the availability of affordable housing through developing and implementing policies that incentivize development of affordable housing and allowing alternative housing models

2. Make homelessness brief

For all households who experience homelessness, being identified, connected with resources, and getting into emergency housing as quickly as possible is the goal. After they are stabilized, transitioning to permanent housing as quickly as possible ends their homelessness.

Current Needs and Gaps

Accessibility: While the coordinated entry system is successfully doing intake, assessments, and referrals, the accessibility of these beds remains a challenge for some households. Households who are particularly vulnerable and/or unable to advocate for themselves are often not accessing services. The vast majority of shelter beds are located in Bremerton, making it difficult for households in other parts of the county to use these beds.

Housing and Resources for Chronically Unsheltered Individuals: Currently individuals with the most severe, persistent, or complex barriers to housing stability are the most under-served. Because they are often not seeking housing, it is difficult to estimate how many are living in places not meant for human habitation, such as camping illegally, living in cars, or in abandoned buildings. They tend to be difficult to place in existing shelter beds and, if they are unwilling or unable to comply with programmatic rules are unsuccessful in existing permanent supportive housing programs. Mental illness is reported by 40% of people experiencing homelessness in Kitsap, and substance abuse is reported by 24% - these factors usually significantly contribute to housing challenges. A growing body of research supports a Housing First housing model for these individuals to become stably re-housed, prioritizing keeping them in housing and then making supportive services available but not mandatory.

Immediate Shelter: While Kitsap added 20 night-by-night shelter beds and 60+ winter only night-by-night shelter beds since 2016, the demand still outstrips the supply, particularly when the winter shelter is closed 8 months of the year. Additional year 'round low-barrier night-by-night shelter beds are needed that will serve people with high needs – accepting people's pets, possessions, and partners – that will serve as temporary respites for these households until a longer-term solution could be arranged, rather than returning to unstable living conditions or situations unsuitable for human habitation.

Permanent Housing Availability: Many people seeking referrals from the Housing Solutions Center are not able to be referred because although they may have housing instability and are at imminent risk of losing their housing. These households are often under income to be able to afford the minimum rent to provide long-term sustainability required for some programs (many have \$0 income), or they are over income to qualify for other programs (sometimes with fixed incomes), despite being extremely low-income. In particular, Kitsap has a severe shortage of housing for people with long-term behavioral health and/or physical health impairments that make housing stability impossible without additional supports.

Core Strategies

Vulnerable and chronically homeless households should be **identified as quickly as possible and prioritized** for shelter and services. **Easy access and appropriate connections to crisis response housing through the coordinated entry program** makes unsheltered homelessness brief.

Providing immediate shelter beds for all who want it and having low-barrier shelter beds in more geographic locations means that more households will not be forced to survive outside. **Alternative models of emergency**

housing, such as tiny shelters, safe parks, and legal encampments can expand the options available for people moving out of homelessness – they should not be considered permanent housing, but an interim step to build relationships with providers and improve connections with supportive services.

The goal is to **place all households into permanent housing as quickly as possible**. To achieve this, appropriate and affordable housing must be available. For households with low barriers to self-sufficiency, **rapid rehousing** with short graduated subsidies and short term support services is appropriate. Households with more complex behavioral and health barriers are not able to afford or successfully maintain mainstream housing and need **permanent supportive housing**. **Housing First** is a model of permanent supportive housing that provides housing with low barriers or requirements, and is paired with tenancy supports and offers of supportive services, with the goal of keeping people with significant behavioral health, chronic substance abuse disorders, and/or physical health issues permanently housed for as long as possible.

New state legislation prohibits landlords from discriminating on the basis of income source, such as rental assistance or housing vouchers. It also provides a mitigation fund for landlords who have damage to their units. **Education for landlords** about these new laws will help expand landlord partnerships.

New Action Steps

Proposed Action Steps for 2018 – 2020 focus on:

- Increasing the number of low-barrier shelter beds, and disbursing them geographically throughout the county.
- Increasing alternative shelter options, such as tiny houses and safe park programs.
- Creating new units of permanent supported housing for people who need long-term behavioral health and physical health supports to stay housed.
- Leveraging more existing housing units to assist people moving out of homelessness, both through Housing Authorities and in the private market.

3. Make homelessness one-time

To ensure long-term housing stability, households must be quickly connected with resources to help them address and overcome any barriers to housing stability.

Current Needs and Gaps

Supportive Services: Expanding connections with supportive services is needed, including consistently incorporating these resources into housing stability plans. In addition, an increased focus on personal safety net and skill-building is needed to help households retain housing stability.

Employment and Education: Employment is frequently reported as a challenge for people experiencing homelessness – both the ability to get and maintain employment while living homeless, and to find employment that generates sufficient income to move back into housing when large deposits are often required.

Core Strategies

Once households are stabilized in appropriate permanent housing, they can address the issues or barriers to self-sufficiency that caused the housing crisis. Rapid **connection with individually tailored services and resources**, including employment supports and education are essential. In addition, **developing resiliency** through personal skill-building provides long-term benefits, including prevention of further episodes of homelessness.

In addition, **criminalization of homelessness** should be prevented – a growing trend throughout the country, despite evidence that it is expensive and ineffective.

New Action Steps

Proposed Action Steps for 2018 – 2020 focus on:

- Implementing new Medicaid Supported Housing and Supported Employment benefits
- Incorporating employment/education strategies into housing stability plans

4. Continuously improve the homeless response system

Although Kitsap has a robust homeless response system, it must continuously innovate to respond to changing needs and incorporate emerging successful strategies.

Current Needs and Gaps

Performance Measurement: Although many individual organizations are using performance indicators, including outputs and outcomes, currently there is not widespread use of performance measures at the countywide and agency level to help identify whether collective progress is being made to accomplish community impact. In addition, organizations could benefit from training on how to use performance measures and targets to improve their performance.

Best Practices: Over the last 10 years, significant research has demonstrated the most effective practices in delivering homeless housing and programs, yet in some areas Kitsap has not yet widely adopted these practices. This is often due to the organizational capacity issues discussed below.

Limited Capacity: Capacity issues exist on two levels in our community. First, the existing emergency, supportive and permanent affordable housing available is not adequate to meet the demand. Homeless services, such as emergency shelters, are being strained and usually run at capacity. Since there are not sufficient homeless housing units or beds available to meet the demand, homeless individuals and families are forced to find shelter in temporary or unsuitable conditions. Waiting lists for permanent subsidized housing, such as Public Housing, are often years long.

Second, some agencies' abilities to manage the expansion of an existing program or develop a new program are limited. This may be due to a need for more specific expertise and experience within agencies. Agencies can also be reluctant to expand or create new programs without assurance that they have funding for the ongoing operation and maintenance of these programs. Agencies may also need assistance developing their agency capacity through training on capacity-building and emerging evidence-based practices.

Core Strategies

At a time when demand is increasing and resources are decreasing, doing more with less is imperative. Increasing the efficiency and effectiveness of the homeless housing system through maximizing system coordination, provider capacity, and overall system capacity is critical.

Using performance measures and data to drive decision-making and improving coordination among different systems of care and among service providers will improve efficiency.

In addition, ensuring that **planning for homelessness and affordable housing are integrated** with other planning effort and the evolution of other services delivery will provide a more cohesive and comprehensive response.

We must **ensure the strategic investment of public funds** through incorporating evidence-based practices in new and existing programs to shift the response system. In particular, **incorporating trauma-informed care and person-centered care** principles throughout the homeless crisis response system will provide a more compassionate and effective response.

Provider capacity and outcomes can be improved through providing training on evidence-base practices, performance measurement, and implementing shelter care standards.

New Action Steps

Proposed Action Steps for 2018 – 2020 focus on:

- Expanding the use of performance measurements, including providing training
- Ensuring the most efficient investments of grant funds
- Increasing the use of trauma-informed care and other evidence-based practices

5. Expand community engagement

Community understanding and support for addressing homelessness is essential for generating the leadership and resources to be successful.

Current Needs and Gaps

Leadership: Although leadership for homeless issues is strong within the homeless response system, it would be strengthened to incorporate a broader representation from other sectors and systems of care that interact with the issues of affordable housing and homelessness and to widen its scope beyond tiny cottages to the many other homelessness issues facing Kitsap.

Citizens Outreach and Involvement: One of the most frequent themes at the Stakeholders meetings for this Plan was the need for having coordinated and consistent communication about the issue of homelessness with the broader community so that compassion for those experiencing homelessness can be increased, leading to greater community support and involvement.

Planning Integration: Housing stability is increasingly being identified as an important component of the success of other sectors, such as health care and behavioral health. Coordinating and integrating strategies is just beginning to be recognized as essential to success for clients in all these systems of care. The timing of the update to this Plan is intended to allow for increased coordination between planning efforts.

Insufficient Funding: While Kitsap County agencies have funding sources targeted to reducing homelessness, the demand for services and housing continues to grow. Federal funding sources that support permanent subsidized and permanent supportive housing have been reduced or stagnated over the past three to five years. More expensive operating costs mean that funding does not stretch as far as it once did. Because of this limited funding, existing funding must be invested as effectively as possible and advocacy at the state and federal level is essential.

Core Strategies

Leadership on the issue of homelessness by our elected officials and representatives from across the different sectors that touch individuals experiencing homelessness is required to make the policy changes that are needed. **Raising awareness and engaging our community** is essential to creating the community and political involvement to expand solutions.

Creating and implementing a **specific communication plan** and providing data about homelessness to the community will raise awareness. Paired with specific **volunteer opportunities**, more community members will be able to engage in solutions.

Advocacy at the local, state and federal level increases the likelihood of the needed funding streams to implement this plan and make significant investments into affordable housing flowing into Kitsap County.

New Action Steps

Proposed Action Steps for 2018 – 2020 focus on:

- Ensuring cross-sector leadership and accountability.
- Developing a communication plan to improve community outreach and education.
- Creating additional volunteer opportunities for the public.
- Advocating for additional funding.

By focusing efforts on these core strategies and specific new action steps that support them, we can make homelessness rare, brief, and one-time.

Action Plan: Detail Matrix

GOAL 1 <i>Make homelessness rare.</i>		
★ Performance Indicators of Success	Core Strategies	
<p>PI - 1.1 Fewer people experience homelessness for the first time</p> <p>PI - 1.2 Fewer people discharged from institutions to homelessness</p>	<p>1.1 Prevention and diversion: People are prevented from losing their homes through targeted prevention and diversion programs that keep people out of shelter.</p> <p>1.2 Prevent discharges to homelessness: People are not discharged into homelessness from other systems of care.</p> <p>1.3 Diversion in court system: Whenever possible, pre-adjudication and alternative sentencing programs are used to divert people experiencing homelessness from incarceration, to avoid criminal histories and prevent increased financial burdens both for people experiencing homelessness and for first responder systems.</p> <p>1.4 Affordable Housing: Increasing the availability and accessibility of housing that is affordable to people with low incomes is promoted.</p> <p>1.5 Alternative housing options: Non-traditional housing options are available and affordable for people at risk of homelessness.</p> <p>1.6 Connection with services: Households are connected with appropriate existing supports and benefits to avoid homelessness.</p>	
🔗 New Action Steps	Implementation Timeline	Responsible Parties
1.2.A Create a plan for medical discharge coordination: Establish procedures for coordination between the coordinated entry system and local hospitals to improve housing placements at discharge	4Q 2020	Housing Solutions Center CHI Franciscan/Harrison
1.2.B Create a plan for behavioral health discharge coordination: Establish procedures for coordination between the coordinated entry system and behavioral health providers to improve housing placements at discharge	4Q 2018	Housing Solutions Center Kitsap Mental Health Services
1.2.C Identify homeless youth in Juvenile Court system: Implement a youth homelessness risk-assessment tool in the Kitsap Juvenile & Family Court	1Q 2020	Kitsap Juvenile & Family Court Services
1.2.D Respite beds: Create 15 respite housing beds for short-term stays for people with medical needs that are not able to be supported in other shelters	3Q 2019	Catholic Community Services Kitsap Mental Health Services Peninsula Community Health Bremerton Housing Authority
1.4.A Affordable Housing Task Force: Convene a task force to specifically identify and implement strategies to increase the availability and number of units of housing affordable to households earning 0% - 80% of area median income throughout Kitsap County	1Q 2019	Bremerton Housing Authority Housing Kitsap Housing Resources Bainbridge Kitsap Community Resources Kitsap County Housing and Homelessness Division Landlords

HEADING HOME: Kitsap Homeless Crisis Response and Housing Plan – 2018 Update

		Home builders Housing funders/financers Other interested stakeholders
1.4.B Affordable Housing Inventory Report: Produce an affordable housing inventory and transportation analysis report to determine Kitsap's current housing landscape and inventory to determine what types of housing are needed currently and in the future and how housing distribution aligns with the transportation network	3Q 2019	Kitsap County Block Grant Program Kitsap County Housing and Homelessness Division
1.4.C Policies supporting affordable housing and Permanent Supportive Housing: Adopt inclusionary zoning and incentives to developers of affordable housing to increase units of affordable housing and permanent supportive housing	1Q – 4Q 2019	Cities Kitsap County
1.5.A Alternative housing models: Develop and adopt planning policies that allow alternative housing models including SROs, boarding houses, home sharing programs, tiny houses, and others	1Q – 4Q 2019	Cities Kitsap County
1.5.B Toolkits for Alternative Housing: Develop toolkits for organizations/people who want to operate boarding houses, tiny shelters, home sharing programs, and other types of alternative housing	2Q 2019	Homes for All Kitsap Housing and Homelessness Coalition Kitsap County Housing and Homelessness Division
1.6.A Resource Guides: Develop and distribute resource brochures about housing and homelessness services for specific populations, such as youth, seniors, veterans, and jail inmates	3Q 2019	Kitsap Housing and Homelessness Coalition Kitsap County Housing and Homelessness Division Other interested stakeholders

GOAL 2 <i>Make homelessness brief.</i>	
★ Performance Indicators of Success	Core Strategies
PI - 2.1 People experience fewer days of homelessness before being sheltered PI - 2.2 People experience fewer days of homelessness in shelters PI - 2.3 Fewer people are experiencing unsheltered homelessness	2.1 Identification and engagement: People experiencing homelessness are quickly identified and engaged. 2.2 Coordinated Entry Program: Kitsap's coordinated entry program ensures easy access and appropriate connections to crisis response housing and services. 2.3 Prioritize based on need: Prioritize assistance for people who are the most vulnerable, unsheltered, and/or chronically homeless. 2.4 Immediate shelter: Immediate shelter is available for all who want it, including a low-barrier shelter option. 2.5 Connection with resources: Households in shelter and in the shelter pool are connected with other community resources and benefits as quickly as possible. 2.6 Appropriate permanent housing: Households are moved as quickly as possible to appropriate permanent housing:

HEADING HOME: Kitsap Homeless Crisis Response and Housing Plan – 2018 Update

	<ul style="list-style-type: none"> • Rapid Rehousing in market rate housing with an income-based sliding scale subsidy; • Permanent subsidized housing for people with fixed incomes and no need for supportive services; or • Permanent supported housing for people with a disability that affects their ability to live independently. <p>2.7 Partner with landlords: Existing housing units are used whenever possible through partnerships with for-profit and non-profit landlords.</p>	
★ New Action Steps	Implementation Timeline	Responsible Parties
2.1.A Master List: Use a Master List to identify, engage, and build relationships with unsheltered homeless individuals	3Q 2019	Housing Solutions Center Kitsap County Housing and Homelessness Division Department of Commerce KHHC Members
2.4.A Create low-barrier shelter beds in Bremerton: Create 80 year-round low-barrier shelter beds in Bremerton/CK that accept “pets, possessions, and partners”	4Q 2018	Kitsap Mental Health Services Peninsula Community Health
2.4.B Create low-barrier shelter beds in North Kitsap: Create 20 year-round low-barrier shelter beds in North Kitsap that accept “pets, possessions, and partners”	1Q 2020	Kitsap Rescue Mission
2.4.C Create low-barrier shelter beds in South Kitsap: Create 20 year-round low-barrier shelter beds in Bremerton that accept “pets, possessions, and partners”	1Q 2020	Kitsap Rescue Mission
2.4.D Tiny Houses: Create opportunities for tiny houses to be used as emergency housing – in villages, clusters, or individually sited	4Q 2019	Homes for All members Kitsap faith organizations Kitsap County Housing and Homelessness Division
2.4.E Safe Park: Create a Safe Park Program for men, serving 6-10 men living in their vehicles while connected with housing case management	4Q 2019	Kitsap Community Resources Kitsap County Housing and Homelessness Division
2.4.F Legal outdoor living options: Create additional housing options to provide safety, sanitation, and security for people who chose to live outside, such as legal long-term camping or legal encampments	4Q 2019	Kitsap Rescue Mission
2.5.A Youth Resource Guide App: Develop and distribute a mobile app to homeless youth to provide information on youth resources	4Q 2019	Commission on Children and Youth
2.6.A Permanent Supportive Housing/Housing First: Create 80 new units of permanent supportive housing, including but not limited to units employing a Housing First model, to serve people with severe, long-term behavioral and/or physical health issues	2018 - 2021	Bremerton Housing Authority Kitsap Community Resources Kitsap Mental Health Services Peninsula Community Health
2.6.B Homeless Preference for Section 8 and Public Housing: Adopt a homeless preference for Section	2Q 2019	Bremerton Housing Authority

HEADING HOME: Kitsap Homeless Crisis Response and Housing Plan – 2018 Update

8 and Public Housing units		
2.7.A Source of income discrimination/landlord mitigation program: Produce and distribute materials to educate and inform landlords about new laws prohibiting source of income discrimination and the state landlord mitigation program	4Q 2018	Housing Solutions Center Bremerton Housing Authority Washington Low Income Housing Alliance Department of Commerce

GOAL 3 <i>Make homelessness one-time.</i>		
★ Performance Indicators of Success	Core Strategies	
PI - 3.1 More people exit homelessness to stable housing PI - 3.2 More people exit homelessness with increased income and/or benefits PI - 3.3 Fewer people return to homelessness after being stably housed	3.1 Provide supportive services: Supportive services and tenancy supports are provided for people moving out of homelessness to remain in their housing. 3.2 Employment and education connections: Sturdy connections to employment and education are provided for people moving out of homelessness to increase their incomes. 3.3 Tailored services: Connections to appropriate tailored services and benefits are provided. 3.4 De-criminalize homelessness: Homelessness is not criminalized and life-sustaining activities (sleeping, eating) are allowed in public places while interim survival mechanisms that create pathways to housing are supported. 3.5 Cultivate Resilience: Resilience strategies for individuals and communities are supported and expanded.	
⚙ New Action Steps	Implementation Timeline	Responsible Parties
3.1.A Implement Medicaid Supported Housing Program: Implement Medicaid Transformation Project Supported Housing Program	1Q 2019	Kitsap Mental Health Services Kitsap Community Resources
3.2.A Employment and education planning: Incorporate employment and education goals into housing stability plans	1Q 2019	Kitsap County Housing and Homelessness Division KC Housing & Homelessness Division Grantees
3.2.B Implement Medicaid Supported Employment Program: Implement Medicaid Transformation Project Supported Employment Program	1Q 2019	Kitsap Mental Health Services
3.5.A Youth Peer Network: Develop a youth peer network/program to provide support and mentoring for youth experiencing housing instability and homelessness.	4Q 2019	Coffee Oasis Kitsap Juvenile and Family Court Services Commission on Children and Youth

GOAL 4	<i>Continuously improve the homeless crisis response system.</i>	
★ Performance Indicators of Success	Core Strategies	
<p>PI - 4.1 Countywide performance indicators are being used</p> <p>PI - 4.2 Trauma-informed care practices are being used</p> <p>PI - 4.3 Evidence-based practices are being used</p> <p>PI - 4.4 Shelter care standards have been developed and adopted</p>	<p>4.1 Performance measurement: Performance measures and data are used to drive decision-making and evaluate program progress.</p> <p>4.2 Data collection and sharing: Accurate data is collected and shared between organizations in the response system, and is shared (to the extent legal) with other systems of care working with people experiencing homelessness.</p> <p>4.3 Systems coordination: There is robust coordination and planning among different systems of care and service providers.</p> <p>4.4 Best investments of funding: Strategic investments of public funds are prioritized.</p> <p>4.5 Improve system capacity: Increasing provider capacity to improve outcomes is supported.</p> <p>4.6 Evidence-based practices: Evidence based practices are incorporated into the response system, including progressive engagement, harm reduction, trauma-informed care, person-centered care, motivational interviewing, and others.</p>	
🔗 New Action Steps	Implementation Timeline	Responsible Parties
<p>4.1.A Report on countywide performance measurement: Provide periodic reports on county-wide performance indicators and metrics to track progress</p>	3Q 2018	Kitsap County Housing and Homelessness Division
<p>4.1.B Provide technical assistance on performance measurement: Provide technical assistance to homeless housing and services providers on performance indicators and data analysis</p>	2Q, 3Q, 4Q 2019	Kitsap County Housing and Homelessness Division Department of Commerce
<p>4.1.D Washington State Quality Award: Apply for the Washington State Quality Award, an evaluation of overall program efficiency and effectiveness</p>	1Q, 2Q 2019	Kitsap County Housing and Homelessness Division Kitsap Community Resources Catholic Community Services
<p>4.3.A Develop a Multi-Disciplinary Team model: Develop a strategy for integrating a multi-disciplinary team (MDT) approach into the Juvenile Court and other youth service programs</p>	2Q 2019	Kitsap Homeless Youth Taskforce
<p>4.3.B Engage McKinney-Vento representatives: Provide opportunities for networking, coordination, and training on homelessness for McKinney-Vento representatives from school districts</p>	1Q 2020	Kitsap County Housing and Homelessness Division Olympic Educational Services District
<p>4.4.A Align funding sources: Realign existing funding and new funding sources to meet funding requirements, maximize efficiency, and improve outcomes and reporting</p>	1Q 2019	Kitsap County Housing and Homelessness Division
<p>4.6.A Adopt trauma-informed care model: Implement trauma-informed care practices throughout the homeless crisis response system and the providers</p>	1Q, 2Q, 3Q, 4Q 2019	Kitsap Strong KC Housing & Homelessness Division Grantees

HEADING HOME: Kitsap Homeless Crisis Response and Housing Plan – 2018 Update

who are part of the system		Kitsap Housing and Homelessness Coalition
4.6.B Training on evidence-based practices: Provide training to providers on trauma-informed care and on other evidence-based practices to expand organizational capacities and improve outcomes (e.g. progressive engagement, harm reduction, motivational interviewing)	2Q, 3Q, 4Q 2019	Kitsap County Housing and Homelessness Division Department of Commerce
4.6.C Implement shelter care standards: Develop and implement minimum standards of care/code of ethics and enforcement method for resident shelters and overnight shelters	1Q 2020	Kitsap County Housing and Homelessness Division KC Housing & Homelessness Division Grantees Housing Solutions Center

GOAL 5 <i>Expand community engagement.</i>		
★ Performance Indicators of Success	Core Strategies	
PI - 5.1 Leadership group is convened and actively engaged PI - 5.2 Communication plan is developed and implemented PI - 5.3 Homelessness and affordable housing are included in on-going planning efforts in other sectors	5.1 Leadership: Accountable community leadership supports this work with strategic and innovative solutions. 5.2 Community education: Materials and opportunities for education about homelessness issues are available to decision-makers and the public. 5.3 Community engagement: Community leaders and citizens are engaged to inspire taking action. 5.4 Integrated planning: Planning for homelessness and affordable housing are integrated with other planning efforts. 5.5 Advocacy to increase funding: Advocacy for programs and funding that support homelessness and affordable housing is critical to implementing this plan.	
✪ New Action Steps	Implementation Timeline	Responsible Parties
5.1.A Leadership Group: Establish a strategic community leadership council on homelessness that includes participation at the executive level from a broad range of sectors including but not limited to: elected officials, policy-makers, homeless service providers, behavioral health providers, substance use treatment providers, medical providers, law enforcement, business-owners, emergency responders, land use planners, transit, education, youth providers, faith organizations, and others. The purpose of the group is to provide leadership on ending homelessness, improve cross-sector coordination of programs serving people experiencing homelessness, and devise and implement cross-sector strategies to support implementation of the Homeless Housing Plan.	2Q 2019	Kitsap County Housing and Homelessness Division Various other stakeholder groups (as listed)
5.2.A Communication Plan: Create a coordinated communication and outreach plan about	2Q 2019, then ongoing	Kitsap Housing and Homelessness Coalition

HEADING HOME: Kitsap Homeless Crisis Response and Housing Plan – 2018 Update

homelessness to community members to raise awareness, de-stigmatize homelessness, promote compassion, encourage community engagement, using as many different avenues as possible (e.g. speakers bureau, newspapers, radio, podcasts, social media, website, events, etc.)		Kitsap County Housing and Homelessness Division
5.2.B Data reporting: Provide periodic easily accessible reports on data about homelessness and affordable housing to stakeholders, elected officials, decision makers, community leaders, and the public	3Q 2018, then ongoing	Kitsap County Housing and Homelessness Division
5.3.A Volunteer opportunities: Work with community partners on specific volunteer events to promote opportunities for personal connection and “humanizing” homelessness through volunteer projects	Ongoing	Kitsap Housing and Homelessness Coalition United Way Kitsap County Housing and Homelessness Division
5.3.B Hunger and Homelessness Awareness Week: Sponsor events and activities during the annual national awareness week to increase community awareness and understanding of the issue of homelessness	4Q 2018, 4Q 2019, 4Q 2020	Kitsap Housing and Homelessness Coalition
5.5.A Advocate for additional funding: Advocate for, create, and attract additional dedicated funding to Kitsap for homeless housing and services	Ongoing	Kitsap Housing and Homelessness Coalition Community members and organizations

FUTURE ACTION STEPS		<i>Action Steps that are needed, but do not yet have responsible parties or an implementation timeline.</i>
★ Future Action Steps	Notes	
Employment/training program: Implement a new employment/training program specifically designed for people moving out of homelessness (like FareStart, Millionair’s Club, etc.), possibly including an employment mentorship program		
Subsidized Housing for Households with Fixed Incomes: Develop additional new units of housing for households who are on a fixed income, including seniors and people with permanent disabilities	This project would require a lead agency and significant fundraising.	

Defining and Documenting Success

Defining Success

For many years success in homeless programs was defined by how many people received housing services. Over time, the idea of what constitutes success has shifted to focus on outcomes for the individuals served. It is not enough to say that services were received, but instead we must determine the efficacy of those services in reducing homelessness. This can be a difficult process, since long-term follow-up of people who received housing or services is difficult and impractical.

Challenges

In addition, determining success in the realm of reducing overall homelessness is an elusive proposition. Several factors contribute to the challenge:

- Dynamic Population The homeless population is not static: there is a constant influx of people who are becoming homeless at any given time, while at the same time previously homeless people are being housed. While hundreds of homeless people may have been housed over a period of time, more have become homeless over the same period. Therefore, the overall number of homeless may have stayed the same or increased.
- Prevention Efforts Many of our efforts are geared at preventing homelessness and evaluating the long-term effectiveness of these programs is difficult to measure.
- Inaccurate Data & Counts There are numerous homeless people who either do not consider themselves to be homeless because they are “staying with friends” or “living in their car” or who do not want to be counted due to a variety of personal issues. Our community experiences these people and their homelessness, but they are not included in our voluntary homeless counts.

Challenges notwithstanding, it is crucial that we develop ways to assess whether the time, effort, and financial commitments to the issue of homelessness are effective.

Tools

In addition to data from community partners, two primary tools will be used to assist with evaluating success:

Annual Point in Time Count

Each January the Kitsap County Department of Human Services Housing and Homelessness Program in partnership with the Kitsap Housing and Homelessness Coalition is mandated to carry out a countywide count of homeless people, both sheltered (currently receiving subsidized emergency or transitional housing) and unsheltered (living on the streets, in cars, with friends, or identified as incarcerated transients). Participation by people experiencing homelessness is voluntary. Data collected from this effort provides the state with basic statistics about Kitsap’s progress in reducing homelessness, and provides the County and the community with information about the housing and services gaps.

Homeless Management Information System

This state- and federally-mandated database project collects detailed data about users of homeless housing and services. The collected data is used by the state to analyze the resources necessary to move individuals from homelessness to self-sufficiency. On a local level, it facilitates coordination among agencies and delivery of services to homeless individuals. It also allows excellent quality demographic and programmatic information to be collected about homeless households who are receiving services.

Performance Indicators

For each of the Plan’s five goals, specific indicators of success are listed. Some are data-based, whereas others are performance-based. These performance indicators are also drawn from measures developed by the Washington State Department of Commerce, HUD, and referenced in the HEARTH Act.

Performance Indicators for the Kitsap Homeless Crisis Response and Housing Plan				
	Name	Measure	Metric	Source
GOAL 1: Make homelessness rare.				
1.1 ★	Prevention	Fewer people experience homelessness for the first time	# of new people who have become homeless	HMIS
1.2	Institutional Discharges	Fewer people discharged from institutions to homelessness	# of people discharged from institutions	Hospitals, Jail, Foster Care, etc.
GOAL 2: Make homelessness brief.				
2.1	Term of Homelessness	People experience fewer days of homelessness before being sheltered	Average # of days before getting into emergency shelter	Community Waiting List, HMIS
2.2 ★	Term in Shelter	People experience fewer days of homelessness in shelters	Average # of days spent in shelter	HMIS
2.3 ★	Unsheltered Homelessness	Fewer people are experiencing unsheltered homelessness	# of people unsheltered, sheltered, or in temporary housing	Point in Time Count, HSC
GOAL 3: Make homelessness one-time.				
3.1 ★	Exit Destination	More people exit homelessness into stable housing	# of people exiting from each type of program to each type of destination	HMIS
3.2 ★	Income at Exit	More people exit homelessness with increased income and/or benefits	# of people exiting programs with increased income	HMIS
3.3 ★	Housing Stability	Fewer people return to homelessness after being stably housed	# returns to homelessness within 2 years of stable exit	HMIS
GOAL 4: Continuously improve the homeless response system.				
4.1	Countywide Indicators	Countywide performance indicators are being used	Countywide indicators report is being produced	KHHC, KC Human Services
4.2	Trauma-informed Practices	Trauma-informed care practices are being used	# of	KHHC, KC Human Services
4.3	Evidence-based Practices	Evidence-based practices are being used in delivering services	# of KC contracts that include evidence-based practices	KHHC, KC Human Services
4.4	Shelter Care Standards	Shelter care standards have been developed and adopted	# of shelters that have adopted care standards	HSC Advisory Council
GOAL 5: Expand community engagement.				
5.1	Leadership Group	Leadership group is convened and actively engaged	Leadership group is selected and is meeting	KC Human Services
5.2	Communication Plan	Communication plan is developed and implemented	Communication plan is being used	KHHC, KC Human Services
5.3	Coordinated Planning	Homelessness and affordable housing are included in on-going planning efforts in other sectors	Housing and homelessness representatives participate in planning efforts	KC Human Services, other planning groups

★ Denotes performance measures that are mandated by the Department of Commerce.

Conclusion

Ending Homelessness Requires Commitment

Making homelessness rare, brief, and one-time must be one of our community's top priorities. It will require us to meld specific strategies to decrease homelessness and to implement broader policy changes to achieve an overall increase in affordable housing.

Our county's Homeless Housing Plan is an expression of a collective commitment to actively seek long-term and sustainable solutions to the issue rather than to simply manage episodes of homelessness as they occur.

We will need to examine our past assumptions about this issue and honestly and critically assess our present activities and initiatives. We need to do business differently – changing systems, redirecting existing resources, and securing additional funding commitments.

We must rely on all community stakeholders to drive policy changes that will result in reducing the number of people experiencing homelessness in Kitsap County:

- County Commissioners, Mayors, City Council Members, Port Commissioners
- Tribes
- Federal, State and County Agencies / Department Heads
- Business & civic leaders
- General Public / Homeless Population
- Housing Developers & Service Providers
- Non-profit organizations
- Foundations
- Faith-based organizations

Moving Forward to Reduce Homelessness

It is evident that a new approach is needed since people continue to become homeless; those who are chronically homeless continue to lapse into homelessness using precious resources without successfully regaining housing; and too many people are turned away from assistance because of lack of capacity. This Plan proposes strategies to correct the flaws. This will require community investment. It builds on the successful programs we already have in place, expanding capacity to meet the level of need, and implementing policies and agreements to weave them together into one comprehensive and effective countywide system of care.

However, our success dependent on all of the organizations that make up the Kitsap Homeless Crisis Response System continuing to work together to implement the core strategies and the new action steps in this Plan. Together, we can make a huge impact on many people's futures.

The Future of Homelessness

Many social and governmental factors beyond the control of Kitsap community members contribute to the epidemic of homelessness: low minimum wage, declining job market, lack of affordable housing, and high housing and rental prices. Huge efforts will be needed to meet the needs of people who become homeless.

However, with a clear plan to reduce homelessness, the community's investment of resources, and an unwavering commitment to our community members in crisis, we can be successful in making homelessness rare, brief, and one-time.

Appendix A. Kitsap County Homeless Shelter & Housing Availability Matrix

Note: This chart shows public and non-profit shelter and affordable housing options. Additional shelter is provided by faith-based organizations on a small scale. Additional units of affordable housing are also available in the private market, some subsidized through rental assistance programs.

Type of Shelter/Housing		Accessible to These Populations														
		Total # of beds/units available	No Income	Single Men	Single Women	Women w/children	Men w/children	Couples	Large Families w/children	Un-accompanied Youth	Veterans	Pets Allowed	Criminal History	Sex-Offender	Substance Use Disordered	Behavioral Health
No CM	Severe Weather Shelter	about 70	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Winter Shelter (Dec - Mar)	50	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Night-by-Night Shelter	20	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	Case by Case	Case by Case	Case by Case
Yes Case Management	Youth Overnight Shelter (ages 16-21)	6	✓	✓	✓	N/A	N/A	N/A	N/A	✓	✓		Case by Case			
	Safe Car Park	10	✓	✓	✓	✓	✓	✓	✓		✓	✓	Case by Case			
	Legal Tent Camp	0														
	Respite Shelter (Medical care available)	0														
	Short-term Residential Shelter (up to 3 months)	105	✓	✓	✓	✓	No girls 10+ in dorm		✓	18+	✓		Case by Case			
	Transitional Housing	174		✓	✓	✓	✓	✓			✓		Case by Case	Case by Case		✓
	Tiny House Village - Permanent Supportive Housing	0														
	Permanent Supportive Housing - Rq'd Treatment	122 beds/units		✓	✓	✓	✓	✓	✓		✓		Case by Case	Case by Case	✓	✓
	Housing First Model - Harm Reduction	4 units				DV only										
	Crisis Triage Center (up to 5 days stay)	16	✓	✓	✓	N/A	N/A	N/A	N/A		✓	TBD	✓	Case by Case	✓	✓
	Residential Treatment Facility	16 total (11-30 day, 5 permanent)	Medicaid eligible	✓	✓						✓	TBD	✓	✓	✓	✓
No Case Management	Oxford Houses	185 beds		✓	✓			✓			✓		✓		✓	outpatient
	Boarding Houses (identified through HSC)	8 rooms		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		
	Permanent Subsidized Housing for 55+ or Disabled	191		✓	✓	N/A	N/A	✓	N/A	N/A	✓	✓				
	Permanent Subsidized Housing for 62+	331		✓	✓	N/A	N/A	✓	N/A	N/A	✓	✓				
	Housing Choice Vouchers	1938		✓	✓	✓	✓	✓	✓		✓	✓				
	Veteran Assistance Supported Housing (VASH) Vouchers	42		✓	✓	✓	✓	✓	✓	N/A	✓	✓				
	Permanent Subsidized Housing for Individuals and Families	913		✓	✓	✓	✓	✓	✓		✓	✓				

KEY

Housing Options are Available

No Housing Available

Case by Case Consideration

Updated 4/10/18



Affordable Housing Task Force Final Report



July 11, 2018

Table of Contents

INTRODUCTION.....	1
EXECUTIVE SUMMARY.....	10
PRIORITY RECOMMENDATIONS.....	12
1. Code Changes to Encourage Affordable Housing in Winslow and Neighborhood Centers....	12
• Mandatory Inclusionary Zoning Ordinance	
• Changes in FAR to Create Affordable Housing Incentives	
• Multi-Family Property Tax Exemption	
2. Affordable Housing on Publicly Owned Land.....	17
3. Incentives for Accessory Dwelling Units.....	17
4. Innovation Program to Support New Ideas in Affordable Housing.....	18
5. Permanent City Support for Affordable Housing.....	18
QUICK WINS.....	20
Expanded Liveaboard Policies.....	20
Vacation Rental Ordinance.....	20
Permit Processing Priority and Reduced Fees for Affordable Housing.....	20
Housing Trust Fund Grants.....	21
Cottage Housing Ordinance.....	21
ADDITIONAL STRATEGIES TO BE EXPLORED.....	22

APPENDICES

- A.** City Council Instructions to the Affordable Housing Task Force
- B.** Housing Element of the Comprehensive Plan
- C.** Previously Delivered Recommendations and Correspondence
 - 1. Letter re Suzuki project to City Council, dated November 3, 2017
 - 2. Letter re Suzuki project to City Council, dated November 7, 2017 (revision to the November 3, 2017 letter)
 - 3. Letter re Suzuki project to City Council, dated December 7, 2017
 - 4. Email re Suzuki project to City Council, dated January 14, 2018
 - 5. Letter to the Planning Commission re Liveaboard Community, dated November 20, 2017
 - 6. Email re Development Moratorium to City Council, dated February 25, 2018
 - 7. Letter to City Council re Liveaboard Community, dated March 29, 2018
 - 8. Letter to City Council re vacation rentals, dated May 9, 2018
- D.** 2018 Median Income Table Bremerton-Silverdale MSA
- E.** Draft Cottage Housing Ordinance (2002)
- F.** Sample Multi-Family Property Tax Exemption Ordinance

INTRODUCTION

Process

The Affordable Housing Task Force (AHTF) was created by City Council resolution on May 9, 2017, and its fifteen initial members, all citizen volunteers, were appointed by action of the City Council on June 20, 2017. It was instructed to make recommendations for specific actions, programs and strategies the City of Bainbridge Island (City) and the City Council can take in the near-term to improve access to affordable housing across the economic spectrum. While the AHTF was instructed to focus on the Housing Element of the Comprehensive Plan, it was also advised to consider all elements of the Comprehensive Plan. Where any of the goals and policies of the various elements seem to be in conflict, the AHTF was tasked with recommending solutions that balance costs and benefits to the community.

The AHTF had its first meeting on July 8, 2017. It next met on September 6, 2017 and then met twice monthly through June of 2018. In addition, it created small work groups that met independently to study tools and strategies based on specific policies in the Housing Element, reporting back to the full group on a regular basis. The AHTF also heard numerous presentations by City staff and other experts on specific topics, as well representatives of local governments, nonprofits and other groups that advised on shared concerns and interests. Public comment was accepted and encouraged at every meeting.

Two members of the AHTF were unable to attend meetings and two resigned over the first few months due to personal circumstances. On February 27, 2018, two additional members were appointed by the Council.

The AHTF gave an Interim Report to the Council on March 6, 2018.

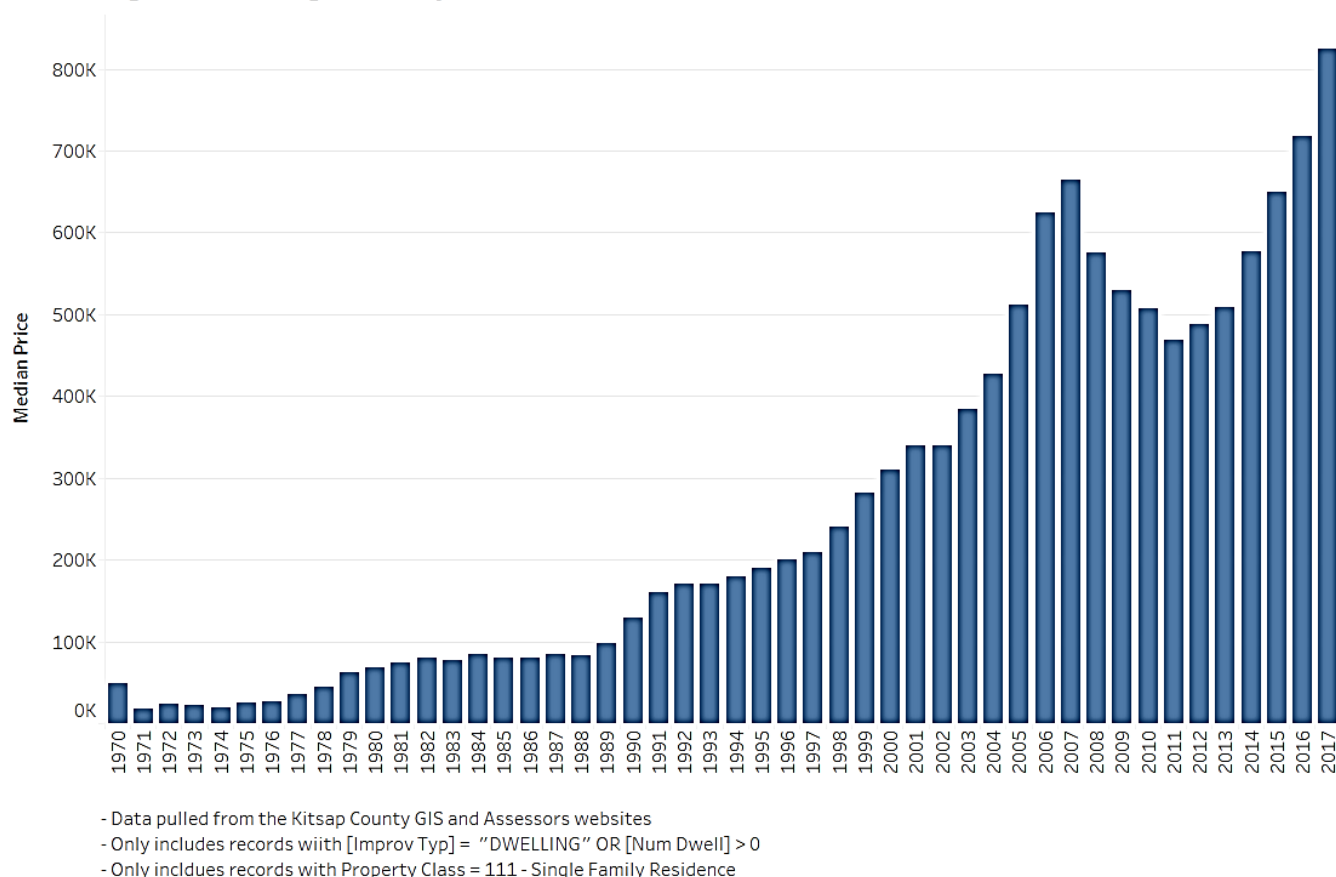
Housing Affordability on Bainbridge Island

Housing prices on Bainbridge Island have continued to climb, and affordability has worsened since the end of the Great Recession. Data from Kitsap County shows that in 2017 the median price of single family homes reached an all-time high of \$825,000, a full 24% higher than the peak of the housing bubble in 2007. According to Realogic/Sotheby's International Realty, buyer activity is elevated due to the Puget Sound region's strong job market.

At the same time, inventory is historically low on Bainbridge Island. Over the last nine years, from 2009 through 2018, the new supply of residential units, of all types, has been severely limited. In April of 2009, there were 10,469 units on Bainbridge Island. In April of 2018, there were 11,061 units. This translates into an average growth of 66 residential units per year. This represents a cumulative annual growth rate of .63% per year (less than 1% per year). This limited supply on Bainbridge Island is well below demand in a way that increases housing costs and creates an affordability crisis, minimizing housing opportunity for those of moderate incomes in our community.

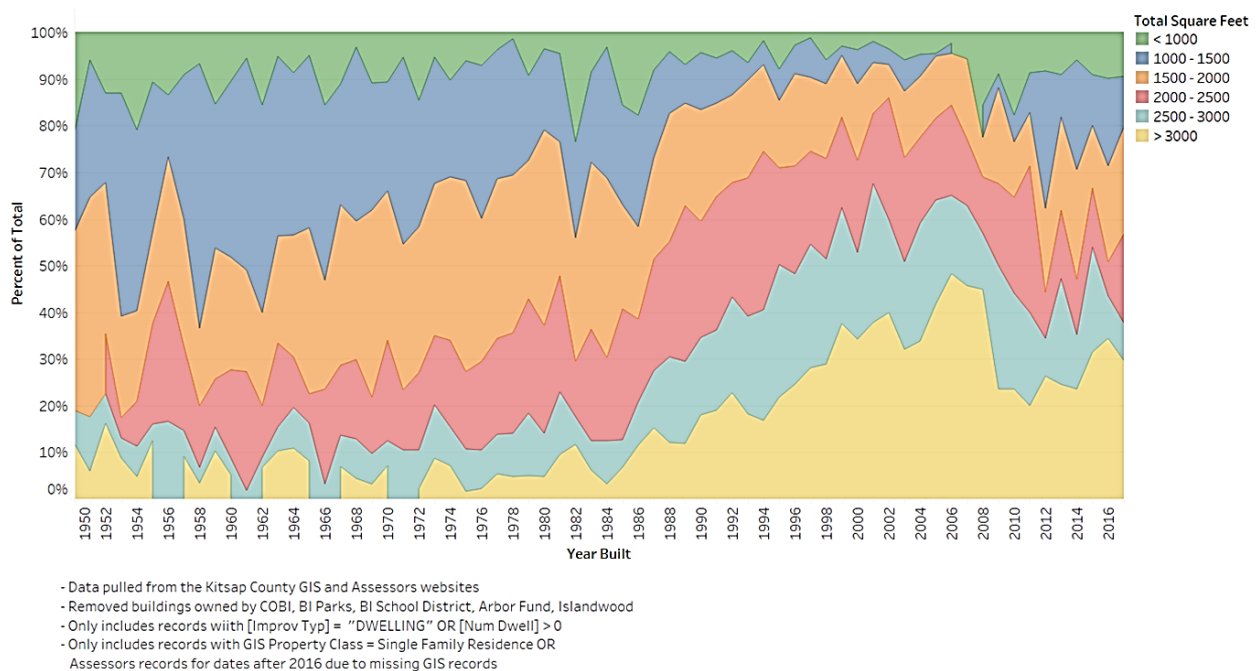
Prices have continued to climb in 2018. In May 2018, the median single family home price was \$875,000, and nearly half (44%) sold for over \$1 million. Single family residences account for about 80% of all housing units, in a very low density land use pattern that occupies almost 91% of the island's land use area. Median condo prices are over \$500,000. Average rental rates are approaching \$2000 a month, and rental vacancy rates are 1.5%, well below the 5% rate more typical of well-functioning rental markets. In addition to high housing costs, the increasing property tax burden due to state, county and local taxes makes housing even less affordable, particularly for seniors on a fixed income.

Bainbridge Island Single Family Home Price Trend



Although homes being built now are not as large as they were during the last housing bubble, fully 30% of them are larger than 3,000 square feet. In addition, over the last 20 years, the vast majority (over 70%) of units have been over 2000 square feet. A significant contributor in the affordability crisis is the size of the units being delivered.

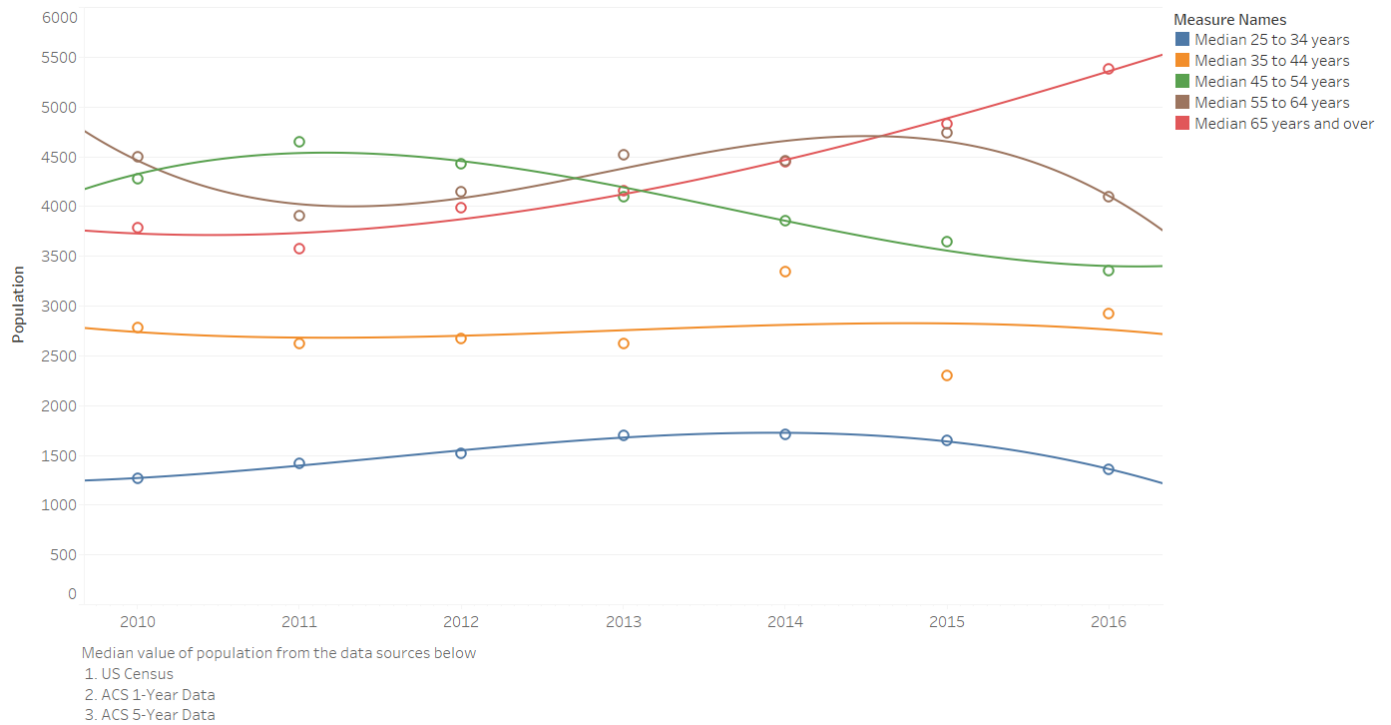
Bainbridge Island Home Size Trend



Bainbridge Island had a population of 23,025 persons in the 2010 Census. According to the Washington State Office of Financial Management, the state agency that completes population estimates in between census years, the population of Bainbridge Island has grown from an estimated 23,190 persons in 2013 to 24,320 persons in 2018, after several years of no growth related to the Great Recession.

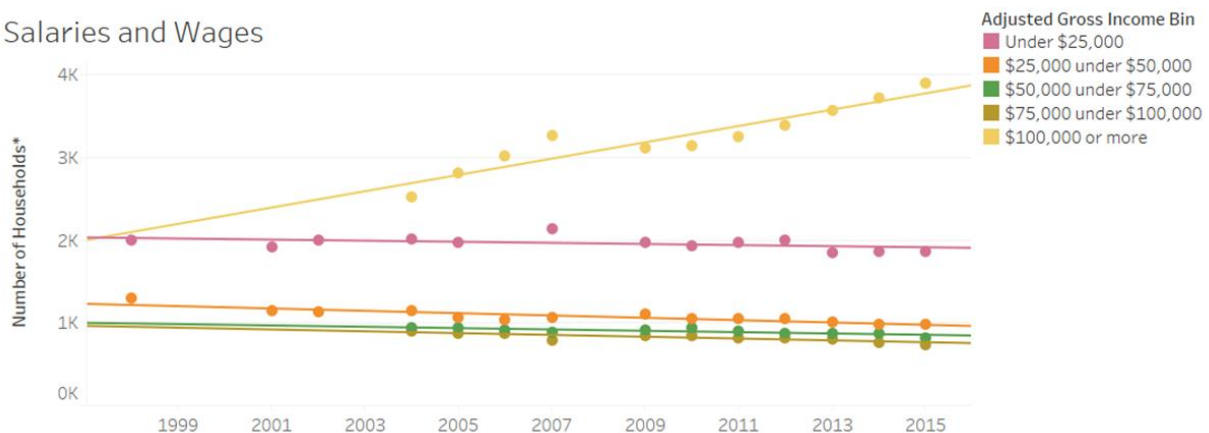
In part due to housing prices, the island's demographics are shifting. Bainbridge Island is older, wealthier and far less racially diverse than other communities in the region. The island has an increasing population of people over 65, and a declining population of young adults (ages 25 to 34).

Bainbridge Island Population Trend by Age



We can also see that the number of households with income of over \$100,000 are increasing while households making less than \$100,000 per year are static or decreasing. The largest increases are in the number of households making over \$200,000 per year.

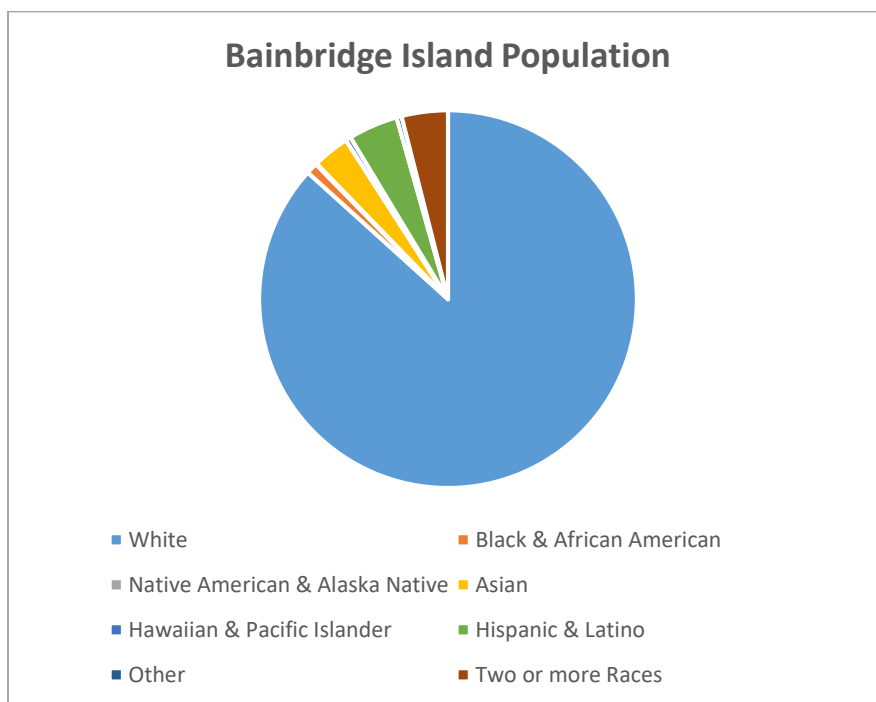
Salaries and Wages



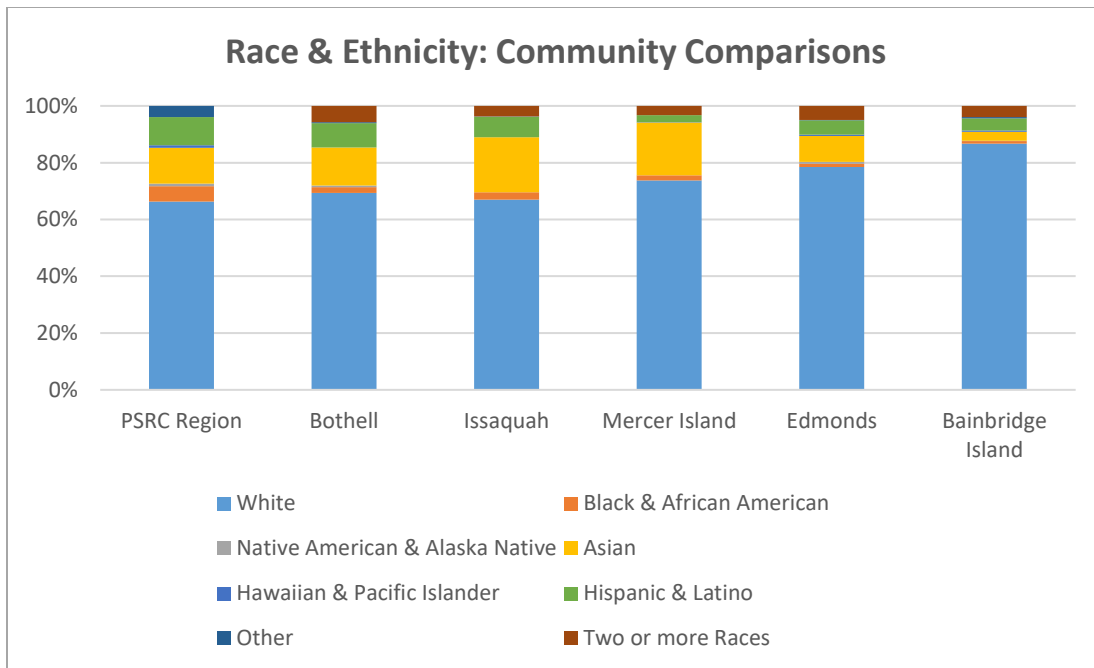
Bainbridge Island is about 91% white, according to the most recent census information. A 2014 report by the Puget Sound Regional Council noted the connection between lack of affordable housing and lack of racial and ethnic diversity:

“Persistent unaffordable housing costs, along with current and historic discrimination, have geographically separated lower-income households and households of color from higher income, white communities.....High-priced neighborhoods as well as neighborhoods with limited rental housing fail to provide feasible housing choices for low- and-moderate income households.”

In addition, the report found, "When a jurisdiction expands affordable housing opportunities in historically homogeneous communities with more opportunity, members of protected classes have access to good schools, employment, and healthy homes which they have been excluded from in the past."



Source: 2012-2016 ACS 5-yr Estimate



Source: 2012-2016 ACS 5-yr Estimate

This data tells us that Bainbridge is becoming an increasingly exclusive and rarified place to live. We are missing out on the vibrancy, creativity, economic benefit and sustainability that a diverse population—diverse in age, socioeconomics, race, ethnicity and background---brings to a community. As a result, housing affordability is crucial both to those who live here and those who cannot.

What is “Affordable”?

The Council’s instructions to the AHTF provided that its “mandate is broader than simply considering low income housing. It should consider housing affordability on Bainbridge Island across the economic spectrum.” Accordingly, we have looked at the various housing needs that are not being met in the island’s current housing market, both those who are cost-burdened and those who qualify for subsidized housing.

HUD defines “cost-burdened” families as those who spend more than 30% of their income on housing, which may result in difficulty paying for necessities such as food, clothing, transportation, and medical care. The Housing Element of the Comprehensive Plan states that 34% of islanders of all income levels living in single family dwellings are cost burdened and almost 44% of island renters are cost burdened.

Some affordable housing projects use an income test to determine whether someone is eligible for housing. So-called “income qualified” housing is typically available to people whose incomes are 80% of Area Median Income (AMI) or less. Some publicly funded or subsidized housing is reserved for those whose incomes are 30% of AMI or less. (See Median Income Table, Appendix D). Waiting lists for subsidized housing on Bainbridge Island are two years or more.

The AHTF has not limited its recommendations to income-qualified projects. Many islanders, such as teachers and City employees, are cost burdened or cannot find housing at all on Bainbridge, but would not be eligible for income qualified housing. Both small businesses and major employers, including the City of Bainbridge Island, the Bainbridge Island School District, and the Bainbridge Island Parks Department, have told the AHTF that their employees have trouble finding housing on the island. Many employees commute from off-island, some from as far away as Port Orchard, a round trip of about 75 miles. As instructed, we looked at affordability across the economic spectrum.

The AHTF finds that affordability may be achieved by a combination of factors, including:

- Affordability by size: Creating smaller units for singles, couples and seniors, in both the rental market and the ownership market.
- Affordability by subsidy: Provide financial incentives through tax abatement to subsidize affordable units, or through such incentives as increased density, lower parking requirements, or fewer required amenities.
- Affordability by location: Eliminating or reducing the cost of a car and related parking.
- Affordability by increased supply: Incentivize both small size and rental housing.

By any measure, Bainbridge Island has not implemented effective strategies to meet diverse housing needs. The island's housing nonprofit, Housing Resources Bainbridge, has produced the only appreciable amount of income qualified affordable housing on the island in the last twenty years.

Working Understandings of the AHTF

The AHTF studied both commonly-used housing tools and out-of-the-box suggestions. From this work, we are certain of one thing about affordable housing: there are no magic bullets. Affordability must be addressed consistently, over time, with a multi-pronged approach. The community must be willing to think creatively and to experiment to see what works and what does not. Demanding certainty of outcome invites failure. We believe that Bainbridge Island should adopt the recommendations in this report, and without undue delay or demand for risk-free or guaranteed outcomes. At the same time, if it becomes apparent that a policy or program is not working, the City should be prepared to change course quickly by abandoning ineffective strategies and adopting new policy measures appropriate to current circumstances.

Our Comprehensive Plan speaks to many community values, which sometimes seem to conflict with each other. That perceived conflict is particularly sharp when looking at housing and environmental policy. People are often prone to tunnel vision when trying to solve a particular problem. Sometimes we think of "the environment" as entirely separate from human beings, and try to come up with solutions for environmental problems by excluding the needs of people from our thinking. Equally one-sided would be to craft housing solutions without regard to the impact on the natural environment. The real world does not divide itself into categories but,

rather, exists as a complex and ever-changing, mutually dependent and reinforcing whole. Good policy-making should try to reflect that reality.

The AHTF does not believe housing and the environment exist in conflict, though we understand that the current crises in both housing affordability and environmental degradation requires careful, intelligent, and respectful planning. We do not believe housing and the environment can ever exist to the exclusion of one another. The AHTF has taken a holistic point of view and has tried to craft intentional and sensitive recommendations, taking into account as many aspects of the real world as possible.

Keeping the real world in mind has policy implications. For example, the absence of housing that is affordable to people who work on the island has impact beyond the Housing Element of the Comprehensive Plan. Multiple elements of the Comprehensive Plan, not to mention multiple aspects of our lived experience, are impacted when large numbers of workers face increasingly longer commutes. For instance, the Economic Element of the Comprehensive Plan is impacted when people have long commutes, shouldering higher costs in money, time and stress. As a result, local employers have a harder time attracting and retaining people to fill island jobs. Employees have a lower quality of life. As anyone who has traveled Highway 305 during rush hour can attest, commuters to and from the island also impact the Transportation Element of the Comprehensive Plan.

In addition, the Environmental Element—and the real-world environment--- is negatively affected. People who can't afford to live in the community in which they work move to less expensive areas, further away from work. That creates sprawl---the very result no one wants. Sprawl is harder to see on an island, but the ecosystem doesn't end at the Agate Pass Bridge. Carbon emissions from longer commutes do not end at the Bridge. Somewhere, the Earth bears the burden of sprawl, of traveling people, of vehicles going extra miles—even if that burden is not readily apparent on the island.

Nationwide, housing prices have been rising twice as fast as wages according the chief economist of the Mortgage Bankers Association interview on CNBC in March of 2018. The Seattle Times reported that homes in the Seattle area have been rising faster than anywhere else in the country since mid-2016 (Seattle Times, March 27, 2018.) These are realities each community must grapple with.

Despite our growing housing inequality, Bainbridge Island has not implemented any significant affordable housing policies in a decade. The Housing Element (Appendix B) of the Comprehensive Plan clearly and concisely states the problem and the obligation the City has undertaken:

Market forces alone will not address the urgent housing needs facing Bainbridge Island. In the face of daunting circumstances, the City aspires to an ambitious Vision of its future and commits to an innovative, aggressive and multi-faceted housing strategy.

The AHTF developed its recommendations for **near term action** by the City Council and the City of Bainbridge Island. Consistent with the Council's instructions to the AHTF, these recommendations address affordability at a range of incomes, from low income to middle income and workforce housing. Only two of the recommendations would create income-qualified housing. The rest are intended to create affordability due to size, appeal to a narrow demographic or other factors as described above under the heading, "What is 'affordable'?" Consistent with the Comprehensive Plan, zoning and code recommendations are focused within the Designated Centers, helping protect the rural areas of the island.

We hope they will be adopted and implemented as soon as possible.

EXECUTIVE SUMMARY

According to the Housing Element of the Comprehensive Plan, “Some combination of appropriately zoned land, regulatory incentives, financial subsidies and innovative planning techniques will be necessary to make adequate provision for the needs of all segments of the population, but particularly middle and lower income persons.”

The AHTF submits the following **Priority Recommendations** in accordance with that guidance and with the Council’s instructions to the AHTF:

- 1. Draft and adopt code changes to encourage infill in the Designated Centers, with the assistance and advice of ECONorthwest.** (Pages 12-17)
 - A. Adopt a Mandatory Inclusionary Zoning Ordinance**
 - B. Enact changes in FAR to encourage affordable housing**
 - C. Adopt a Multi-Family Property Tax Exemption** (Appendix F)
- 2. Pursue opportunities to partner with the private and nonprofit sectors to build affordable housing on public lands.** (Page 17)
- 3. Adopt procedures to encourage Accessory Dwelling Units** (Page 17)
- 4. Adopt an “Innovations Program” that allows staff to permit experimental affordable housing projects, on a limited basis, that are not currently allowed by code.** (Page 18)
- 5. Create a permanent affordable housing committee and designate a City employee who will spend at least half-time on affordable housing strategies.** (Page 18)

In addition to our priority recommendations, the AHTF has identified the following **Quick Wins** that can be done immediately:

- 1. Adopt more generous policies to allow the maximum number of liveaboards in the Dave Ullin Open Water Marina in Eagle Harbor.** (Page 20; Appendices C (5) and (7))
- 2. Adopt vacation rental ordinance** (Page 20; Appendix C (8))
- 3. Institute permit processing fast-track and reduced permit fees for all affordable housing applications.** (Page 20)
- 4. Review and improve the Housing Trust Fund process, and award Housing Trust Fund grants at least annually** (Page 21)
- 5. Adopt Cottage Housing Ordinance** (Page 21; Appendix E)

Additional Strategies to Be Explored: Due to the time limitations placed on the AHTF, there are many worthwhile areas of study that we did not explore in depth. One of the reasons we believe that the City must engage in continuing housing efforts over the long-term is so these ideas, as well as new ideas that will undoubtedly emerge, can be pursued.

The AHTF urges future work on the following ideas:

- **Work with Forterra to adopt a more effective Transfer of Development Rights program**
- **Community Partnerships**
- **Conversion of Single Family Homes to Duplexes/Triplexes**
- **Programs to Preserve Existing Housing**
- **Affordable Senior Housing/Accessible Housing**
- **Addressing Limitations Due to Sewer and Septic**
- **Homelessness and Housing Insecurity**
- **Tiny Houses/Microhousing**
- **Transportation Alternatives: Car2Go, Smart Cars, Public Transit**
- **Advocacy for County, State, and National Affordable Housing Policies**

PRIORITY RECOMMENDATIONS

1. Code changes to encourage affordable housing in Designated Centers (Winslow and Neighborhood Centers)

The Housing Element of the Comprehensive Plan lists as one of its highest priority actions the following: “Amend the City’s development code to facilitate an increase in the diversity of housing types and supply of affordable housing.” (HO Action #2). It proposes revising “development standards for the High School Road and Ferry Terminal districts and other portions of the Winslow Area Master Plan to encourage the transformation of these areas from auto-oriented, low-rise, homogeneous commercial land use districts into walkable, transit-served, mid-rise, mixed-use neighborhoods with affordable housing.” (Policy HO 4.2).

Unless otherwise specified, the AHTF recommends these changes be applicable to the Winslow Master Plan area and the Neighborhood Centers, in furtherance of the Housing Element’s stated goal of changing “today’s 89/11% housing split between the Mixed Use Town Center and the Neighborhood Centers to 80/20% by 2036.” (Policy HO 1.6)

As referenced in Goals 1 and 2 of the Housing Element, the City is required to monitor provisions and changes to the zoning code and all affordable housing ordinances on a yearly basis to determine the effectiveness of the ordinances and code changes. At the end of every two years, the Department of Planning and Community Development will prepare a report based on data gathered through the monitoring program. The reports will be used by the City Planning Department and the Planning Commission as a basis to amend and update the code and ordinances as needed to achieve the affordability goals. The proposed amendments and updates will go to the City Council for approval. The time table for the updates should be coordinated such that amendments and updates are completed every 4 years.

Recommendation 1A: Mandatory Inclusionary Zoning Ordinance

The following is recommended to establish a new Inclusionary Zoning Code:

APPLICABILITY: Designated Centers which include the Winslow Master Plan/Winslow Sewer Area and Neighborhood Centers.

Island wide applicability was not recommended due to the Comprehensive Plan goal to focus new development in the Designated Centers.

BASE REQUIREMENT: 10% minimum affordability on all new residential development projects. Projects which exceed project threshold size of 10,000sf residential FAR are required to construct the inclusionary units. The 10% requirement is applied to the Base Residential FAR.

Projects may exceed the 10% requirement by utilizing other zoning incentives. Staff should evaluate whether a higher percentage is feasible.

- a. Staff will need to verify appropriate base requirement (percentage & minimum project size) in relation to offset (see 3, Offset). Projects on adjoining parcels shall be considered as a single project for determining project size. Controlling inclusionary threshold by project area (sf) will prevent projects from artificially increasing unit sizes to stay below minimum unit threshold.
- b. Projects within the residential zones (R-zones) in the Designated Centers (the residential areas of Winslow) and Neighborhood Centers are regulated by units per acre, not FAR. Staff will need to determine minimum project size and related offset.

OFFSET: In order to effectively subsidize the inclusionary units, the FAR shall be increased to offset the financial impact to the project subject to the mandatory requirement. The Mixed-use Base FAR and Bonus FAR shall be increased by 0.2 (see MUTC 18.12 Dimensional Standards) for all zones subject to the inclusionary requirement.

The offset is the difference between the market rent and inclusionary rent, OR the difference between the market rate sales price and the affordable sale price. In order to meet state law, the financial impact related to this lost revenue to a project must be offset by an equivalent density or FAR increase.

In order to offset financial impact to the project, a significant increase is needed in the Base FAR and the bonus FAR. Under current code, any increase above the Base FAR is only available as Bonus FAR, by paying a fee to the City (or through other bonus provisions). The staff shall verify the proposed Base FAR increase is proportional to the financial impact to the project.

FEE IN LIEU: Residential projects 10,000 sf or less, are eligible to pay a Fee in Lieu instead of constructing the inclusionary units. Fees shall be directed to Housing Trust Fund. Fee shall vary based upon project size.

- a. Note that the Fee in Lieu is offset by the 0.2 FAR increase or density increase (in R zones).
- b. Fee in Lieu is not available for larger projects to ensure inclusionary units are constructed as part of the project. Small projects typically have a more difficult time integrating inclusionary units due to their small site area.

The Task Force did not want Fee in Lieu to be available for larger projects. It is important to have inclusionary units built within projects and to have them dispersed throughout the community. Communities which rely only on Fee in Lieu will typically use those funds to construct standalone multi-unit affordable projects.

Projects which are not eligible for offset are not required to pay Fee in Lieu.

TARGET INCOME GROUPS: Inclusionary units shall serve a range of Kitsap Area Median Income (AMI) between 50% and 120%. For projects which are required to provide multiple inclusionary units, those units shall serve **a range of income levels which equal an average of 80% AMI or below**. For projects with a single inclusionary unit, it shall be affordable to a household income shall be no more than 80% AMI.

UNIT SIZE AND TYPES: For projects with multiple inclusionary units, unit sizes shall reflect the proportionality of the bedroom mix of the market rate units. For projects with one inclusionary unit, the number of bedrooms shall reflect the average size in project. The inclusionary unit size may be smaller than typical market rate unit. The exterior design of the affordable dwelling unit(s) shall be similar in appearance to the market rate units. The units shall be geographically dispersed throughout the project.

The intent here is to ensure the affordable units reflect the overall character of the project to be fully integrated.

DURATION: Affordability shall be permanently enforceable by a deed restriction placed on the property title report.

NOTE: The City has enlisted ECONorthwest and Forterra to complete an economic analysis to support the development of a successful inclusionary zoning and transfer of development rights programs. That analysis is anticipated to be completed in November 2018, and may result in different thresholds for an inclusionary zoning program than those recommended by the AHTF above.

Recommendation 1B: Zoning Changes to Incentivize Affordability in Designated Centers:

The following incentives are intended to encourage mixed-use development and affordability within the Designated Centers. Emphasis has been given to the High School Road and Ferry Terminal Districts. Key outcomes include expanding residential uses within allowable building envelopes and the creation of mixed-use villages in areas currently developed as low rise commercial and parking lots. These concepts are consistent with the Comprehensive Plan to focus growth in Designated Centers, increase workforce housing and reduce environmental impacts of workforce commuting. **The AHTF recommends the following modifications to Chapter 18.12 Dimensional Standards:**

HIGH SCHOOL ROAD & FERRY TERMINAL DISTRICTS: High school Road and Ferry Terminal Districts shall have their **FAR set equal to Core district**. Consistent with the goal to have pedestrian oriented villages, these projects shall be **required to be mixed-use**.

These two zoning districts hold the greatest potential to become transit-orient development locations. The current code has the maximum amount of residential for the High School Road District set low to support auto-oriented commercial development. The proposed flexibility to increase the overall FAR and related residential component will take pressure off residential zones throughout the island.

Under current code, mixed-use is not required.

This ensures we get mixed-use pedestrian-oriented development in the commercial districts. So long as first floor commercial and/or retail is provided, residential use can be utilized for all remaining FAR, including Max/bonus FAR.

The specific requirements to meeting the intent of mixed-use requirement shall be determined by staff. Mixed use shall provide retail at key frontages and public spaces.

FLEXIBLE FAR: Consistent with the Core district Base FAR and proposed mixed-use requirement, the commercial portion of mixed-use FAR may be converted to residential FAR.

The flexibility to convert commercial FAR to residential will have the benefit of producing more housing overall and a proportional increase in the inclusionary units. This has the potential to double the number of inclusionary units.

The current method of FAR allocation only allows a portion of the site development to be housing, with the rest being commercial. The intent was to encourage mixed-use projects. Under current market conditions, residential use has far greater market demand than commercial. Limiting amount of residential to current levels is resulting in sites being underbuilt. This is also likely to serve current demand for more senior housing, which is currently not being met adequately.

This added flexibility with base residential FAR would not increase the building size or overall FAR since it is within current allowable mixed-use FAR.

For example, a mixed-use project in the Core District, with bonuses, under current zoning, has a maximum FAR of 1.5 (which will be increased by inclusionary zoning). That maximum must be divided between the commercial maximum of 0.5 FAR and the residential maximum of 1.0 FAR. Under the recommended approach, if the project is located in any of the following zones (High School Road, Ferry Terminal, and Core), and it is mixed-use with retail or commercial at the base of the project, then the mixture of commercial and residential FAR is flexible. For example, the residential could end up being 1.3 in this example so long the projects have sufficient commercial to meet the mixed-use requirement.

NEIGHBORHOOD CENTERS (NC): Change NC zoning from current method of determining density by units per acre to FAR method.

Currently NCs have a low base density (2 units/acre) which doesn't support pedestrian-oriented villages. Basing density on units per acre encourages projects to build large units to maximize buildable area. The FAR approach would increase flexibility allowing smaller unit sizes and related affordability. Staff need to determine what appropriate FAR is in relation to density. The City's ability to extend infrastructure to the NCs will affect the number of housing units created.

BUILDING HEIGHT: Increase the maximum height from 45' to 55' when 1) underground parking is provided and 2) project exceeds both 20% affordability and 20% public space. Applies to High School Road District and Ferry Terminal District.

This encourages pedestrian-oriented urban villages close to transit. The City should give consideration as to whether the height increase is appropriate within the Core District, subject to existing design guidelines and upper story stepbacks for Winslow Way.

PARKING: Allow lower parking requirements (.5 spaces/unit) for units within 1 mile of Ferry and unit size less than 600sf.

The cost of providing parking and related vehicle ownership costs impact affordability. On average, the cost of owning a vehicle can be as high as \$700/month. The construction cost of an underground parking stall ranges between \$25,000 to \$30,000 per stall. These costs affect both the renter's ability to afford housing and the cost of building the housing.

SUBDIVISIONS: Allow subdivisions within Mixed Use Town Center.

Currently, subdivisions are only allowed if approved under the Housing Design Demonstration Program (HDDP). This change would not require a density or FAR increase. This will encourage "missing middle" homes such as cottages, townhouses and small footprint homes. Home size would be limited to 1600sf and lot sizes would be restricted to a maximum size to ensure minimum densities are achieved.

Recommendation 1C. Multi-family Property Tax Exemption

The AHTF recommends adopting a multi-family property tax exemption (MFTE) ordinance in accordance with RCW 84.14.005 et seq. This statute authorizes an exemption from property tax for any qualifying multi-family project of four units or more that sets aside at least 20% of its units for low to moderate income households (from 80% or below of AMI to 115% AMI), for a period of eight to twelve years (depending on the specifics of the project). In order to implement this state-allowed exemption, the City must adopt an ordinance specifying guidelines such as height and density restrictions, parking requirements, and targeted incomes. The ordinance must designate area(s) for applicability and would be applicable to both new construction and existing projects that are being rehabilitated or converted.

The AHTF recommends that the designated areas for the MFTE should be the Designated Centers. The RCW sets out procedures necessary to adopt an MFTE ordinance, which include a public hearing at which the designated residential targeted area(s) will be considered. All projects that use the MFTE must be regularly monitored for compliance, and the AHTF suggests that Housing Resources Bainbridge or other housing nonprofit be engaged as a partner to the City for public outreach and compliance monitoring.

The MFTE could be used in tandem with the Mandatory Inclusionary Zoning Ordinance to potentially set aside up to 30% of the units in a project as affordable units.

A sample MFTE ordinance is attached to this report as Appendix F (a copy of the ordinance adopted by the City of Bellingham).

2. Affordable housing on publicly owned land

The City owns 88 parcels of land totaling 250 acres, some of which have identified uses and purposes and others that do not. The AHTF recommends that an inventory be taken of City-owned properties that may be appropriate for affordable housing. These properties could be donated or sold at a discount to a housing nonprofit or program, with deed restrictions requiring a specified number of units of affordable housing to identified income ranges. Alternatively, property could be developed by the City in partnership with private and nonprofit developers, similar to the development of the Suzuki property. The AHTF believes the Suzuki project has taught valuable lessons to the City, its consultants, partners and the community, and those lessons will inform and improve future efforts.

The AHTF met informally with several other local taxing districts, such as the Bainbridge Island School District and the Bainbridge Island Metropolitan Parks Department. Although most of the taxing districts said their employees had difficulty securing housing on the island, they did not express any interest at this time in making any property they own available for affordable housing. The reluctance was in large part for reasons that may well be addressed satisfactorily in the future, so the AHTF recommends having future in-depth discussions with these taxing districts.

3. Adopt procedures to encourage Accessory Dwelling Units

An Accessory Dwelling Unit (ADU) is up to 900 square foot of separate living space, within or detached from a single-family dwelling. Although the City has allowed ADUs for many years, the number of ADUs on the island has remained relatively small—according to City records, the island has approximately 196 permitted ADUs. The Final Report of the Community Housing Coalition in December of 2007 identified ADUs as a priority recommendation, giving several suggestions to encourage the use of ADUs as affordable rentals. Among them were to increase the maximum size of an ADU from 800 to 900 square feet, which was done in 2015.

That report also suggested evaluating the building application process for ways to shorten the process. It also recommended that pre-approved prototype ADU designs be made available to property owners. Those two recommendations were never implemented. The AHTF believes those proposals remain priority actions and strongly recommends that they be adopted. In addition, the AHTF recommends that building permit fees and sewer/water hookup fees be deferred or reduced if an ADU is used for income-qualified housing for a period of at least five years.

4. Adopt an “Innovations Program”

As we have noted, no single solution or program will solve the affordable housing crisis. The AHTF believes that a crucial part of any housing strategy is a multi-pronged approach and the willingness to experiment with new and innovative ideas. For that reason, we recommend that the City make the necessary changes in code and policy to allow City staff the flexibility to permit building projects on a limited basis that do not otherwise fit into zoning and land use code, if 100% of the housing units are affordable (affordability for this purpose will be 120% of AMI or less). The Innovations Program would seek to encourage new ideas about affordability, whether achieved through building technique or materials, shared common areas, small size, or other means.

After it has developed and adopted the Innovations Program, the City should conduct outreach to the community to encourage property owners to make use of its flexibility. Projects should be monitored and evaluated to determine whether the idea is effective in producing affordable housing. If so, it should be adopted into code. If the idea is not effective, staff would not permit it in future projects.

5. Permanent support for affordable housing

Bainbridge Island has made efforts to address its affordable housing issues from time to time in the past. In 1997, the City adopted the original Affordable Housing Ordinance, requiring that new residential developments include a percentage of affordable housing. The program was the first of its kind in Washington. Over time, the City determined it was not working as intended for a variety of reasons, including loss of affordability because the units reverted to market rate with the first resale, and legal challenges. The ordinance was repealed in 2005, although an optional affordable housing program remained in place.

The City created the Community Housing Coalition (CHC) in 2005 under the umbrella of the City-funded nonprofit, Health, Housing and Human Services Council. It was charged with the task of researching and contributing to the development of effective public housing policy. With the economic downturn beginning in 2007, the City experienced financial setbacks. As a result, the City Council dissolved the CHC, along with the Health, Housing and Human Services Council. The CHC produced a report of its work and housing recommendations in December of 2007 and urged that its functions be transferred to a full-time City housing specialist. As the City’s financial problems continued, the housing position was eliminated. Since then, the City has had no housing specialist on staff and no citizen advisory group to focus on housing issues, until the creation of the AHTF in 2017. In the intervening years, the median sales price of a single family home rose from \$680,000 in December of 2007 to \$848,000 in May of 2018 (after a steep drop in prices for several years during the Recession.) Undoubtedly there have been many lost opportunities for affordable housing projects in that time. The more time that passes without effective affordable housing policies in place, the more affordable housing opportunities will vanish, as properties are developed solely for the private market.

The AHTF believes that housing is a complex issue that requires consistent attention, multiple strategies, evolving programs and a willingness to experiment with new ideas. As the CHC Final Report said, “...crisis management, short-sighted funding and stop-start attempts do not produce sustained results.” The AHTF is a short-term task force with limited scope. The one-year deadline for its work required that it focus on high priority, near term recommendations. There are many important aspects of housing that it was not able to study in depth.

For these reasons, we think it is crucial for the City to create permanent housing support. It should consider creating a standing advisory committee. It also should consider hiring or designating a housing specialist on City staff, at least on a part-time basis. Finally, we recommend that the City increase its financial partnership and outreach commitment to other taxing districts, nonprofits, and entities such as faith-based housing providers that build affordable housing.

QUICK WINS

The AHTF has identified the following actions the Council or staff could take with a minimum of additional research or preparation:

1. Adopt more generous policies with respect to liveaboards in Eagle Harbor.

The AHTF believes that residential vessels in the Dave Ullin Open Water Marina in Eagle Harbor can be an economical housing choice on the island for a limited but important demographic. We encourage City support for existing liveaboards and urge that the City amend its policies to allow additional residential boats to the maximum allowed by the state of Washington, as we have written in letters previously submitted to the Council and the Planning Commission. Additionally, we have recommended that the City expand the time-frame during which it accepts applications. See Appendices C.5 and C.7.

2. Adopt a Vacation Rental Ordinance.

Since 2011, the third-party analytics site AirDNA has measured a 41% annual growth in the number of Airbnb rentals on Bainbridge Island, with 133 active rentals currently recorded. Of these active rentals, 114 are for the entire home, a number that represents more than three months of inventory in the current real estate market. This stranded inventory worsens the affordable housing crisis by reducing the stock of long-term rentals and for-sale housing on Bainbridge Island. However, we also realize that many members of our community rely on the supplemental income generated by these short-term rentals to afford the ever-increasing cost of living, so it is necessary to control the growth of the short-term rental market without eliminating it all together.

The City of Seattle passed an ordinance in 2017 limiting the number of “short term rentals” allowed. AirBnb has approved the ordinance and has given assurances it will not challenge the ordinance legally. The AHTF recommends that Bainbridge pass a similar law, based on the Seattle ordinance, applying to all current and future short-term rental properties and at least as restrictive as the Seattle ordinance. The AHTF also recommends that the Council consider whether short term rentals should be further limited exclusively to the owner’s primary residence property. To avoid significant impact on the island’s existing lodging industry, this restriction should not impact hotels, motels, inns, and licensed bed and breakfasts. See Appendix C.8.

3. Permit processing priority and reduced fees for affordable housing projects.

The time required to complete a residential construction project is a significant factor in the final project cost. One element of this is the time required to obtain a building permit from the City of Bainbridge Island. A recent estimate from the Planning Department put the time to obtain a residential building permit at 10-12 weeks, at a minimum. This delay adds significant cost to all projects, but also provides us with a tool to incentivize certain types of development.

By establishing a building permit fast track for affordable housing, the City of Bainbridge Island could provide an incentive to developers to prioritize the construction of affordable housing at no additional cost to the city. This fast track would place affordable projects at the front of the permit approval line. Not only would this approach reduce the cost of affordable development, but would also increase the cost of luxury developments as the wait for non-affordable developments increased accordingly.

These projects should also be charged reduced permitting fees. The City should also defer or waive building permit and/or sewer/water hookups for ADU's that rent to income qualified individuals for at least five years.

4. Housing Trust Fund grants.

The City should review the Housing Trust Fund criteria for grants and sources of funding to assure that this program is effective in encouraging the development and/or preservation of affordable housing options. The City should allocate funds to the Housing Trust Fund during each budget cycle. Also, the City should increase its outreach efforts to potential grantees. The City should make grants from the Housing Trust Fund at least annually. Money from the Fee-in-Lieu program established under Priority Recommendation 1A should be added to the Housing Trust Fund, in addition to the funds that are allocated from the City's general fund.

5. Adopt a Cottage Housing ordinance.

As the CHC Final Report found, "Cottage housing is another way to increase density in existing neighborhoods while still preserving their single-family character. These projects typically consist of a cluster of small houses with a shared central space. Cottages typically range from 800 to 1000 square feet, and the typical density is 10 to 11 units per acre. The Erickson Avenue Cottages on Bainbridge Island are an example of this kind of housing. Cottage housing is typically used on infill lots in established neighborhoods." The CHC drafted a Cottage Housing ordinance that was never adopted. The City could update that ordinance for Council consideration with a minimum of effort. See Appendix E.

ADDITIONAL STRATEGIES TO BE EXPLORED

The AHTF discussed multiple strategies and ideas for increasing the island's supply of affordable housing. As our work continued, we began focusing on the Priority Recommendations. Other ideas that we consider worthwhile were not included in these recommendations, generally because we considered them to be longer-term in nature. After the Council has accepted this Final Report and the AHTF is dissolved by the terms of its authorizing resolution, we urge City staff and/or a citizen committee to continue work on these ideas and issues:

- Work with Forterra to adopt a more effective Transfer of Development Rights program
- Community Partnerships
- Conversion of Single Family Homes to Duplexes/Triplexes
- Programs to Preserve Existing Housing
- Affordable Senior Housing/Accessible Housing
- Addressing Limitations Due to Sewer and Septic
- Homelessness and Housing Insecurity
- Tiny Houses/Microhousing
- Transportation Alternatives: Car2Go, Smart Cars, Public Transit
- Advocacy for County, State, and National Affordable Housing Policies

Respectfully Submitted,

The Affordable Housing Task Force

Emma Aubrey (former member)

William Booth (former member)

Jeffrey Brown (former member)

Pat Callahan

Corey Christopherson (joined on 2/27/18)

Johnathan Davis (joined on 2/27/18)

Stephen Deines

Phedra Elliott

Sharon Gilpin

Stuart Grogan

Ann Huff (former member)

Edward Kushner

Ann Lovejoy

Bill Luria

Pegeen Mulhern

Althea Paulson, Chair

David Shorett

Charlie Wenzlau

Sarah Blossom, City Council Liaison

Michael Scott, former City Council Liaison

Leslie Schneider, City Council Liaison (joined April of 2018)

William Chester, Planning Commission Liaison

Jennifer Sutton, Senior City Planner

Bainbridge Island City Council Instructions to 2017 Affordable Housing Task Force

Among the high priority implementing actions of the 2017 revised Comprehensive Plan is the establishment of an Affordable Housing Task Force to consider the revised Housing Element and make specific recommendations to the Council for near-term action.

Members of the Task Force have been chosen both for their interest in working on this issue, and for their recognition that improving access to affordable housing on Bainbridge Island is critical to maintaining a diverse and vibrant community.

The Bainbridge Island Comprehensive Plan defines “affordable housing” as “...*housing affordable to all economic segments of the population of this state. This is a goal of the state Growth Management Act. RCW 36.70A.020(4). When residential housing for rental or private individual ownership is occupied by low-income households, it is considered affordable if it requires payment of monthly housing costs, including utilities other than telephone, of no more than thirty percent of the family's income. WAC 365- 200-030(1).*”

From this definition, the Task Force should understand that its mandate is broader than simply considering low-income housing. It should consider housing affordability on Bainbridge Island across the economic spectrum.

The Task Force should review affordable housing-related materials that have been generated by or for the City in recent years, review relevant resource material, and review the goals and policies of our current Comprehensive Plan. While Affordable Housing, and therefore the Housing Element of the Comprehensive Plan, is the focus of this Task Force, it will be important for it to consider the goals and policies of ALL elements of the Comprehensive Plan. Where goals and policies seem to be in conflict, it will be incumbent on the Task Force to recommend solutions that balance the costs and benefits for the community.

The Task Force will decide on what detailed work is necessary to deliver to the Council specific recommendations, including but not limited to recommended changes to City zoning codes and regulations, which would most effectively advance the stated goals of the Comprehensive Plan. The Task Force also may arrive at conclusions or recommendations that involve the work of non-governmental organizations, which can be shared with those organizations either as part of the Task Force’s work, or after its final report.

The Task Force is asked to deliver a report to the City Council by the end of June, 2018. The Task Force will be dissolved upon acceptance of its report by the Council.

HOUSING ELEMENT

TABLE OF CONTENTS

	PAGE
INTRODUCTION.....	HO- 1
BAINBRIDGE ISLAND SNAPSHOT: PEOPLE AND HOUSING.....	HO-1
GMA GOAL AND REQUIREMENTS FOR HOUSING.....	HO-1
HOUSING NEEDS.....	HO-2
HOUSING ELEMENT VISION	HO-3
GOALS AND POLICIES.....	HO-3
IMPLEMENTATION.....	HO-10

HOUSING ELEMENT INTRODUCTION

Decent and safe housing is a basic human need increasingly unavailable to many Americans, including many Bainbridge Island residents and workers. The Washington State *Growth Management Act (GMA)* provides direction for cities to address these needs in the Housing Element of the Comprehensive Plan. Many of the Plan's Guiding Principles and Policies carry this direction forward to be addressed in various Elements, including Housing.

The City's Housing Needs Assessment (HNA) documents current housing conditions on the Island and identifies trends and specific needs. The HNA is Appendix B to this Plan and adopted as a part of this Element. Many of the statistics below are excerpted from the HNA or the City's Economic Profile (Appendix A).

BAINBRIDGE ISLAND SNAPSHOT: PEOPLE AND HOUSING

Bainbridge Island's 2015 population of 23,390 is predominantly white (91%), well-educated and relatively affluent. The median household income (\$92,558) is 1.5 times the Kitsap County average. Almost 60% of residents have occupations with relatively high incomes. For example, the median wage for financial analysts, lawyers and marketing managers ranges between \$100,457 and \$122,618. Another third of Island residents work in the service sector, such as retail clerks, waiters and bank tellers have median wages between \$27,703 and \$30,972.

Over the past decade the population has experienced shifts in the age cohorts. Between 2000 and 2010 the Island's senior population (60+ years old) increased from 17% to 26%. The "young adult" cohort (between 18 and 34 years old) has declined from 15% of the Island's population in 1990 to less than 10% in 2016.

Bainbridge Island's housing stock is predominantly detached single-family homes (80% of all units) in a very low-density land use pattern that occupies about 90% of the Island's land area. The average single-family home price is just under \$700,000.

Multi-family units that constitute 16% of the housing stock are now concentrated in Winslow and Lynwood Center. While the *designated centers* total about 10% of the Island's land area, a significant portion of that area is occupied by commercial uses with no residential component. Rental apartments make up less than 7% of total housing units on the Island. Very few rental units have been built on the Island in the last decade which partly accounts for a vacancy rate of 1.5%, well below the 5% rate typical of well-functioning rental markets

GMA GOAL AND REQUIREMENTS FOR HOUSING

The GMA recognizes the importance of planning for adequate housing by requiring it as an element in Comprehensive Plans. Housing is addressed in one of the 14 major goals:

"Housing. Encourage the availability of *affordable housing* to all economic segments of the population of this state, promote a variety of densities and *housing types*, and encourage preservation of existing housing stock."

RCW 36.70A.020(4)

The requirements for a housing element mandated by the GMA include:

“A housing element recognizing the vitality and character of established *neighborhoods* that: a) includes an inventory and analysis of existing and projected housing needs; b) includes a statement of goals, policies, and objectives for the preservation, improvement, and development of housing; c) identifies sufficient land for housing, and group homes and foster care facilities; and d) makes adequate provisions for existing and projected needs of all economic segments of the community.”

RCW 36.70A.070(2)

HOUSING NEEDS

The Housing Needs Assessment for Bainbridge Island includes an inventory of the amount, location and condition of the Island's housing stock and demographic and economic information about its population. It also includes an in-depth analysis of *affordable housing* needs on Bainbridge Island.



Almost 34% of individuals and families at all income levels who live in owner-occupied housing units are cost burdened meaning they spend over 30% of their income on housing. Almost 40% of individuals and families at all income levels who live in renter-occupied housing units are cost burdened. The majority (around 28%) of these residents have an annual income between zero and \$34,999.

This means that as of 2012, 569 renters on the Island that have an income of \$34,999 or less are housing cost burdened. This is concerning as lower income cost burdened households are more likely to have to choose between housing costs and other necessities.

The HNA analysis of Workforce Housing Affordability indicates that there is a gap in housing affordable for the Island's workforce in service professions (e.g., restaurant workers, bank tellers, retail clerks, school bus drivers). Many of these workers are obliged therefore to commute from less-expensive off-Island housing, which increases their transportation costs, congestion on SR 305 and greenhouse gas emissions.

Bainbridge Island's jobs/housing balance is 0.59 jobs for every housing unit, making it a "bedroom community." The Puget Sound Regional Council suggests that housing-rich neighborhoods add employment in order to increase economic opportunities for current residents.

Market forces alone will not address the urgent housing needs facing Bainbridge Island. In the face of daunting circumstances, the City aspires to an ambitious Vision of its future and commits to an innovative, aggressive and multi-faceted housing strategy. The City's success in achieving the housing Vision will also depend upon achieving the policy objectives identified in the Land Use, Transportation, Economic and Environmental Elements of this Plan.

HOUSING VISION 2036

Bainbridge Island in the year 2036 provides a broad diversity of housing. The broadest variety of *housing types* including rental homes, exists within the compact, walkable, transit-served, mixed-use *designated centers*. These include small detached homes on small lots, attached and detached *accessory dwelling units*, *cottage housing*, common-wall duplexes, triplexes and row houses, and stacked units on the upper floors of mixed-use, mid-rise buildings.

The residential *land use* pattern outside of *designated centers* remains at much lower densities and constitutes almost 90% of the Island's area. Houses built in the previous twenty years in the vicinity of designated centers and elsewhere in the Open Space Residential zones are compact, energy-efficient and well-integrated in their landscape. Typical *housing types* in these areas include detached houses on lots of various sizes, attached and detached *accessory dwelling units* and *conservation villages*.

Some combination of appropriately zoned land, regulatory incentives, financial subsidies and innovative planning techniques will be necessary to make adequate provisions for the needs of all segments of the population, but particularly middle and lower income persons.

GOALS & POLICIES

GOAL HO-1

Make steady progress toward the following aspirational targets for increasing the diversity of *housing types* and the supply of *affordable housing*.

Policy HO 1.1

Decrease to 20% or less the number of cost burdened families living in rental housing (down from 40%).

Policy HO 1.2

Decrease to 18% or less the number of cost burdened families owning homes (down from 34%).

Policy HO 1.3

Increase rental housing units to at least 11% of total housing units (up from 7%).

Policy HO 1.4

Increase the Island's percentage of *multifamily* homes to 18% or more of all homes (up from 16%).

Policy HO 1.5

Increase the number of *senior housing units* to 600 or more (up from 344.)

Policy HO 1.6

Change today's 89/11% housing split between the Mixed Use Town Center and Neighborhood Centers to 80/20% by 2036.

Policy HO 1.7

Achieve a jobs-housing balance of .8 (up from 0.59).

GOAL HO-2

Beginning in 2019, prepare biennial reports on the status of housing on Bainbridge Island. The report shall describe progress toward achieving the targets set forth in Policies HO 1.1 through HO 1.7.

Policy HO 2.1

The Housing report shall address the following aspects of housing:

1. Housing trends in general both regionally and on Bainbridge Island.
2. The number and location of *housing types* constructed or active applications in the permit process in the preceding two years.
3. An evaluation of the effectiveness of the City's measures and identification of additional or revised measures or targets.
4. The vacancy rate for rental apartments.
5. The number of cost burdened and extremely cost burdened households.
6. The status of efforts to address housing needs at the regional level.
7. The housing availability for special needs or difficult to serve populations.
8. The condition of the local housing market and the number of new housing units publicly and privately funded.
9. The use of density bonuses and the number of for-purchase *affordable housing* units provided in new developments.
10. A description of the various initiatives supporting *affordable housing* including activities of community non-profit organizations and local and regional entities.
11. Programs of housing repair and renovation that improve accessibility.
12. An analysis of how property taxes impact housing affordability.
13. If insufficient progress is made toward meeting the targets in Policies HO 1.1 through HO 1.7, determine what actions are not working and make adjustments.

Policy HO 2.2

Make the Biennial Housing Reports available to the public in various ways such as notice in the local newspaper, on the City's web page and on local media outlets. This Biennial Housing Report will be part of a comprehensive update of the Housing Needs Assessment in order to inform the next state-mandated update of the Comprehensive Plan in 2024.

GOAL HO-3

Promote and maintain a variety of *housing types* to meet the needs of present and future Bainbridge Island residents at all economic segments in a way that is compatible with the character of the Island and encourages more socio-economic diversity. Partner with community non-profit organizations and local and regional private and public entities in carrying out the following policies.

Policy HO 3.1

Encourage innovative zoning regulations that increase the variety of *housing types* and choices suitable to a range of household sizes and incomes in a way that is compatible with the character of existing neighborhoods. Examples of innovative approaches are *cottage housing* development, *conservation villages*, stacked or common-wall housing, *tiny houses* and *accessory dwelling units*.

Housing types are illustrated in: Figs. HO-1 through HO-3 (*detached housing*); Figs. HO-4 through HO-6 (*attached housing*); and Figs. HO-7 through HO-9 (*stacked housing*).



Fig. HO-1 Single-family Home



Fig. HO-2 Cottage Housing



Fig. HO-3 Tiny House/ADU



Fig. HO-4 Duplex



Fig. HO-5 Row House



Fig. HO-6 Zero Lot Line



Fig. HO-7 Garden Apartment



Fig. HO-8 Mixed-use, Mid-rise



Fig. HO-9 Micro Units



Fig. HO-10 Live-aboard Unit

Policy HO 3.2

Recognize that the City shares a housing and employment market as well as a transportation network with the larger region. Therefore, the City should work with the *Kitsap Regional Coordinating Council* and other regional entities to develop an equitable and effective county-wide planning policies and other strategies to locate, finance and build *affordable housing*.

Policy HO 3.3

Designate the appropriate staff or organizational entity to assist and advise the community, landowners and private and public entities about options for *affordable housing*, financing strategies and funding sources.

Policy HO 3.4

Partner with non-profit housing organizations, churches, the development community, local lending institutions, elected officials and the community at large to assist in meeting *affordable housing goals* and implementing strategies.

Policy HO 3.5

Support the efforts of community non-profit housing organizations and local and regional public and private entities in developing and managing *affordable housing* on Bainbridge Island.

Policy HO 3.6

Develop standards to encourage development of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development such as *tiny houses*, *micro units* and *cottage housing*.

Policy HO 3.7

Expand opportunities for infill in the residential neighborhoods of the Winslow Master Plan study area and the Neighborhood Centers. Allow the creation of small lots (e.g., in the 3,000 square foot range) as well as smaller footprint homes (e.g., under 1,200 square feet).

GOAL HO-4

Increase the supply of permanently affordable *multifamily* housing each year through the year 2036 with goals based on data provided by the Housing Needs Assessment and the City's housing reports.

Policy HO 4.1

Encourage new *multifamily* housing in a variety of sizes and forms in *designated centers*.

Policy HO 4.2

Increase the efficiency of the review process and revise development standards for the High School Road and Ferry Terminal districts and other portions of the Winslow Area Master Plan to encourage the transformation of these areas from auto-oriented, low-rise, homogeneous commercial land use districts into walkable, transit-served, mid-rise, mixed-use areas with *affordable housing*.

Policy HO 4.3

Partner with non-profit or for-profit housing sectors to create new *multifamily* housing in *designated centers* including a significant percentage of *affordable housing* through the joint or exclusive use of surplus publicly owned property or air space.

Policy HO 4.4

Partner with the for-profit sector to create *affordable housing* through the targeted use of the *multifamily* property tax exemptions in *designated centers*.

Policy HO 4.5

Remove barriers to the creation of new *multifamily* housing, particularly *affordable housing* through a variety of actions such as the adoption of regulations that “right-size” parking requirements, reduce certain *impact fees* and encourage the use of parking management programs to enable the more efficient use of parking.

Policy HO 4.6

Allow *accessory dwelling units* in all residential zones, except at Point Monroe, the Sandspit (R-6). Review and revise regulations as appropriate to create reasonable flexibility regarding development standards including lot coverage, setbacks, parking requirements and Health District requirements for water and sewage.

Policy HO 4.7

Encourage agencies whose mission is to develop *affordable housing* to create new subsidized *multifamily* rental housing by aggressively pursuing Kitsap County *Community Development Block Grant Funds*, state funds, donations from private individuals and organizations, public revenue sources and other available funding.

Policy HO 4.8

Evaluate the efficacy of existing regulations in facilitating the provision of assisted and independent living *senior housing* and take action to amend *development regulations* as needed.

GOAL HO-5

Maintain the existing stock of affordable and rent-assisted housing, in partnership with community non-profit organizations and local and regional public and private entities.

Policy HO 5.1

Develop a continuing strategy to maintain the Rural Development Agency and HUD subsidies on existing rent-assisted housing. The primary strategy shall be to support Housing Kitsap and non-profit organizations such as Housing Resources Bainbridge to purchase the units through the provisions of the 1990 Housing Act.

Policy HO 5.2

In the event of the potential loss of privately-owned subsidized housing, work with the appropriate public agencies and local non-profits to pursue the preservation of the subsidized units or relocation assistance for the residents.

Policy HO 5.3

Support water-based (live-aboard) housing as a viable component of the present and future housing stock of Bainbridge Island, subject to applicable environmental protection, seaworthiness, sanitation and safety standards, and authorized moorage.

GOAL HO-6

Facilitate the provision of a diverse *affordable housing* stock in all geographic areas of the community.

Policy HO 6.1

Encourage housing created by agencies such as a community land trust.

Policy HO 6.2

In order to provide for permanently *affordable housing* pursue effective strategies to reduce the land cost component of *affordable housing* which may include alternative land use zoning, *density bonuses* and other incentives.

Policy HO 6.3

Maintain an innovative housing program and clarify or adopt new flexible permit processes in all *designated centers* to promote an increase in the supply, diversity and access to housing including *affordable housing*.

Policy HO 6.4

Create a new *conservation villages* permit process to apply outside of *designated centers* to increase housing choices including *affordable housing* and requiring *green building* practices while better conserving *open space*.

Policy HO 6.5

Develop regulations and provide incentives to construct *affordable housing* for farm workers on or near farmlands.

Policy HO 6.6

Consider the merits of programs and regulations pioneered by other communities to discourage the land, energy and natural resource consumptive pattern of large single-family homes. Adopt amendments to City programs and *development regulations* as appropriate.

Policy HO 6.7

Support the development of *livable neighborhoods*.

GOAL HO-7

Promote and facilitate the provision of rental and for-purchase housing that is affordable to *income-qualified* households with a variety of income levels.

Policy HO 7.1

Exempt from City *impact* fees and other administrative development fees housing developments where all units are limited to residents in specified income groups.

Policy HO 7.2

All income-qualified rental housing units created as a result of the policies of this Housing Element shall remain affordable to *income-qualified households* for a period of not less than 50 years from the time of first occupancy.

Policy HO 7.3

Explore measures and the merits of source-of-income discrimination controls.

GOAL HO-8

Facilitate the siting and development of housing opportunities for *special needs populations*.

Policy HO 8.1

Support the services of community non-profit organizations and local and regional public or private entities in providing shelter for temporarily homeless singles and families with children, adolescents and victims of domestic violence on Bainbridge Island.

Policy HO 8.2

Support the development of programs to meet the housing needs of the developmentally, physically and emotionally disabled within the community.

Policy HO 8.3

Support programs that provide assistance to low-income, elderly and disabled persons to repair, rehabilitate or retrofit homes to be more accessible and safe.

GOAL HO-9

Explore the use of the City's bonding capacity and pursue other resources to support the creation of *affordable housing*.

Policy HO 9.1

The City recognizes the need to provide financing assistance for *affordable housing*. Accordingly, the City will actively pursue public and private funds that may include but are not limited to, real estate excise tax, grants and other available resources.

Policy HO 9.2

The City in partnership with local agencies producing *affordable housing*, may issue a General Obligation Bond to increase the production of housing affordable to *households* at or below 80% of median income for Kitsap County.

Policy HO 9.3

Consider the issuance of Limited Tax General Obligation Bonds (also called councilmanic bonds or non-voted debt) to support the development of housing affordable to *households* at or below 80% of median income for Kitsap County.

Policy HO 9.4

Increase City support of the Housing Trust Fund and explore new sources of funding for the development and preservation of *affordable housing*.

Policy HO 9.5

Consider the options for making City-owned land or air-space available through long-term leases or other mechanisms for the purpose of creating income-qualified housing and support other public entities that wish to use publicly-owned land for this purpose. Take into consideration however, the full range of uses that City-owned properties may serve over the long-term.

HOUSING IMPLEMENTATION

To implement the goals and policies in this Element, the City must take a number of actions, including adopting or amending regulations, creating partnerships and educational programs, and staffing or other budgetary decisions. Listed following each action are several of the plan's goals and policies that support that action.

HIGH PRIORITY ACTIONS

HO Action #1 Set targets for increasing the supply of moderately priced and *affordable housing*, measure progress, and if insufficient progress is being made toward meeting the housing targets, determine what actions are not working and make appropriate adjustments.

GOAL HO-1

Make steady progress toward the following aspirational targets for increasing the diversity of *housing types* and the supply of *affordable housing*.

GOAL HO-2

Beginning in 2019, prepare biennial reports on the status of housing on Bainbridge Island. The report shall describe progress toward achieving the targets set forth in Policies HO 1.1 through HO 1.7.

HO Action #2 Amend the City's development code to facilitate an increase in the diversity of housing types and supply of affordable housing.

Policy HO 3.6

Develop standards to encourage development of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development such as *tiny houses*, *micro units* and *cottage housing*.

Policy HO 4.2

Increase the efficiency of the review process and revise development standards for the High School Road and Ferry Terminal districts and other portions of the Winslow Area Master Plan to encourage the transformation of these areas from auto-oriented, low-rise, homogeneous commercial land use districts into walkable, transit-served, mid-rise, mixed-use neighborhood with *affordable housing*.

Policy HO 6.3

Maintain an innovative housing program and clarify or adopt new flexible permit processes in all *designated centers* to promote an increase in the supply, diversity, and access to housing, including *affordable housing*.

Policy HO 6.4

Create a new *conservation villages* permit processes to apply outside of *designated centers* to increase housing choices, including *affordable housing* and requiring *green building* practices, while better conserving *open space*.

HO Action #3 Partner with other jurisdictions, the development community, and non-profit organizations to increase the diversity of housing types and supply of affordable housing.

Policy HO 3.4

Partner with non-profit housing organizations, churches, the development community, local lending institutions, elected officials and the community at large to assist in meeting *affordable housing goals* and implementing strategies.

Policy HO 4.3

Partner with non-profit or for-profit housing sector to create new *multifamily* housing in *designated centers* including a percentage of *affordable housing*, through the joint or exclusive use of surplus publicly owned property or air space.

Policy HO 4.4

Partner with the for-profit sector to create *affordable housing* through the targeted use of the multifamily property tax exemptions in *designated centers*.

Policy HO 9.5

Consider the options for making City- owned land or air-space available through long-term leases or other mechanisms for the purpose of creating income-qualified housing and support other public entities that wish to use publicly-owned land for this purpose. Take into consideration however, the full range of uses that City-owned properties may serve over the long-term.

HO Action #4 Consider actions that can be taken to reduce financial barriers that inhibit the desired increase in diverse and affordable housing.

Policy HO 5.2

In the event of the potential loss of privately-owned subsidized housing, work with the appropriate public agencies and local non-profits to pursue the preservation of the subsidized units or relocation assistance for the residents.

Policy HO 7.1

Exempt from City *impact fees* and other administrative development fees housing developments where all units are limited to residents in specified income groups.

Policy HO 9.2

The City in partnership with local agencies producing *affordable housing*, may issue a General Obligation Bond to increase the production of housing affordable to *households* at or below 80% of median income for Kitsap County.

Policy HO 9.3

Consider the issuance of Limited Tax General Obligation Bonds (also called councilmanic bonds or non-voted debt) to support the development of housing affordable to *households* at or below 80% of median income for Kitsap County.

HO Action #5 Create a short-term (60-90 days) citizen *affordable housing* task force to consider the revised Housing Element and provide specific recommendation for near-term action.

Policy HO 3.3

Designate the appropriate staff or organizational entity to assist and advise the community, landowners and private and public entities about options for *affordable housing*, financing strategies and funding sources.

HO Action #6 Review and revise City regulations related to permissible live-aboard capacity in City marinas.

Policy HO 5.3

Support Water-based (live-aboard) housing as a viable component of the present and future housing stock of Bainbridge Island, subject to applicable environmental protection, seaworthiness, sanitation and safety standards, and authorized moorage.

MEDIUM PRIORITY ACTIONS

HO Action #7 Focus additional city and other financial resources to help increase the supply of affordable housing.

Policy HO 9.4

Increase City support of the Housing Trust Fund and explore new sources of funding for the development and preservation of *affordable housing*.

Policy HO 7.1

Exempt from City *impact fees* and other administrative development fees housing developments where all units are limited to applicants of specified income groups.

HO Action #8 Look for ways to reduce the cost of multifamily housing, particularly affordable housing.

Policy HO 4.5

Remove barriers to the creation of new *multi-family housing*, particularly *affordable housing* through a variety of actions such as the adoption of regulations that “right-size” parking requirements, reduce certain impact fees, and the encourage the use of parking management programs to enable the more efficient use of parking.

OTHER PRIORITY ACTIONS

HO Action #9 Identify ways to achieve local results with and through regional actions.

Policy HO 3.2

Recognize that the City shares a housing and employment market, as well as a transportation network, with the larger region. Therefore, the City should work with the Kitsap Regional Coordinating Council and other regional entities to develop equitable and effective county-wide planning policies and other strategies to locate, finance and build *affordable housing*.

Appendix C.1

November 3, 2017

Bainbridge Island City Council
200 Madison Ave.
Bainbridge Island, WA 98521

Dear Council members:

At the City Council meeting on October 3, 2017 Jon Rose, from the Olympic Property Group (OPG), unveiled a thoughtful preliminary site plan for the City-owned Suzuki property. The Affordable Housing Task Force (AHTF) has discussed this proposal at several of our meetings and offers the following comments.

The proposed plan clusters the housing and leaves 70% of the parcel as open space with mature trees retained, wetlands protected, and the pond untouched. It encourages walkability and keeps impervious surfaces to a minimum. The site plan creates a 300-foot buffer for wildlife and clusters housing near the road. All of these will contribute to a new community that is respectful of the environment and supports the affordable housing goal by lessening costs.

We were very pleased to hear some of the responses to the plan during the meeting. Councilmembers expressed their desire to push for the development to get to an even higher level of affordability and unanimously agreed that housing that is affordable to a broad range of people is important for Suzuki. Just as encouraging was the Council's discussion about *affordability* and the potential for expanding the definition to include those who aren't eligible for housing that is funded by public sources but are still finding it very hard to live on Bainbridge Island. Finally, OPG noted that it would be working closely with Housing Resources Bainbridge, the City of Bainbridge Island and Housing Kitsap to assure the long-term management and affordability of the units.

The AHTF endorses and advocates for 100% of the housing built on the Suzuki site to be designated affordable to a range of tenants and homeowners from very low income up to moderate levels of income. All housing on this site should also be made permanently affordable through restrictions required by funders, Community Land Trust, and/or deed restrictions upon sale. The Council should ensure that this affordability is protected and managed either by the future owner of the properties, COBI, or an entity contracted by COBI to perform this work (such as HRB or Housing Kitsap). In addition, we ask that you ensure that a substantial number of the housing units will be rentals.

We note that the OPG proposal provides that if the necessary financing is not obtained by HRB or Housing Kitsap, OPG will market the project to private housing developers. We urge the Council and the City not to adopt that provision, and instead negotiate an alternative, acceptable to both OPG and the City, that protects and preserves the Suzuki property for affordable housing.

With the foregoing caveats, the AHTF supports the efforts of the City of Bainbridge Island to move forward with the development of the Suzuki site to create affordable housing that benefits the community and assures a diverse population living on the island.

Sincerely,

Althea Paulson, Chair
On behalf of the Affordable Housing Task Force

Appendix C.2

November 7, 2017

Bainbridge Island City Council
200 Madison Ave.
Bainbridge Island, WA 98521

Re: Revised AHTF letter

Dear Council members:

At the City Council meeting on October 3, 2017 Jon Rose, from the Olympic Property Group (OPG), unveiled a thoughtful preliminary site plan for the City-owned Suzuki property. The Affordable Housing Task Force (AHTF) has discussed this proposal at several of our meetings and offers the following comments.

The proposed plan clusters the housing and leaves 70% of the parcel as open space with mature trees retained, wetlands protected, and the pond untouched. It encourages walkability and keeps impervious surfaces to a minimum. The site plan creates a 300-foot buffer for wildlife and clusters housing near the road. All of these will contribute to a new community that is respectful of the environment and supports the affordable housing goal by lessening costs.

We were very pleased to hear some of the responses to the plan during the meeting. Councilmembers expressed their desire to push for the development to get to an even higher level of affordability and agreed that housing that is affordable to a broad range of people is important for Suzuki.* Just as encouraging was the Council's discussion about *affordability* and the potential for expanding the definition to include those who aren't eligible for housing that is funded by public sources but are still finding it very hard to live on Bainbridge Island. Finally, OPG noted that it would be working closely with Housing Resources Bainbridge, the City of Bainbridge Island and Housing Kitsap to assure the long-term management and affordability of the units.

The AHTF endorses and advocates for 100% of the housing built on the Suzuki site to be designated affordable to a range of tenants and homeowners from very low income up to moderate levels of income. All housing on this site should also be made permanently affordable through restrictions required by funders, Community Land Trust, and/or deed restrictions upon sale. The Council should ensure that this affordability is protected and managed either by the future owner of the properties, COBI, or an entity contracted by COBI to perform this work (such as HRB or Housing Kitsap). In addition, we ask that you ensure that a substantial number of the housing units will be rentals.

We note that the OPG proposal provides that if the necessary financing is not obtained by HRB or Housing Kitsap, OPG will market the project to private housing developers. We urge the Council and the City not to adopt that provision, and instead negotiate an alternative, acceptable to both OPG and the City, that protects and preserves the Suzuki property for affordable housing.

With the foregoing caveats, the AHTF supports the efforts of the City of Bainbridge Island to move forward with the development of the Suzuki site to create affordable housing that benefits the community and assures a diverse population living on the island.

Sincerely,

Althea Paulson, Chair

On behalf of the Affordable Housing Task Force After we sent an earlier version of this letter this morning, Council member Ron Peltier wrote to us to say he is not in favor of housing at Suzuki that is affordable to a broad range of people. This change does not impact the task force opinions expressed in this letter.

Letter from AHTF to CC

Re: Suzuki Property Agreement Between City & OPG

Mayor Tollefson and City Councilmembers:

The Affordable Housing Task Force wishes to confirm, in the strongest terms that it supports 100% affordable housing on the city's property – Suzuki. This was a unanimous decision.

As the Council continues to discuss the Suzuki Property Agreement this coming Tuesday, December 12, 2017 we urge the City to clarify one main purpose of the Agreement – that the housing be 100% affordable, that it be held as affordable in perpetuity and that any motion and/or agreement regarding the use reflect this sentiment.

Thank you.

Affordable Housing Task Force

Jennifer Sutton

From: Althea Paulson
Sent: Friday, July 27, 2018 12:15 PM
To: Jennifer Sutton
Subject: Fw: Affordable Housing Task Force: Further recommendations on the Suzuki proposal

Hi Jennifer--

I never checked the appendices! And now I see that this one was left out re Suzuki. It was our most detailed one. Is it too late to add it, maybe as an addendum to the next agenda?

Thanks.

a

From: Althea Paulson
Sent: Sunday, January 14, 2018 6:15 PM
To: Sarah Blossom; Michael Scott; Ron Peltier; Kol Medina; Joe Deets; Matthew Tirman; Rasham Nassar
Subject: Affordable Housing Task Force: Further recommendations on the Suzuki proposal

Dear Council,

The Affordable Housing Task Force (AHTF) has discussed the Suzuki project at each of our meetings since Olympic Property Group presented its proposal to the Council last fall. We sent recommendations to you in November and December, and re-sent those recommendations at the beginning of January for the benefit of the new Council persons. We've heard from some of you in response. Based on that feedback as well as your comments at the Council meeting on January 2, we devoted our meeting on January 10 to crafting more detailed recommendations for you.

As a result, the Affordable Housing Task Force has adopted the following recommendations to Council:

1. Recommend the adoption of the Affordable Housing Goals as presented by Housing Kitsap to the AHTF on 1/10/2018 (see attachment.)
2. Recommend ownership of the project after permit approvals have been obtained, as follows:
 - a. Green space to be held in a land trust and administered by a nonprofit or governmental entity.
 - b. Homes for sale to be held in a community land trust to be administered by Housing Resources Bainbridge or similar nonprofit. In addition, if necessary to assure permanent affordability, there should be deed restrictions/covenants providing for permanent affordability of the homes.
 - c. Homes for rental to be held by a partnership of Housing Kitsap and tax credit investors. In addition, there should be deed restrictions/covenants providing for permanent affordability of the homes.
3. Recommend that the number of housing units should be maximized, consistent with the Olympic Property Group proposal and current zoning.

Development of the Suzuki property has been an ongoing, multi-year process. There are many steps still to come in this process, such as preliminary design and revisions, permit approvals, financing and more. The AHTF believes it is *crucial for the Council to advance the process* by approving a Development Agreement as soon as possible. We are aware of the risk of mounting costs associated with delay that could impact the viability of this project. Recognizing that the process is still in the early stages, and details (such as requirements for financing or engineering) may change as more information becomes known, we specifically decided against recommending inflexible requirements for the project, except as stated above. We have confidence in the ability of the nonprofit, public and private partners in this project to work together to make the proposal a reality.

When the AHTF was created last year, the Council instructed us to consider housing affordability across the economic spectrum and make recommendations for near-term action. We were also instructed that if goals and policies of the Comprehensive Plan seemed to conflict, we should recommend solutions that balance the costs and benefits to the community.

Members of the AHTF believe strongly that the Suzuki proposal satisfies these instructions and is consistent with the Housing Element of the Comprehensive Plan, as well as the Land Use Element and other provisions of the Comprehensive Plan.

The recommended Affordable Housing Goals---from up to 30% of AMI (Area Median Income) at the low end of the goals, to 120% of AMI at the top end---will serve a broad range of people across the economic spectrum. These could include seniors, people with disabilities, single parents, students, those in need of supportive housing, restaurant and retail workers, families, teachers, government employees, and more. We think it's important that some housing be geared to the higher end of the recommended income levels, to provide a meaningful contribution to work force housing. This housing would serve people like teachers, police, fire fighters and City employees, for whom local market-rate housing is out of reach even at their relatively higher incomes (according to the most recent Windermere newsletter, December's median sales price for Island homes was a decidedly unaffordable \$775,000).

We also believe this project has been designed around the environmental goals and policies of the Comprehensive Plan in a respectful and sensitive manner. An ecological study has been done and the findings have been reflected in the updated site plan. The development will have a small footprint, clustered within approximately 30% of the site. The proposal would preserve the significant environmental features, leaving the pond undisturbed, providing a wildlife buffer, and retaining mature trees. Impervious surfaces are kept to a minimum. Clustered housing like this plan (also known as conservation development) is an important tool for sustainable development in communities around the country.

In sum, this project is an excellent balance of costs and benefits to Bainbridge Island. We believe it furthers the Comprehensive Plan's goals and policies, and is an embodiment of Guiding Principle #3 in the Comprehensive Plan, which calls for the City to "Foster diversity with a holistic approach to meeting the needs of the Island and the human needs of its residents consistent with the stewardship of our finite environmental resources."

Finally, the AHTF believes the Suzuki project is of tremendous significance to the Island's overall affordable housing strategy, both because of the number of homes it will offer, and because it is a long

overdue, concrete demonstration of our community commitment to housing justice and affordability. If this project is not approved, or becomes non-viable due to delay or excessive requirements, we believe it would deal a significant blow to the Island's affordable housing efforts. We urge you to approve the Development Agreement as soon as possible, as the next step toward the realization of a new neighborhood of sustainable, diverse and affordable homes.

Very truly yours,
Althea Paulson, Chair
Affordable Housing Task Force

Appendix C.5

November 20, 2017

Chair Pearl and Commissioners
Planning Commission
City of Bainbridge Island
280 Madison Avenue North
Bainbridge Island, WA 98110

Chair Pearl and Commissioners:

The Affordable Housing Task Force (AHTF) has been discussing Eagle Harbor live-aboards in connection with our research and analysis of innovative ways for people to rent or own affordable housing. Live-aboard homes have been part of the Housing Element of the Comprehensive Plan since the inception of the City. The recently updated Housing Element provides in Policy HO 5.3: “Support water-based (live-aboard) housing as a viable component of the present and future housing stock of Bainbridge Island, subject to applicable environmental protection, seaworthiness, sanitation and safety standards and authorized moorage.”

In accordance with that policy, the AHTF has discussed the percentage of allowable live-aboard boats and/or slips in marinas. We note that currently that percentage is 10%, although it used to be 25%.

We believe that the current 10% is a very limited use of our water-based resources and does not allow the Island to use the limited resources it has to increase affordable housing options.

Included with this letter as an additional attachment is a letter from the Harbor Commission sent to the City Council on November 18, 2013. The Council was discussing the SMP and new SMP regulations were being negotiated. For reasons that are unclear to us, the 10% limit was incorporated, in spite of several votes held on the matter.

We are, now, however in new territory in 2017. Housing prices and land prices have skyrocketed and we have an affordable housing crisis on the Island. There are few rentals on the Island under \$1,000 per month. We are unaware of any homes for sale for under \$125,000.

Slip rents run approximately \$450 per month with a live-aboard fee of about \$70 per month. If one owns a boat that can be insured, this is an affordable alternative to land based housing for those in that income range. If one can

Appendix C.5

qualify for a loan and has the opportunity to buy a slip in a marina with live-aboard privileges, those slips are running \$30,000 and up.

There are few, if any, options on Bainbridge Island, short of Section 8 or subsidized housing that can touch these economics. Living aboard a boat is not for everybody but some people are able to afford a very small ecological footprint living this 'small'.

In the core of Winslow, people working on Island, in Kitsap County and in Seattle have found living on their boats an affordable option to traditional land-based housing.

We understand the Planning Commission is reviewing the SMP and we urge the Commission to raise the allowable live aboard spaces both for sale and rent to the 25% level.

Our City has few options for affordability any longer. As recognized by the City's Comprehensive Plan, living aboard one's boat is one of those creative and innovative ways to provide housing for a workforce and other folks who require a 'tiny house' on the water.

Sincerely,

Affordable Housing Task Force

Jennifer Sutton

From: Althea Paulson
Sent: Sunday, February 25, 2018 2:16 PM
To: Charlie Wenzlau
Cc: Jennifer Sutton
Subject: Fw: AHTF resolution on Building Moratorium

fyi

From: Althea Paulson
Sent: Sunday, February 25, 2018 2:15 PM
To: Michael Scott; Kol Medina; Ron Peltier; Sarah Blossom; Rasham Nassar; Matthew Tirman; Joe Deets
Subject: AHTF resolution on Building Moratorium

Dear Mayor Medina and City Council:

The Affordable Housing Task Force (AHTF) has discussed certain aspects of ordinance 2018-05, which provides for a moratorium on development applications to the City of Bainbridge Island. In particular, we draw your attention to this portion of the ordinance:

"WHEREAS, the City Council's concerns regarding likely adverse impacts related to growth and development under existing regulations require immediate attention by the Council and City staff and include, but are not limited to, the following:

....(4) Serious challenges promoting affordable housing in a manner consistent with the City's Comprehensive Plan;"

Given the 6 month duration of the moratorium, and the June 2018 deadline to complete our work, the AHTF sees no clear rationale for including affordable housing as a reason for the moratorium. We anticipate bringing our initial findings to the Council within the next few weeks, and will continue to refine our recommendations for potential implementation as regulations.

Therefore at our meeting on February 15, 2018, the AHTF adopted the following resolution:

"The Affordable Housing Task Force disagrees with the use of affordable housing as a rationale to justify the moratorium. The Task Force is concerned that a lengthy moratorium will discourage potential new housing, therefore having a negative impact on affordability in general. The goal of the Task Force remains to deliver its findings by June 2018. Additionally, the Task Force will work with council to expedite our work on inclusionary housing."

Sincerely,

Althea Paulson
Chair, Affordable Housing Task Force

Appendix C.7

March 29, 2018

Re: Dave Ullin Open Water Marina

Mayor Medina and Councilmembers:

We write to urge the Council to adopt policies that will both fulfill our Department of Natural Resources agreement [16 buoys] and provide buoys in Eagle Harbor for people who wish to live aboard their vessels. This is in keeping with the Housing Element Policy HO 5.3 of the Comprehensive Plan that states:

Policy HO 5.3: Support water-based [live-aboard] housing as a viable component of the present and future housing stock of Bainbridge Island, subject to applicable environmental protection, seaworthiness, sanitation and safety standards, and authorized moorage.

We dedicated this safe harbor last year in memory of Dave Ullin and urge the City to refer to it by its name in all future reports and correspondence.

As the linear moorage has outlived its usefulness and is being removed, we urge the Council to install all buoys allowed so that we broaden the space available for our Dave Ullin Open Water Marina going into the future. Live-aboard housing is the least expensive way to be housed on our Island and also has the smallest ecological footprint.

We have done the difficult work of negotiating an Agreement with the DNR that 'fits' our Island and creates marine space for those who choose to live on their boats. This is truly affordable housing – Island style.

The Affordable Housing Task Force previously urged a higher percentage allowable for liveaboards in City Center marinas as part of the solution to the crisis of affordable housing on Bainbridge Island.

We also urge the Council to direct the Staff to take reservations all year round – not just in the Fall. We are sensitive to staffing and management issues and understand the need to ensure prospective tenants commit to a year on a yearly basis. But we urge the Council to take lease applications year round and not create barriers to entry.

Thank you,

Affordable Housing Task Force

5/9/2018

Appendix C.8

RE: Short Term Vacation Rentals on Bainbridge Island

Members of the City Council,

The housing element of the Bainbridge Island Comprehensive Plan sets Goal HO-5 to “maintain the existing stock of affordable and rent-assisted housing, in partnership with community non-profit organizations and local and regional public and private entities.” To support this goal, the Affordable Housing Task Force recommends the adoption of an ordinance to limit the use of short-term rentals on Bainbridge Island.

Since 2011, the third-party analytics site AirDNA (link below) has measured a 41% annual growth in the number of Airbnb rentals on Bainbridge Island, with 133 active rentals currently recorded. Of these active rentals, 114 are for the entire home, a number that represents more than three months of inventory in the current real estate market. This stranded inventory worsens the affordable housing crisis by reducing the stock of long-term rentals and for-sale housing on Bainbridge Island. However, we also realize that many members of our community rely on the supplemental income generated by these short-term rentals to afford the ever-increasing cost of living, so it is necessary to control the growth of the short-term rental market without eliminating it all together.

In December of 2017, the Seattle City Council passed an ordinance (link below) limiting the number of short term rentals per operator to their primary residence plus one additional unit. Although opposed by several operators with a large number of rentals, this action was supported by Airbnb as a “model regulatory framework” that properly supported the small operator without excessive burden. Additional consideration is needed to decide if the much smaller housing supply on Bainbridge Island justifies further restricting the number of rentals to one unit per operator, but the success of the Seattle law is encouraging.

The Affordable Housing Task Force recommends that the City Council adopt an ordinance modeled on the one passed by the City of Seattle with the following recommended changes; 1) that the regulations apply citywide, and 2) that the regulations apply retroactively to existing operators.

AirDNA Bainbridge Island Overview

<https://www.airdna.co/market-data/app/us/washington/bainbridge-island/overview>

Seattle Short-Term Rental Ordinance

<http://www.seattle.gov/dpd/codesrules/commonquestions/shorttermrentals/default.htm>

Seattle Short-Term Rental Ordinance Summary Sheet

https://www.seattle.gov/Documents/Departments/Council/Issues/RegulatingShortTermRentals/Regulating-Short-Term-Rentals_Summary_2017-09.pdf

Thank you for your consideration,
Affordable Housing Task Force



CITY OF BAINBRIDGE ISLAND

2018 MEDIAN INCOME LIMITS BY HOUSEHOLD SIZE

BREMERTON-SILVERDALE MSA (HUD)

Maximum Income Limits by Category (BIMC 18.21.020)	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low Income: ≤ 30% of Median Household Income	\$17,400	\$19,850	\$22,350	\$24,800	\$26,800	\$30,800	\$32,750	\$32,750
Very Low Income: 31% - 50% of Median Household Income	\$28,950	\$33,050	\$37,200	\$41,300	\$44,650	\$47,950	\$51,250	\$54,550
Low Income: 51% - 80% of Median Household Income	\$46,300	\$52,900	\$59,500	\$66,100	\$71,400	\$76,700	\$82,000	\$87,300
Moderate Income: 81% - 95% of Median Household Income	\$54,929	\$62,776	\$70,623	\$78,470	\$84,748	\$91,025	\$97,303	\$103,580
Middle Income: 96%% - 120% of Median Household Income	\$69,384	\$79,296	\$89,208	\$99,120	\$107,050	\$114,979	\$122,909	\$130,838
100% of Median Household Income	\$57,820	\$66,080	\$74,340	\$82,600	\$89,208	\$95,816	\$102,424	\$109,032

APPENDIX E

Planning Commission Study Session 04/25/2002

New Chapter. There is added to the Bainbridge Island Municipal Code a new Chapter 18.92, Cottage Housing, to read as follows:

18.92.010 Purpose

The purpose of Cottage Housing is to encourage detached, small-unit housing development, in order to expand the variety of housing choices suitable to a range of household types and incomes, while maintaining the character of existing neighborhoods. Cottage housing developments should be characterized by design variations between the units, and should include pedestrian connections that allow residents to walk throughout the development and to any adjacent recreational or commercial areas. The cottage housing provisions are intended to overlay upon existing zoning districts and include their own regulations and design guidelines. This chapter implements policies H 1.6 and H 1.6A of the Housing Element of the Comprehensive Plan.

18.92.020 Location

The Cottage Housing Overlay shall apply to the R-2.9, R-3.5, R-4.3, R-5, R-8 and R-14 zoning districts.

18.92.030 Density and lot area.

- A. The minimum lot area for a cottage housing development shall not be less than 14,000 square feet.
- B. Each unit shall be allotted no less than 3500 square feet to accommodate the residential unit, common and private open space, parking and circulation, storage, etc.)
- C. The number of units in any cottage housing development shall not be less than four (4) or more than twelve (12).

18.92.040 Unit size

- A. The total floor area of a cottage unit shall not exceed either 1.5 times the area of the main floor or 1,200 square feet, whichever is less.
- C. The maximum main floor area for cottages shall be 800 square feet.
- D. At least fifty percent (50%) of the cottages shall have main floors that do not exceed 700 square feet.
- E. A notice to the title of the property that prevents any increase in the total floor area of any cottage in the development shall be recorded with the Kitsap County Assessor's Office.

18.92.050 Lot Coverage

The maximum lot area covered by buildings shall not exceed forty percent (40%).

18.92.060 Open Space

- A. Common open space. Common open space is intended to provide a centrally located area that can be developed and maintained so it is usable for active and passive recreation. Common open space shall be subject to the following requirements.
 1. There shall be a minimum of 400 square feet of common open space provided for each unit in the R-2.9, R-3.5, and R-4.3 and R-5 zones. There shall be a minimum of 250 square feet of common open space provided for each unit in the R-8 and R-14 zones.

APPENDIX E

Planning Commission Study Session 04/25/2002

2. Common open space shall abut at least 50 percent of the cottages in a cottage housing development.
 3. Common open space shall have cottages abutting on at least two sides.
 4. Common open space shall not include portions of private yards, and shall be jointly owned by all residents.
 5. The common open space shall be outside of wetlands, streams and sensitive area buffers, and shall be on slopes of ten percent (10%) or less.
- B. Private Open Space. Private open space is intended to provide private areas around the individual cottages and to enable diversity in landscape design. Private open space shall be subject to the following requirements.
1. A minimum of 300 square feet of contiguous, usable private open space shall be provided adjacent to each cottage, for the exclusive use of the cottage resident.
 2. The main entry of the cottages shall be oriented toward the common open space as much as possible.

18.92.070 Building Separation

All units shall maintain 10 feet of separation between vertical exterior walls, except that eaves and architectural projections such as balconies may encroach up to a maximum of 18 inches.

18.92.080 Yards

- A. Front yards shall not be less than 25 feet measured by the distance from the nearest lot line, planned right-of-way or road easement.
- B. Porches and bays may encroach 5 feet into the front yard.
- C. Side yards shall not be less than 10 feet, except that eaves and architectural projections such as balconies may encroach in the yard up to a maximum of 18 inches.
- D. Rear yards shall be 15 feet, except that eaves and architectural projections such as balconies and bays may encroach in the yard up to a maximum of 18 inches.

18.92.090 Building Height

The maximum building height for any cottage housing unit shall not exceed 20 feet, except that chimneys, cupolas and other architectural features shall not extend more than five feet above the roof at their highest point.

18.92.100 Parking

- A. For parking spaces required, refer to BIMC 18.81.030 (R).
- B. All parking shall be located to the side or rear of the site, and shall be screened from adjacent properties by a sight-obscuring fence or vegetation barrier in accordance with Chapter 18.85. Fences shall be at least five but not more than six feet in height.

18.92.110 Community Buildings

A cottage housing development may contain community building(s) that are detached accessory structures, the use and size of which is clearly incidental and related to that of the dwelling unit.

18.92.110 Design Guidelines

- A. Site Design.

APPENDIX E

Planning Commission Study Session 04/25/2002

1. The common open space shall be centrally located within the project site.
2. All front porches of units shall be oriented toward landscaped, common open space.

B. Building Design.

1. Roofs of cottages shall be pitched.
2. Covered porches measuring at least 8 feet by 10 feet shall be incorporated into building design of the cottages.
3. Shared carports or garages shall be limited to a maximum of four stalls per structure and shall be detached from the dwelling units.
4. Attached garages shall not be permitted.

SAMPLE MULTI-FAMILY PROPERTY TAX EXEMPTION ORDINANCE (City of Bellingham)

Tax exemptions for multifamily housing in targeted residential areas.

A. Intent. Limited exemptions from ad valorem property taxation for multifamily housing in urban centers are intended to:

1. Provide economic incentives enabling increased residential housing choices and opportunities, including affordable housing opportunities, within urban centers designated by the city council as targeted residential areas;
2. Stimulate new construction or rehabilitation of existing vacant and underutilized buildings for multifamily housing in targeted residential areas to increase and improve housing opportunities, including affordable housing;
3. Assist in directing future population growth to designated urban centers with existing available infrastructure thereby reducing development pressure on neighborhoods lacking infrastructure capacities; and
4. Achieve development densities which are more conducive to transit use in designated urban centers.

B. Duration of Exemption. For properties for which applications for certificates of tax exemption eligibility are submitted under Chapter [84.14](#) RCW on or after July 22, 2007, the value of improvements qualifying under this chapter will be exempt from ad valorem property taxation as follows:

1. For eight successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate; or
2. For 12 successive years beginning January 1st of the year immediately following the calendar year of issuance of the certificate, if the property otherwise qualifies for the exemption under Chapter [84.14](#) RCW and meets the conditions in this subsection. For the property to qualify for the 12-year exemption under this subsection, the applicant must commit to renting or selling at least 20 percent of the multi-unit housing units as affordable housing units as set forth below:

APPENDIX F

a. Owner Occupancy. In the case of projects intended exclusively for owner occupancy, the minimum requirement of this subsection (B)(2) may be satisfied solely through housing affordable to moderate-income households during the authorized exemption period.

b. Rental Occupancy. In the case of projects intended for rental occupancy, the minimum requirement of this subsection (B)(2) must be satisfied based on affordability requirements outlined in subsection (D)(9) of this section.

C. Limits on Exemption. The exemption does not apply to the value of land or to the value of nonhousing related improvements not qualifying under this chapter, nor does the exemption apply to increases in assessed valuation of land and nonqualifying improvements. In the case of rehabilitation of existing buildings, the exemption does not include the value of improvements constructed prior to submission of the completed application required under this chapter. The incentive provided by this chapter is in addition to any other incentives, tax credits, grants, or other incentives provided by law.

D. Project Eligibility. A proposed project must meet the following requirements to be considered for a property tax exemption:

1. Location. The project must be located within a targeted residential area, as designated in BMC [17.82.020\(C\)](#). If a part of any legal lot is within a designated residential targeted area then the entire lot shall be deemed to lie within such residential targeted area. Property located outside of, but adjacent to, the described areas is not designated as a residential targeted area.

2. Tenant Displacement Prohibited. The project must not displace existing residential tenants of structures that are proposed for redevelopment. Existing dwelling units proposed for rehabilitation must have been unoccupied for a minimum of 12 months prior to submission of an application and must have one or more violations of the city's local housing standard. Applications for new construction cannot be submitted for vacant property upon which an occupied residential rental structure previously stood unless a minimum of 12 months has elapsed from the time of most recent occupancy.

3. Size. The project must include at least four units of multifamily housing within a residential structure or as part of a mixed-use development. A minimum of four new units must be constructed or at least four additional multifamily units must be added to existing occupied multifamily housing. Existing multifamily housing that has been vacant for 12 months or more

APPENDIX F

does not have to provide additional units so long as the project provides at least four units of new, converted, or rehabilitated multifamily housing.

4. Permanent Residential Housing. At least 50 percent of the space designated for multifamily housing must be provided for permanent residential occupancy, as defined in BMC [17.82.010](#).

5. Affordable Housing. Projects located in Target Area 4 or Area 5 are required to meet the affordable housing requirements described in subsection (B)(2) of this section.

6. Proposed Completion Date. New construction multi-unit housing and rehabilitation improvements must be scheduled to be completed within three years from the date of approval of the application.

7. Compliance with Guidelines and Standards. The project shall be designed to comply with the city's comprehensive plan, building, housing, and zoning codes, and any other applicable regulations in effect at the time the application is approved. Rehabilitation and conversion improvements must comply with the city's local housing standard. New construction must comply with the city's local housing standard. New construction must comply with the current building code adopted by the city. The project must also comply with any other standards and guidelines adopted by the city council for the targeted residential area in which the project will be developed.

8. Historic Resource Protection.

a. Applications for new construction that require the demolition of structures listed in the local, state or national register, or identified as contributing to an historic district in the city's historic resource inventory are not eligible for the multifamily tax exemption.

b. Applications for new construction on a vacant property upon which previously stood a structure that was listed in the local, state or national register, or was identified as contributing to an historic district in a city historic resource inventory are not eligible for the multifamily tax exemption unless a minimum of five years has lapsed between the date of demolition and application for the multifamily tax exemption.

c. The requirement of subsections (D)(8)(a) and (b) of this section may be waived if demolition is authorized by either the city's historic preservation commission for structures

APPENDIX F

on the local register or the director for structures identified as contributing to an historic district in the city's historic resource inventory or on the state or national register. The demolition waiver determination shall be based on the criteria in BMC [17.90.060\(D\)\(2\)](#) and (3).

9. Affordable Housing. Projects intended for rental occupancy seeking a 12-year tax exemption pursuant to subsection (B)(2) of this section shall provide 20 percent of the multi-unit housing as follows:

- a. Affordable housing units shall be available to households whose adjusted income is at or below 60 percent of the median family income adjusted for family size for Whatcom County, except as otherwise allowed in subsection (B)(9)(b) of this section.
- b. The affordable housing requirement can be met, either partially or fully, for any units with two or more bedrooms that are available to households whose adjusted income is at or below 80 percent of median family income adjusted for family size for Whatcom County.

E. Application Procedure. A property owner who wishes to propose a project for a tax exemption shall complete the following procedures:

1. File with the city's planning and community development department the required application along with any required fees as determined by council resolution. An additional fee, as determined by council resolution, may be required to cover the Whatcom County assessor's administrative costs. If the application shall result in a denial by the city, the city will retain that portion of the fee attributable to its own administrative costs and refund the balance to the applicant.

2. A complete application shall include:

- a. A completed city of Bellingham application form setting forth the project's eligibility for the exemption;
- b. Preliminary floor and site plans and elevations of the proposed project and narrative or other description of the scope of work to be performed;
- c. A statement acknowledging the potential tax liability when the project ceases to be eligible under this chapter; and

APPENDIX F

d. Verification by oath or affirmation of the information submitted.

For rehabilitation projects, the applicant shall also submit a sworn affidavit that existing dwelling units have been unoccupied for a period of 12 months prior to filing the application and shall secure from the city verification of property noncompliance with the city's local housing standard.

F. Application Review and Issuance of Conditional Certificate. The director may certify as eligible an application which is determined to comply with the requirements of this chapter. A decision to approve or deny an application shall be made within 90 days of receipt of a complete application.

1. Approval. If an application is conditionally approved, the applicant shall enter into a contract with the city regarding the terms and conditions of the project. The director shall issue a conditional certificate of acceptance of tax exemption. The conditional certificate expires three years from the date of approval unless an extension is granted as provided in this chapter.

2. Denial. The director shall state in writing the reasons for denial and shall send notice to the applicant at the applicant's last known address within 10 days of the denial. An applicant may appeal a denial to the city council within 30 days of receipt of notice. On appeal, the director's decision will be upheld unless the applicant can show that there is no substantial evidence on the record to support the director's decision. The city council's decision on appeal will be final.

G. Extension of Conditional Certificate. The conditional certificate may be extended by the director for a period not to exceed 24 consecutive months. The applicant must submit a written request stating the grounds for the extension, accompanied by any processing fee as determined by council resolution. No conditional certificate shall be eligible for more than one such extension. An extension may be granted if the director determines that:

1. The anticipated failure to complete construction or rehabilitation within the required time period is due to circumstances beyond the control of the owner;
2. The owner has been acting and could reasonably be expected to continue to act in good faith and with due diligence;
3. The project will comply with the city's comprehensive plan, building, housing, and zoning codes, and any other applicable regulations in effect at the time the extension of the conditional certificate is granted; and

APPENDIX F

4. All the conditions of the original contract between the applicant and the city will be satisfied upon completion of the project.

H. Application for Final Certificate. Upon completion of the improvements agreed upon in the contract between the applicant and the city and upon issuance of a temporary or permanent certificate of occupancy, the applicant may request a final certificate of tax exemption. The applicant must file with the city's planning and community development department the following:

1. A statement of expenditures made with respect to each multifamily housing unit and the total expenditures made with respect to the entire property;
2. A description of the completed work with evidence of final city inspection of all work completed and a statement of qualification for the exemption;
3. A statement that the work was completed within the required three-year period or any authorized extension; and
4. If applicable, a statement that the project meets the affordable housing requirements as described in BMC [17.82.030\(B\)\(2\)](#).

Within 30 days of receipt of all materials required for a final certificate, the director shall determine which specific improvements, and the affordability of the units, satisfy the requirements of this chapter.

I. Issuance of Final Certificate. If the director determines that the project has been completed in accordance with the contract between the applicant and the city and has been completed within the authorized time period, the city shall, within 10 days, file a final certificate of tax exemption with the Whatcom County assessor.

1. Denial and Appeal. The director shall notify the applicant in writing that a final certificate will not be filed if the director determines that:
 - a. The improvements were not completed within the authorized time period;
 - b. The improvements were not completed in accordance with the contract between the applicant and the city;
 - c. If applicable, the affordable housing requirements as described in subsection (B)(2) of this section were not met; or

APPENDIX F

d. The owner's property is otherwise not qualified under this chapter.

Within 14 days of receipt of the director's denial of a final certificate, the applicant may file an appeal with the hearing examiner, as provided in BMC [2.56.050\(B\)](#). The applicant may appeal the hearing examiner's decision to Whatcom County superior court, if the appeal is filed within 30 days, or as otherwise required by law, of receiving notice of that decision.

J. Annual Compliance Review. Within 30 days after the first anniversary of the date of filing the final certificate of tax exemption and each year thereafter, for the tax exemption period, the property owner shall file a notarized declaration with the director indicating the following:

1. A statement of occupancy and vacancy of the multifamily units during the previous year;
2. A certification that the property continues to be in compliance with the contract with the city, including any affordable housing requirements;
3. A description of any subsequent improvements or changes to the property; and
4. A report on affordable housing requirements, if applicable, including:
 - a. The total monthly rent or total sale amount of each unit produced;
 - b. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption; and
 - c. Any additional information requested by the city in regards to the units receiving a tax exemption.

City staff shall have the right to conduct on-site verification of the declaration. Failure to submit the annual declaration may result in the tax exemption being canceled.

K. The city shall report annually by December 31st of each year to the Washington State Department of Commerce. The report must include the following information:

1. The number of tax exemption certificates granted;
2. The total number and type of units produced or to be produced;

APPENDIX F

3. The number and type of units produced or to be produced meeting affordable housing requirements;
4. The actual development cost of each unit produced;
5. The total monthly rent or total sale amount of each unit produced;
6. The income of each renter household at the time of initial occupancy and the income of each initial purchaser of owner-occupied units at the time of purchase for each of the units receiving a tax exemption and a summary of these figures for the city; and
7. The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

L. Cancellation of Tax Exemption. If the director determines the owner is not complying with the terms of the contract, the tax exemption will be canceled. This cancellation may occur in conjunction with the annual review or at any other time when noncompliance has been determined. If the owner intends to convert the multifamily housing to another use, the owner must notify the director and the Whatcom County assessor within 60 days of the change in use.

1. Effect of Cancellation. If a tax exemption is canceled due to a change in use or other noncompliance, the Whatcom County assessor may impose an additional tax on the property, together with interest and penalty, and a priority lien may be placed on the land, pursuant to state legislative provisions.

2. Notice and Appeal. Upon determining that a tax exemption is to be canceled, the director shall notify the property owner by certified mail. The property owner may appeal the determination by filing a notice of appeal with the hearing examiner within 30 days, specifying the factual and legal basis for the appeal. An aggrieved party may appeal the hearing examiner's decision to the Whatcom County superior court, if the appeal is filed within 30 days, or as otherwise required by law, of receiving notice of cancellation.

M. Conflict of Provisions. If any provision of this chapter is in legal conflict with the provisions of Chapter [84.14](#) RCW, the provisions of Chapter [84.14](#) RCW shall apply as if set forth in this chapter. [Ord. [2015-12-051](#) § 2; Ord. [2010-12-078](#); Ord. [2003-03-012](#); Ord. [2003-03-011](#); Ord. [1999-09-054](#)].

VISION 2050



Housing Background Paper

June 2018

MEMBERSHIP

Counties

King County
Kitsap County
Pierce County
Snohomish County

Cities and Tribes

Algona
Arlington
Auburn
Bainbridge Island
Beaux Arts Village
Bellevue
Black Diamond
Bonney Lake
Bothell
Bremerton
Buckley
Burien
Clyde Hill
Covington
Darrington
Des Moines
DuPont
Duvall
Eatonville
Edgewood
Edmonds
Enumclaw
Everett
Federal Way
Fife
Fircrest
Gig Harbor
Granite Falls
Hunts Point
Issaquah
Kenmore
Kent
Kirkland
Lake Forest Park
Lake Stevens
Lakewood
Lynnwood
Maple Valley
Marysville
Medina
Mercer Island
Mill Creek
Milton
Monroe
Mountlake Terrace
Muckleshoot Indian Tribe
Mukilteo
Newcastle

Normandy Park
North Bend
Orting
Pacific
Port Orchard
Poulsbo
Puyallup
Puyallup Tribe of Indians
Redmond
Renton
Ruston
Sammamish
SeaTac
Seattle
Shoreline
Skykomish
Snohomish
Snoqualmie
Stanwood
Steilacoom
Sultan
Sumner
Tacoma
The Suquamish Tribe
Tukwila
University Place
Woodinville
Woodway
Yarrow Point

Statutory Members

Port of Bremerton
Port of Everett
Port of Seattle
Port of Tacoma
Washington State Department of Transportation
Washington Transportation Commission

Associate Members

Alderwood Water & Wastewater District
Port of Edmonds
Island County
Puget Sound Partnership
Snoqualmie Indian Tribe
Thurston Regional Planning Council
Tulalip Tribes
University of Washington
Washington State University

Transit Agencies

Community Transit
Everett Transit
Kitsap Transit
Metro (King County)
Pierce Transit
Sound Transit



Funding for this document provided in part by member jurisdictions, grants from U.S. Department of Transportation, Federal Transit Administration, Federal Highway Administration and Washington State Department of Transportation. PSRC fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations in all programs and activities. For more information, or to obtain a Title VI Complaint Form, see <https://www.psrc.org/title-vi> or call 206-587-4819.

Americans with Disabilities Act (ADA) Information:

Individuals requiring reasonable accommodations may request written materials in alternate formats, sign language interpreters, physical accessibility accommodations, or other reasonable accommodations by contacting the ADA Coordinator, Thu Le, at 206-464-6175, with two weeks' advance notice. Persons who are deaf or hard of hearing may contact the ADA Coordinator, Thu Le, through TTY Relay 711.

Additional copies of this document may be obtained by contacting: Puget Sound Regional Council
Information Center
1011 Western Avenue, Suite 500
Seattle, Washington 98104-1035
206-464-7532 • info@psrc.org • psrc.org

TABLE OF CONTENTS

Table of Contents	2
1 Introduction	4
2 Background and Policy Context.....	5
2.1 Housing in the Growth Management Act (GMA)	5
3 Housing in Countywide Planning Policies.....	5
4 Housing in Local Comprehensive Plans	6
5 Market Trends.....	6
5.1 Great Recession and Recovery	6
5.2 Median Home Price	7
5.3 Median Rent	10
5.4 Units by Type	12
5.5 Construction Trends	12
5.6 Vacancy Rates	17
6 Demand	17
6.1 Tenure.....	18
6.2 Income	20
6.3 Wages.....	21
6.4 Household Size and Formation.....	22
6.5 Generational Needs and Preferences	23
6.6 Jobs-Housing Balance	24
6.7 Housing and Transportation	25
7 Housing Affordability	28
7.1 Subsidized Housing	29
7.2 Market Rate Affordable Rental Units	30
7.3 Home Ownership	31
7.4 Cost Burden	33
7.5 Displacement.....	35
7.6 Homelessness	38
7.7 Housing Need	38

8	Housing in VISION 2040	40
9	Work Since 2008	43
9.1	State	43
9.2	Regional	43
9.3	County/Subregional	45
9.4	Local	46
10	Housing policies & Strategies	47
10.1	Housing Supply	47
10.2	Incentives for Affordable Housing	48
10.3	Funding and Financing	48
10.4	Displacement and Preservation	49
10.5	Tenant Protections	49
10.6	Assessment, Monitoring, and Reporting	50
11	Considerations and Questions FOR VISION 2050	50
12	Appendix:	52
12.1	Taking Stock	52
12.2	Housing Costs	53
12.3	Definitions of Affordable Housing Incentives	54

1 INTRODUCTION

Between now and the year 2050, the central Puget Sound region is expected to grow by an additional 1.8 million residents and 830,000 households. A critical issue will continue to be providing adequate housing for all segments of the region's population. Meeting the housing needs of all types of households at a range of income levels is integral to creating a region that is livable for all residents, economically prosperous, and environmentally sustainable.

Volatility in the housing market since VISION 2040 was adopted in 2008 underscores many of the challenges ahead. From the precipitous drop in housing prices and foreclosures of the Great Recession, to the current economic upswing and job growth that has led to historic increases in rents and home prices, the region's housing market has experienced great highs and lows that have benefited some and created and exacerbated hardship and inequalities for others.

The VISION 2050 planning process is an opportunity to raise awareness of regional housing issues and to identify coordinated strategies, policies, and actions to ensure that the region's housing needs are met. As illustrated below, a multitude of demand and supply factors influence the cost and availability of housing. Some factors can be shaped by public policy, while others are largely beyond regional or local control.

Figure 1: Factors Influencing Housing Costs



This paper seeks to quantify through data analysis what many residents experience on a daily basis – the housing market is becoming increasingly unaffordable. Rents and home prices are rising quickly, making it challenging to find affordable homes close to jobs. This paper also reviews current policy frameworks, recent housing initiatives, and a range of housing tools as we look to update the region's growth, economic and transportation strategy and extend the plan to the year 2050.

2 BACKGROUND AND POLICY CONTEXT

2.1 HOUSING IN THE GROWTH MANAGEMENT ACT (GMA)

The Washington Growth Management Act's (GMA) overarching planning goal for housing (Goal 4) is to "[e]ncourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock."¹

The Act requires that countywide planning policies (CPPs) and multicounty planning policies (MPPs), which establish the policy framework for local comprehensive plans, at a minimum include "policies that consider the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution."²

Finally, the Act requires that local jurisdictions develop comprehensive plans that include "a housing element ensuring the vitality and character of established residential neighborhoods that: (a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth; (b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences; (c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and (d) makes adequate provisions for existing and projected needs of all economic segments of the community."³

3 HOUSING IN COUNTYWIDE PLANNING POLICIES

Countywide planning efforts play an important role in addressing housing, beginning with their targeting processes for allocating residential and employment growth. Countywide planning policies (CPPs) were updated in 2012 and 2013, after the adoption of VISION 2040 and prior to the periodic update of local comprehensive plans in 2015 and 2016. Consistent with the VISION 2040, CPPs in each of the four counties set housing growth targets for cities and unincorporated areas.

Countywide planning policies also include a variety of policies related to affordable housing. While none of the counties currently assign affordable housing targets to jurisdictions, the CPPs do provide guidance on assessing local needs within a context of countywide need. As amended in 2012, the King County CPPs include a countywide benchmarks for overall affordability within jurisdictions, which local governments have used to guide their local housing planning.

CPPs in each of the counties also include policies that encourage local consideration of a variety of housing tools, such as mandatory inclusionary zoning and various types of housing incentives. The CPPs also generally encourage coordination around monitoring housing outcomes over time.

¹ Revised Code of Washington (RCW) 36.70A.020 (4), Washington Administrative Code (WAC) 365-196-305

² RCW 36.70A.210

³ RCW 36.70A.070

4 HOUSING IN LOCAL COMPREHENSIVE PLANS

Local comprehensive plans establish the overall vision for community development, set the framework for future land use and zoning, and set local priorities for strategies and investments.⁴ As such, they have a direct impact on housing and housing affordability. The housing chapter of each plan is expected to address several aspects of housing and housing affordability. First, plans should promote increased housing production opportunities, including diverse types and styles for all income levels and demographic groups. The housing element should evaluate affordable housing needs, including an assessment of existing and future housing needs based on regional and local factors, including household income, demographics, special needs populations, and adequacy of existing housing stocks. Finally, local plans should address regional housing objectives in VISION 2040, including accommodating a fair share of housing diversity and affordability, jobs-housing balance, housing in centers, and flexible standards and innovative techniques.

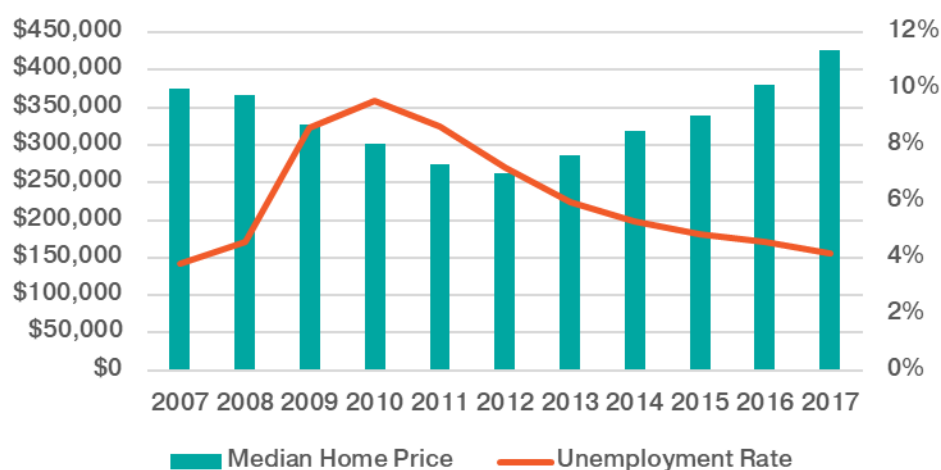
5 MARKET TRENDS

A wealth of data exists that describes aspects of a rapidly changing housing market over the past decade. What follows are highlighted statistics that relate most directly to housing demand, supply, costs, and affordability. Implications for policy and action are noted.

5.1 GREAT RECESSION AND RECOVERY

Though the region boomed economically from 2005-2008, it then lost significant ground during the Great Recession. Home prices dropped to a low in 2011-12, with historic rates of home foreclosures. The region lost approximately 130,000 jobs during the recession, unemployment surged, and housing construction came close to a standstill. Figure 2 illustrates the dramatic dive in home price and climb in unemployment during the Great Recession.

Figure 2: Home Price & Unemployment Rate through Recession and Recovery



Source: Zillow; WA ESD

⁴ RCW 36.70A.070

The U.S. economic recovery began in 2010 and the central Puget Sound region has recovered better than the nation as a whole. As of 2014, the region had replaced all the jobs lost in the recession and Seattle led the nation in population growth per capita. However, this recovery has not been experienced equally throughout the region.

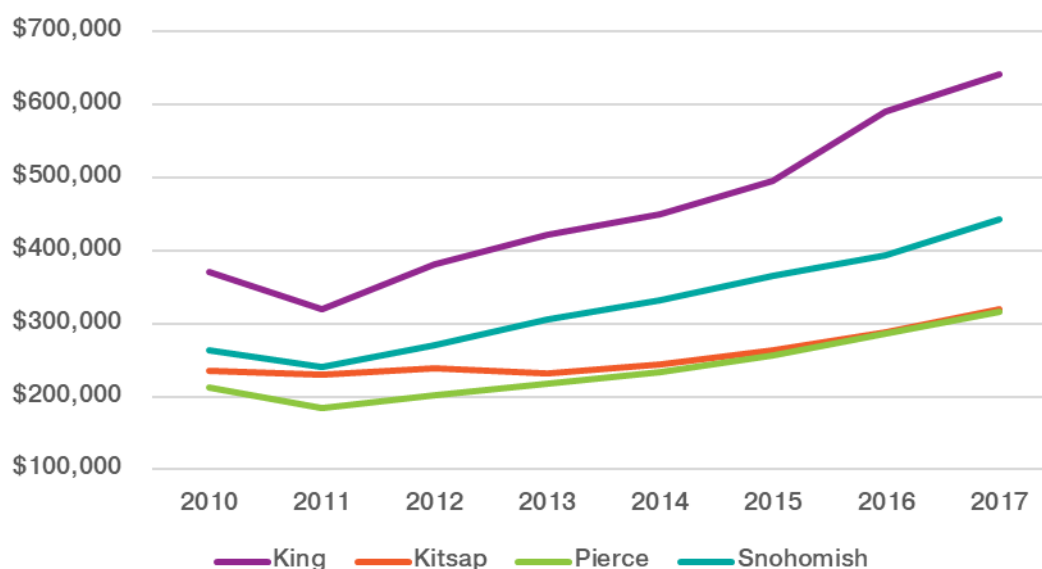
Areas with stronger job and income growth, such as the central Puget Sound region, have seen faster rates of recovery and a larger share of homes surpassing their 2007 peak values. Trulia data⁵ shows that approximately 80% of homes in the Seattle metro area have recovered to pre-recession prices.

5.2 MEDIAN HOME PRICE

The Seattle metro area, comprised of King, Pierce, and Snohomish counties, has led the nation in annual housing cost increases for the past five years⁶. From 2012 to 2017, home prices climbed 62%. From 2016 to 2017, home prices in the Seattle metro area went up 10%, a rate of over \$5 every hour.⁷ A household needs to earn \$145,000 annually (equivalent to a wage of \$70 per hour) to afford the median priced home in King County in 2018.

While all home prices are increasing, the price gap is widening among the counties, with King County home prices close to double the cost of homes in Kitsap and Pierce counties (Figure 3).

Figure 3: Median Home Value



Source: Zillow

The map in Figure 4 shows home value⁸ by zip code area. The highest valued homes are concentrated in the inner neighborhoods and waterfront areas of Seattle, broadly across east King

⁵ Trulia. (2018). <https://www.trulia.com/blog/trends/home-value-recovery-2017/>

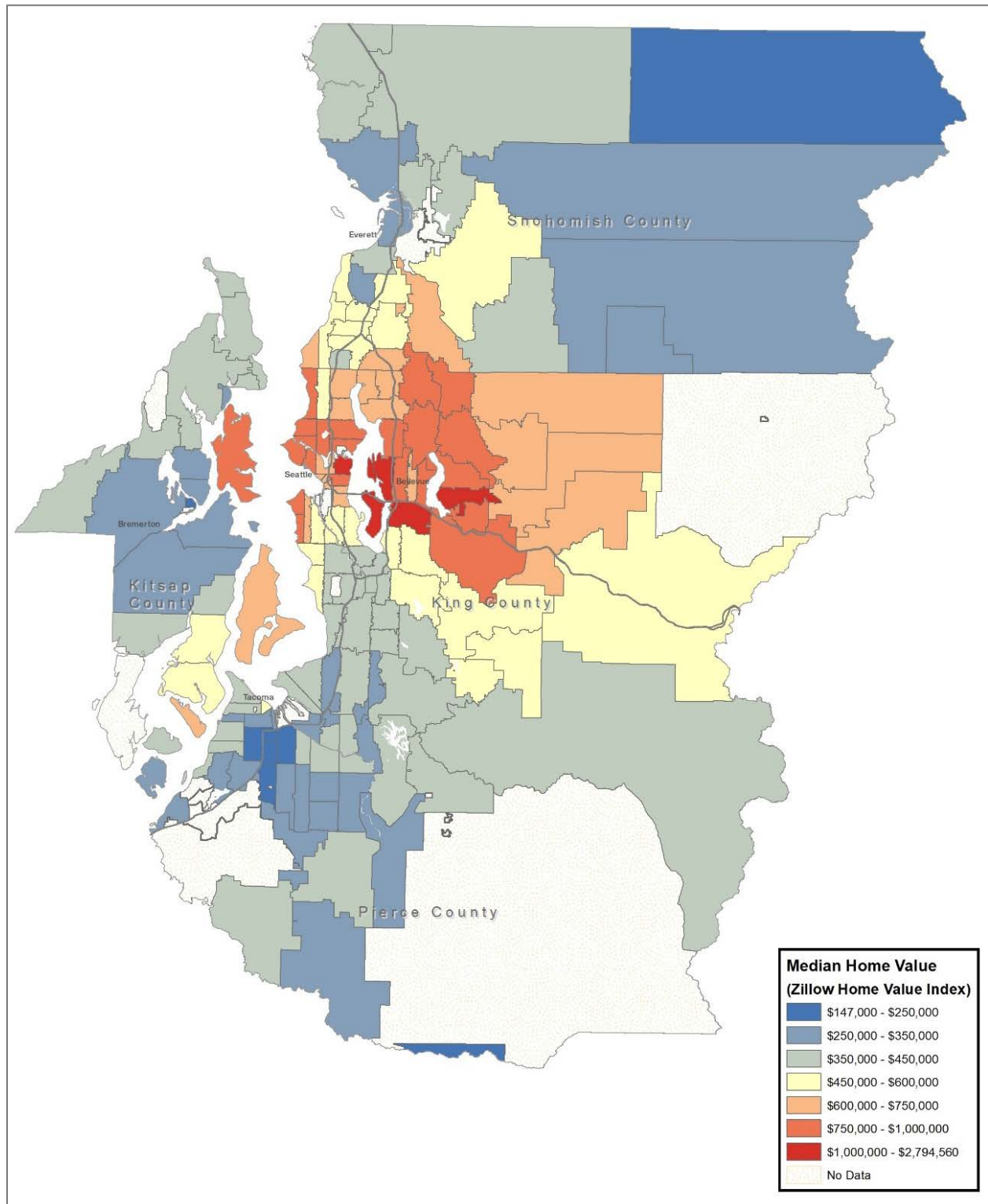
⁶ Case Schiller Home Price Index (2018). Available <https://us.spindices.com/index-family/real-estate/sp-corelogic-case-schiller>

⁷ WCRER, 2017

⁸ Figure 4 shows Zillow Home Value Index (ZHVI): A smoothed, seasonally adjusted measure of the median estimated home value across a given region and housing type. It is a dollar-denominated [alternative to repeat-sales indices](#).

County, and Bainbridge Island. Areas with much lower average home values include much of Pierce County, Kitsap County, and in Snohomish County north from Everett.

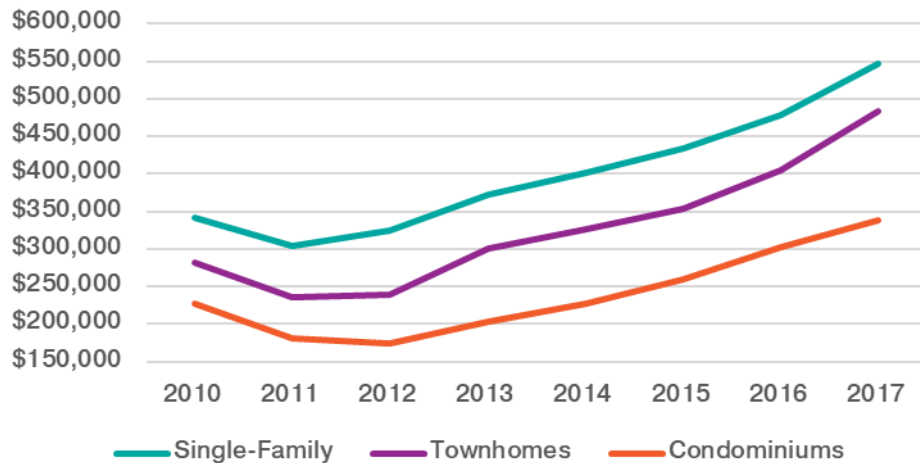
Figure 4: Home Value by Zip Code, 2017



Source: Zillow

Housing prices also vary by housing type. Sales data for the Seattle metro area by housing type shows that, on average, townhomes and condominiums cost less than detached single-family homes, as illustrated in Figure 5.

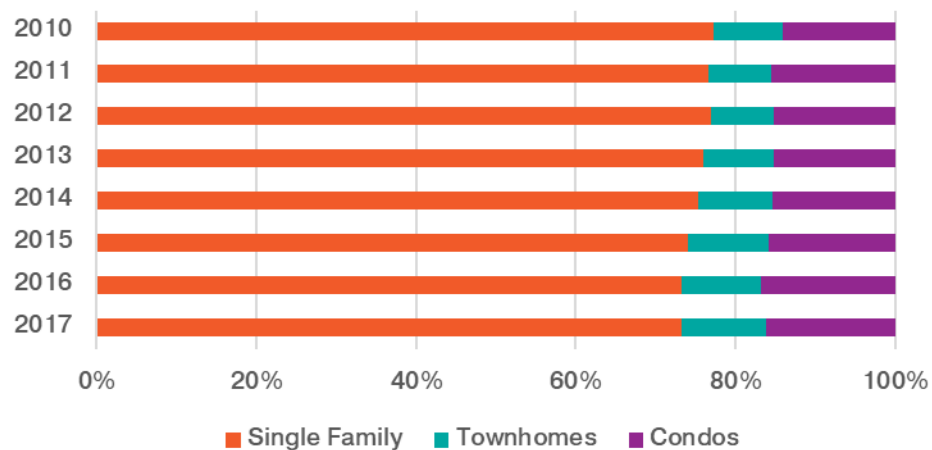
Figure 5: Median Sales Price



Source: Redfin

Condominiums and townhomes have traditionally served as entryways for first time homeowners. Figure 6 shows that while the inventory of townhomes and condominiums has grown slightly since 2010, single family homes represent the lion's share of the housing inventory.

Figure 6: Homes Sold by Unit Type

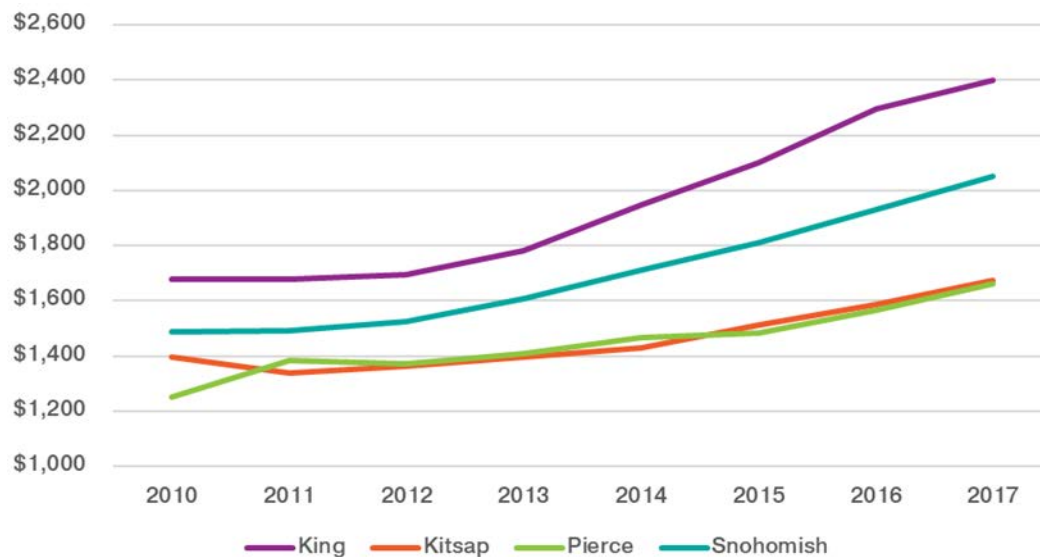


Source: Redfin

5.3 MEDIAN RENT

Similar to home prices, rent⁹ has also risen significantly since 2012. From 2012 to 2017, rents increased 57%, with a 5-6% increase in each county from 2016 to 2017. While median rents are increasing across the region, the rent gap is widening among the counties.

Figure 7: Median Rent, 2010-2017



Source: Zillow

Looking at average rent, the data varies but the general trend is consistent with median rent. The average rent in spring 2017 was just under \$1600, as shown in Figure 8. As with median rent, there is variation based on location¹⁰, size of building, and year built.

Figure 8: Average Rent of Market Rate Multifamily Rental Units, 2017

	5-19 Unit Bldgs	20+ Unit Bldgs	Units Built 2013-2017	All Units
East King	\$1,447	\$1,957	\$2,152	\$1,951
Kitsap County	--	\$1,336	\$1,533	\$1,336
Pierce County	--	\$1,214	\$1,609	\$1,214
Sea-Shore	\$1,497	\$1,828	\$2,172	\$1,793
Snohomish County	\$1,121	\$1,501	\$1,816	\$1,488
South King	\$1,111	\$1,386	\$1,700	\$1,380
Region	\$1,417	\$1,602	\$2,073	\$1,595

Source: Dupre + Scott

-- Data not available

⁹ Trends in rent can be assessed by looking at changes in median rent, the middle point in rent prices, indicating that 50% of rents are higher and lower than the median; or by the average which takes the total rent divided by the number of units. The average rent can be skewed by relatively few units with very high or low rents. This paper utilizes both metrics because different rental data sources use median and average rent. Note that the median and average rent cannot be used interchangeably.

¹⁰ Subareas in King County include Sea-Shore (Seattle, Shoreline), East King (Mercer Island, Newcastle and all cities north to county line, east of Lake Washington), and South King (Renton, Tukwila, Burien and all cities south to county line)

RENT IN CENTERS

Apartment rents within Regional Growth Centers¹¹, overall, are higher than the regional average. However, there is great variability in rents among centers. Centers in Seattle, Bellevue, and Redmond, all of which have seen significant new multifamily development¹², have the highest average rents, pushing above \$2,000 in some locations. At the lower end are centers which contain some of the region's most affordable market rate housing, typically in older buildings.

Figure 9: Average Rent in Regional Growth Centers, 2017

	Average Rent	Difference - Center and City Avg. Rent
Total Units in Centers	\$1,871	17%
Bothell Canyon Park	\$1,736	-1%
Redmond-Overlake	\$2,220	10%
Silverdale	\$1,565	15%
Bellevue	\$2,260	12%
Redmond Downtown	\$2,078	3%
Sea-South Lake Union	\$2,234	17%
Kent	\$1,627	16%
Sea-Downtown	\$2,261	18%
Renton	\$1,613	4%
Kirkland Totem Lake	\$1,712	-12%
Sea-Uptown	\$1,834	-1%
Sea-First Hill/Cap Hill	\$1,790	-4%
Bremerton	\$1,484	23%
Sea-Northgate	\$1,539	-21%
Sea-University	\$1,677	-11%
Tacoma Downtown	\$1,319	5%
Puyallup South Hill	\$1,388	8%
Tacoma Mall	\$1,268	1%
Everett	\$1,285	-3%
University Place	\$1,141	1%
Auburn	\$1,423	12%
Lakewood	\$1,046	-1%
SeaTac	\$1,212	-11%
Burien	\$1,058	-17%
Lynnwood	\$1,370	-1%
Puyallup Downtown	\$1,042	-23%

Source: Dupre + Scott

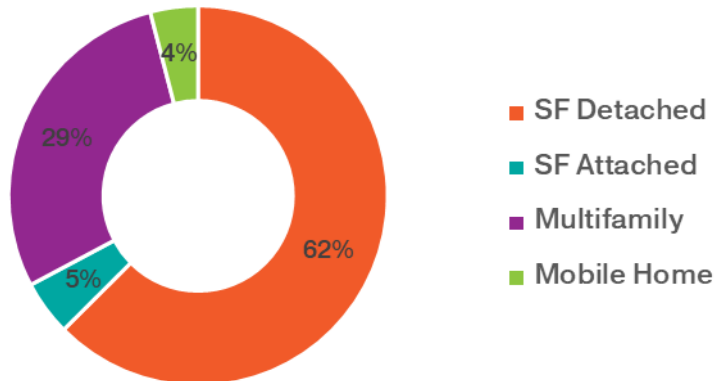
¹¹Regional Growth Centers are regionally designated places characterized by compact, pedestrian-oriented development, with a mix of uses. While relatively small geographically, centers are strategic places to receive a significant proportion of future population and employment growth.

¹² PSRC Residential Permits Database, 2016

5.4 UNITS BY TYPE

Of the total housing units in the region (1,622,591), the majority of housing units in the region are detached single-family homes, as shown in Figure 10.

Figure 10: Housing Units by Type



Source: ACS

Figure 11 shows that housing type varies among the four counties. Detached single-family homes make up the largest percentage of the overall housing stock in Kitsap County (68% of all units by type). King County has the lowest overall share of single family detached among the counties at 55% and a significantly larger stock of multifamily homes. Attached single-family units, such as townhomes, row houses, and zero lot line units, comprise a very small percentage of the total housing stock and do not account for more than 5% of the housing stock in any of the four counties.

Figure 11: Housing Unit Type by County, 2017

	King	Kitsap	Pierce	Snohomish
SF-Detached	55%	68%	65%	64%
SF-Attached	4%	5%	4%	5%
Multifamily	39%	18%	24%	26%
Mobile Homes	2%	9%	6%	5%

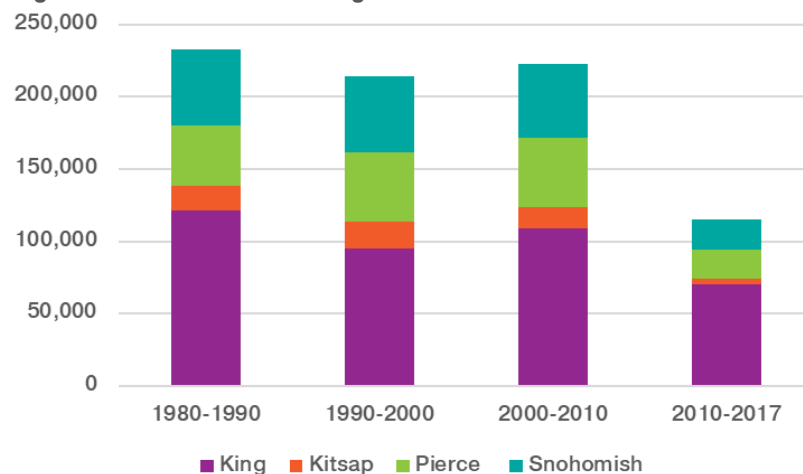
Source: ACS

5.5 CONSTRUCTION TRENDS

Regional data echoes national trends in construction of new housing units. Housing construction slowed dramatically during the Great Recession. While there have been substantial gains in housing production since the recession, housing production has yet to make up for the recessionary production drop (Figure 12).¹³

¹³ Joint Center for Housing Studies of Harvard University. (2017). The State of the Nation's Housing 2017. Available at http://www.jchs.harvard.edu/research/state_nations_housing.

Figure 12: Decennial Housing Production



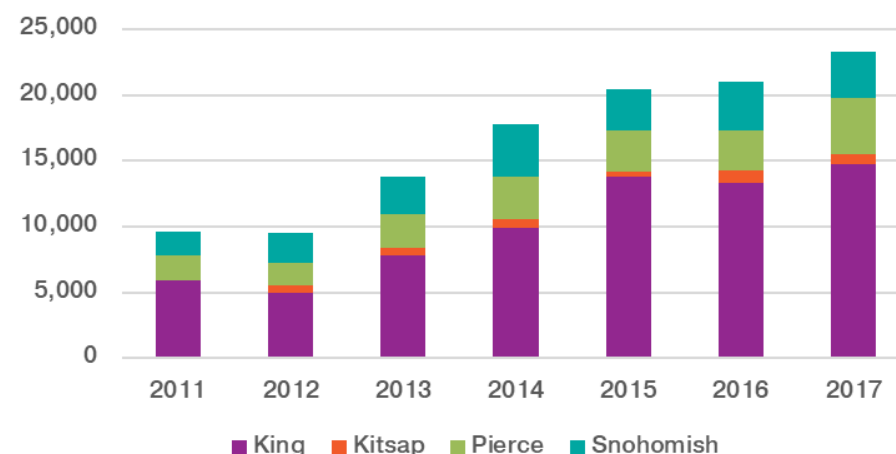
Source: OFM

The most recent housing production data, 2010-2017, is not a ten-year period, and thus not directly comparable with past decades. However, given annual housing production in 2016-2017 was approximately 25,000 units, it is unlikely that annual housing production from 2018-2020 will fill the gap to bring decennial housing production in line with the historic trend for past decades.

Availability of suitable zoned land and market forces impacting the construction industry make development of moderately priced housing difficult. Many local land use regulations favor lower density development, and the construction industry is employing about 20% fewer people than in 2007.¹⁴

Overall, annual housing production has picked up in recent years, with the bulk of new housing units being constructed in King County. Pierce County saw an uptick in housing construction in 2017, compared to Kitsap and Snohomish counties.

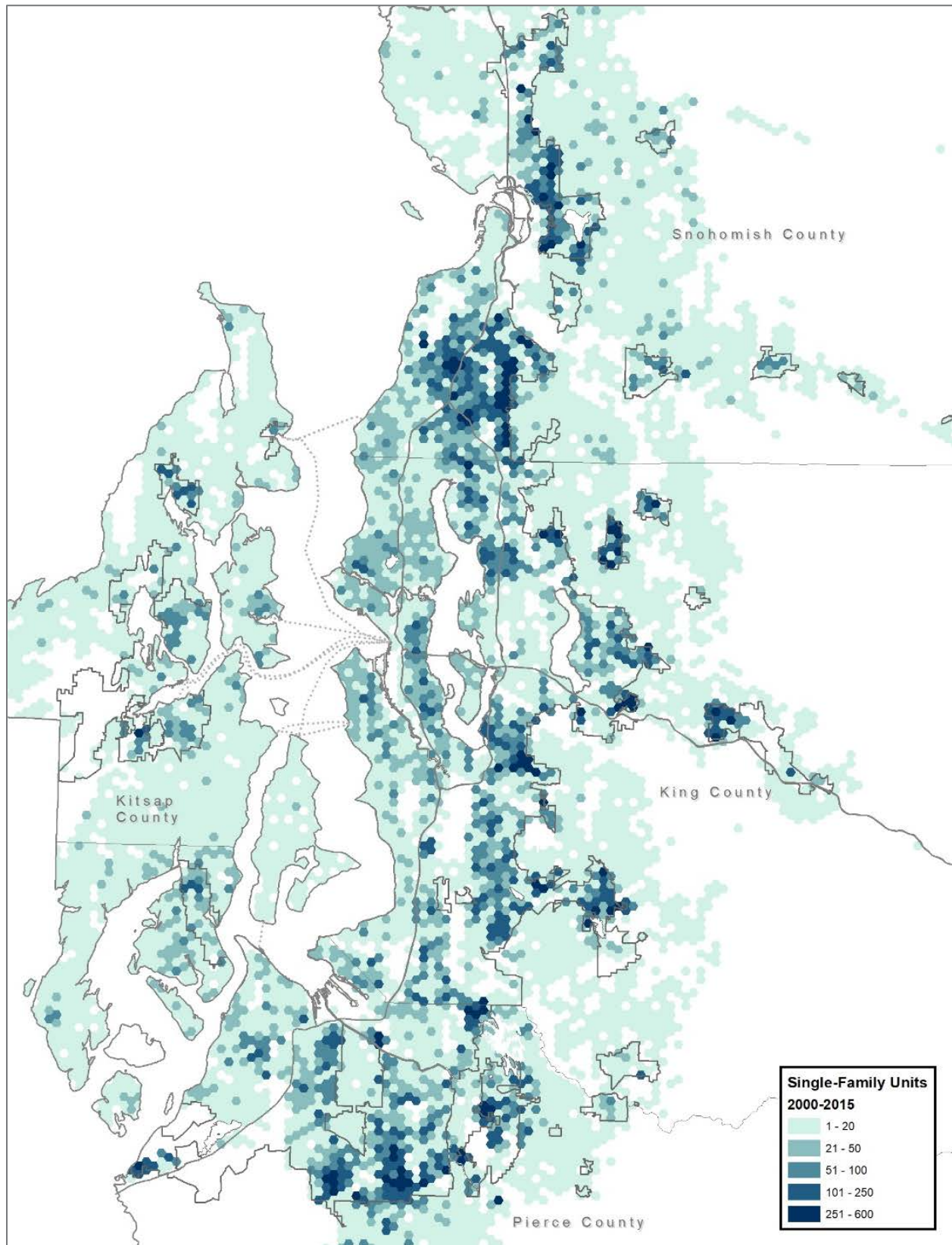
Figure 13: Annual Housing Production



Source: OFM

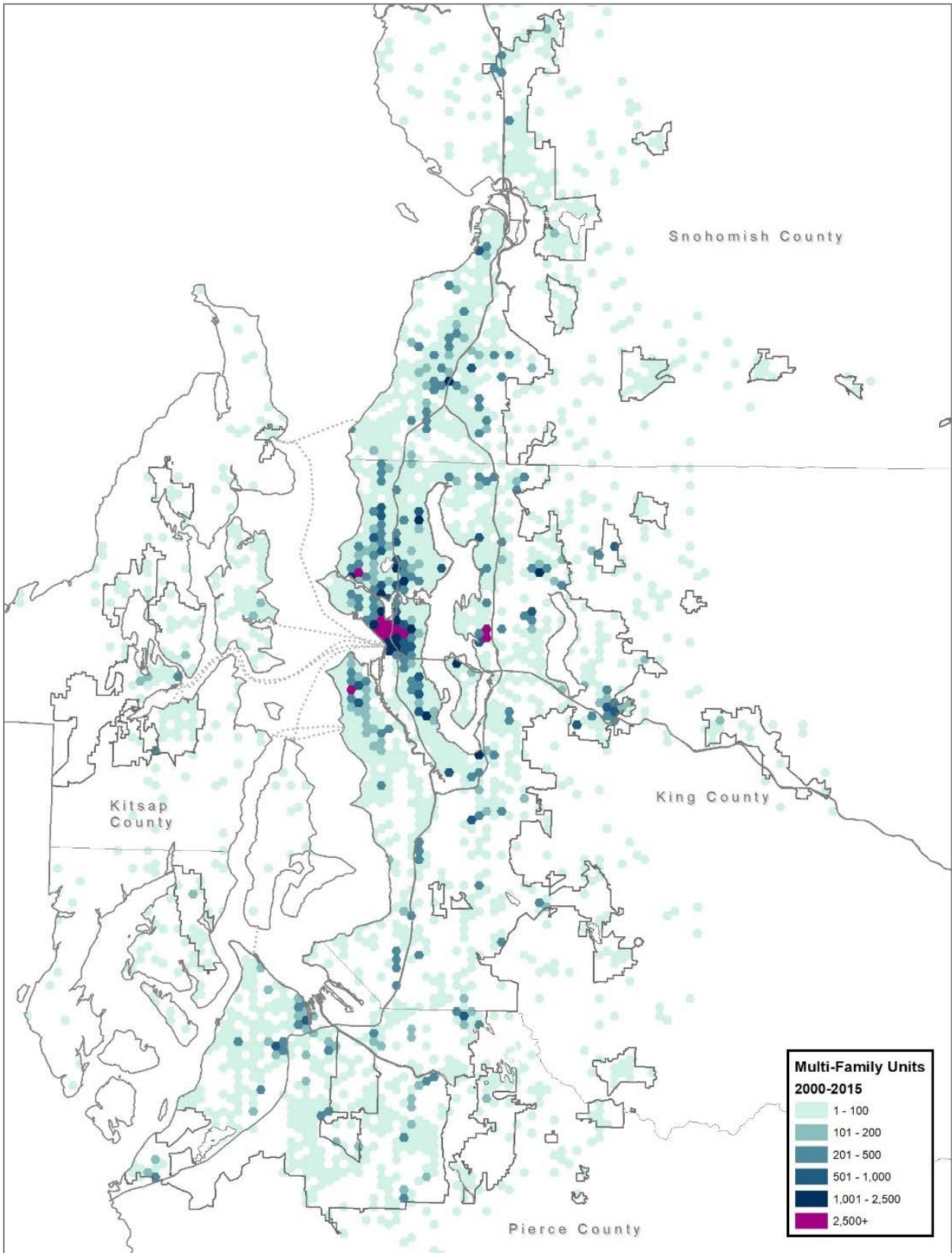
¹⁴ Joint Center for Housing Studies of Harvard University. (2017). The State of the Nation's Housing 2017. Available at http://www.jchs.harvard.edu/research/state_nations_housing.

Figure 14: Single-Family Housing Growth



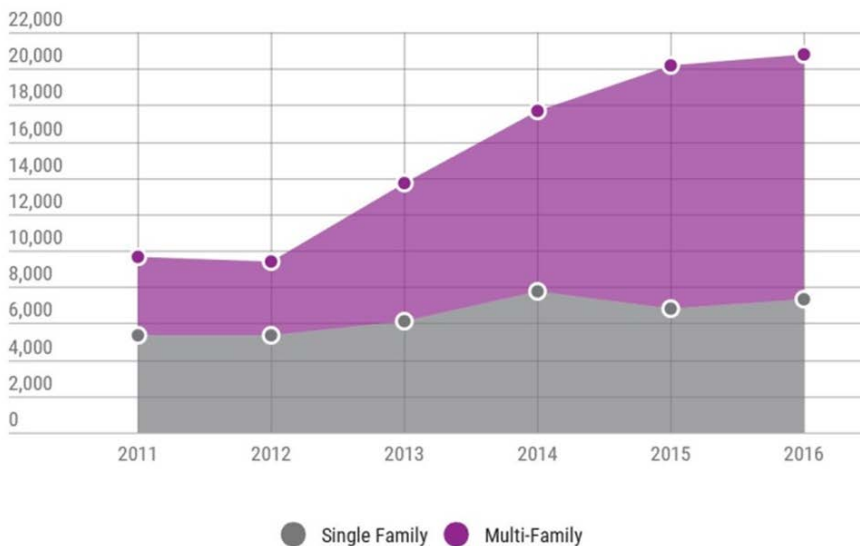
Source: PSRC Residential Permits database

Figure 15: Multifamily Housing Growth



Construction of multifamily units has risen substantially and now accounts for about two-thirds of all housing construction in the region, a historic break from past trends where construction was dominated by single-family units. Adding multifamily units helps to diversify the housing stock and provide more affordable options. However, while a surge in construction of apartments has helped to meet growing housing demand, as rentals, they often do not offer ownership opportunities.

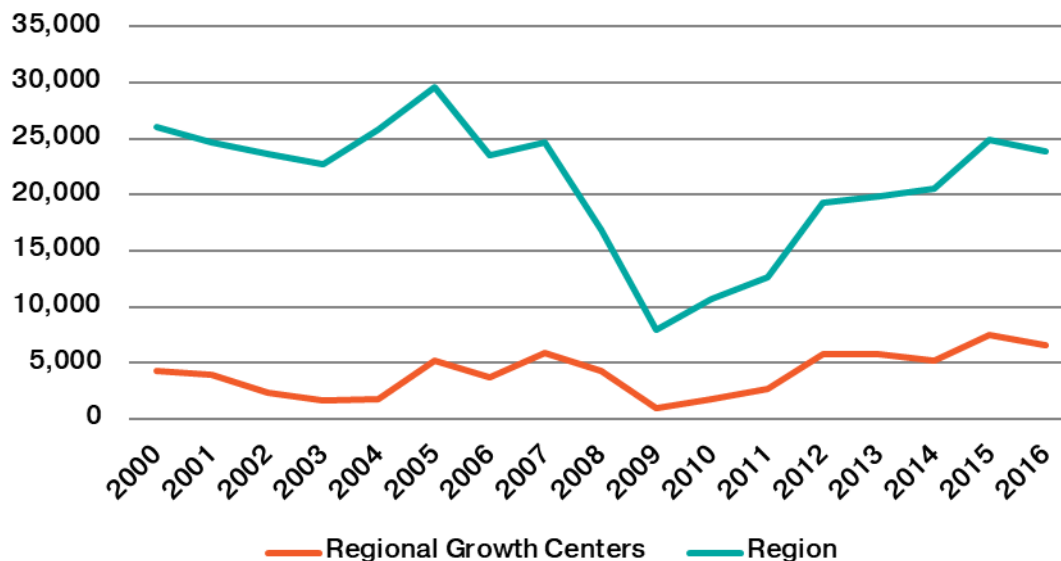
Figure 16: Annual Change in Housing Units in the Region



Source: PSRC Residential Permits Database

Housing growth in regional growth centers accounts for a significant share of multifamily unit growth and the overall share of housing unit growth since 2011. Approximately 27% of housing units permitted in 2016 were located in Regional Growth Centers, shown in Figure 17.

Figure 17: Net Housing Permits

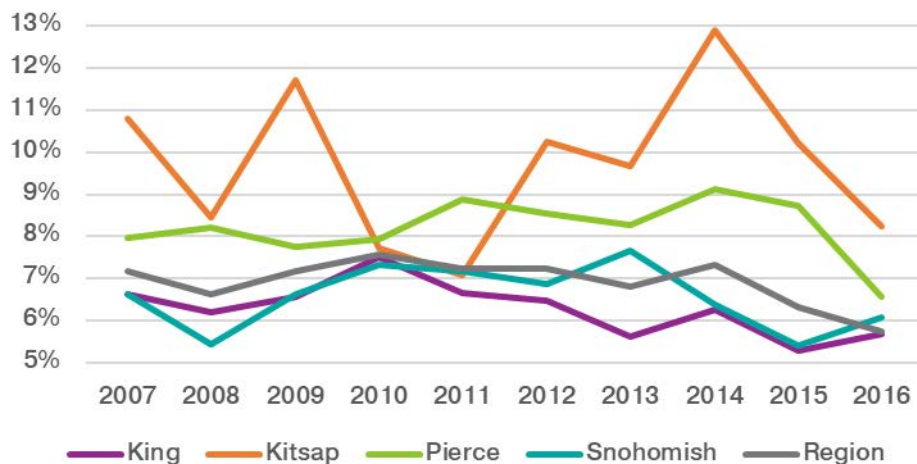


Source: PSRC Residential Permits Database

5.6 VACANCY RATES

Vacancy rates are at historic lows across the region. Figure 18 shows that vacancy increased in all four counties during the Great Recession but is now lower regionally than during the last peak in 2007. Fewer vacant units, for renters and buyers, leads to increased competition for available units, driving up costs.

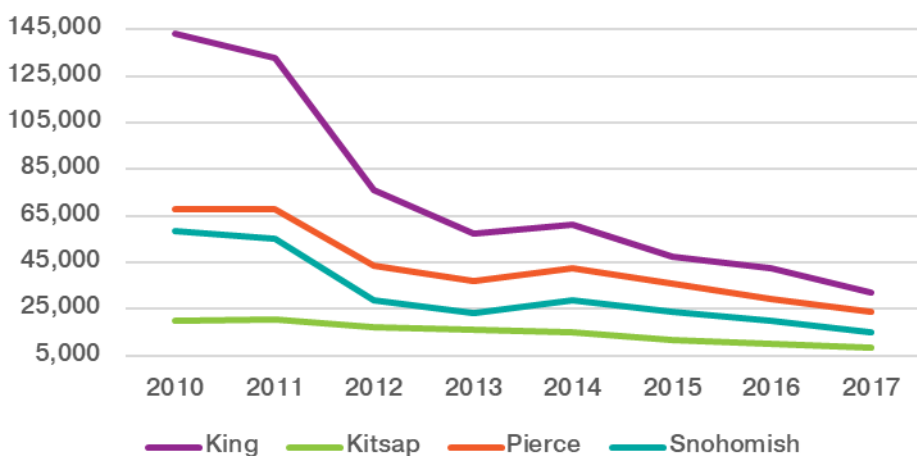
Figure 18: Vacant Units



Source: ACS

The number of available homeownership opportunities, often measured by the inventory of residential properties for sale, is at a historic low. All counties have seen declines, with the most dramatic contraction in for-sale inventory in King County.

Figure 19: For Sale Inventory

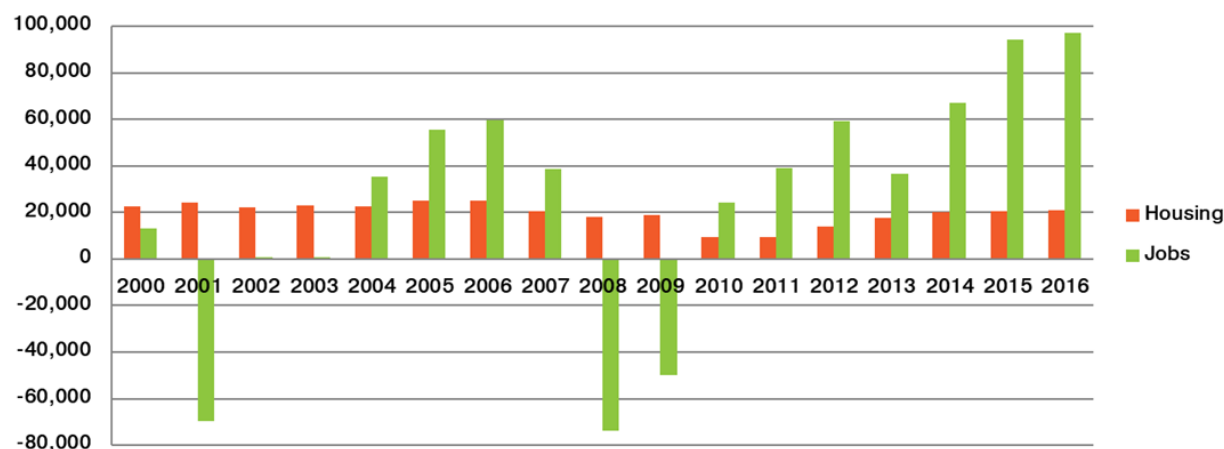


Source: Zillow

6 DEMAND

The central Puget Sound region has experienced sustained employment growth since emerging from the recession in 2010, with exceptionally strong job growth since 2014. This growth has contributed to a surge in the demand for housing.

Figure 20: Annual Change in Jobs and Housing



Source: OFM

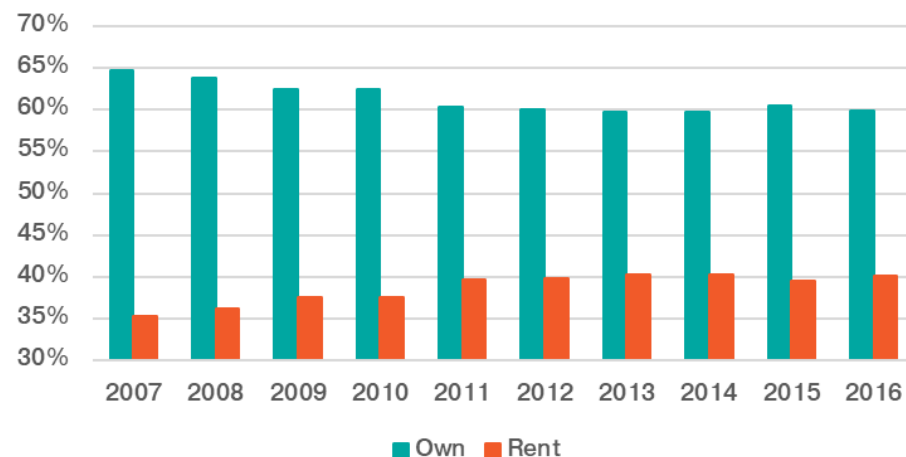
Figure 20 shows annual change in housing and jobs over time. There is not a 1:1 relationship between jobs and needed housing units in any given year. Households often contain more than one worker, and housing response to job growth generally lags over several years, reflecting the time it takes to finance and develop housing. With these caveats in mind, the data show that while housing construction has picked up substantially since a low in 2011, the construction of new housing units is not keeping pace with job growth and is just now approaching pre-recession levels of production.

Job growth, increasing incomes, and changing demographics have all contributed to changing housing demands which are reflected in data on tenure, household formation, and size.

6.1 TENURE

The majority of households in the region, 60%, own their homes. However, the percentage of home owners dropped during the Great Recession and has marginally improved since. One factor driving this trend is the relatively low supply of homes for sale. However, demand factors, such as the influx of job seeking renters and Millennials waiting longer to buy homes than previous generations, are likely in play as well.

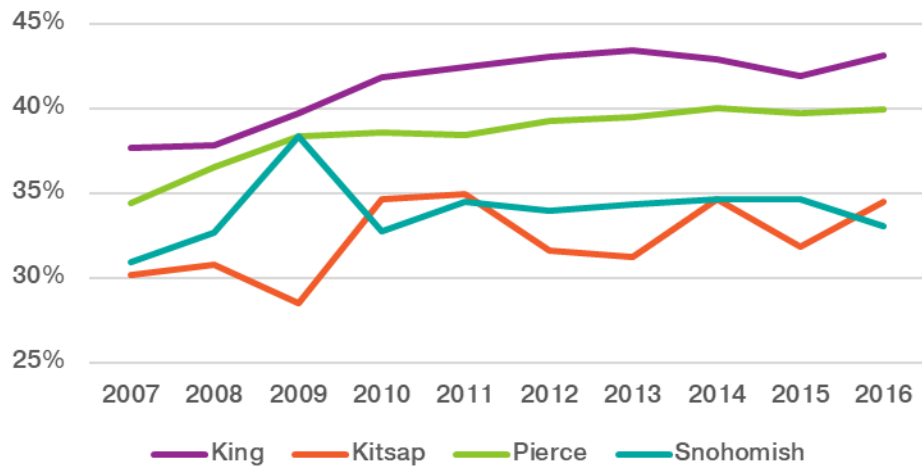
Figure 21: Housing Tenure



Source: ACS

There is some variation in housing tenure at the county level. The percentage of renter occupied housing has grown in all four counties, with the greatest increases in King County and Pierce County. The difference in the percentage of renter occupied housing among the counties has also grown, with a widening gap in renters in King and Pierce counties compared to Kitsap and Snohomish counties.

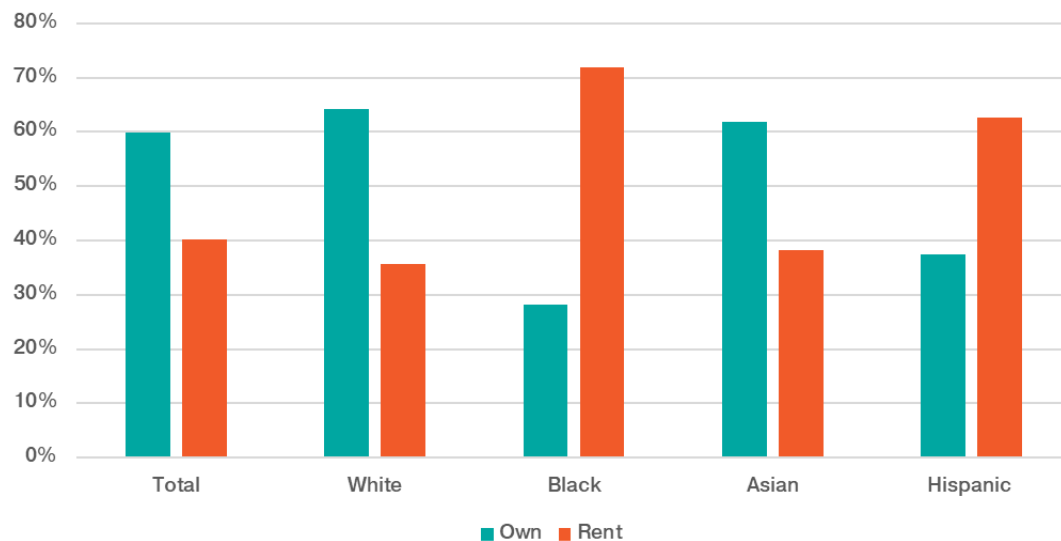
Figure 22: Renter Occupied Housing



Source: ACS, 2018

There are greater variations in housing tenure when analyzed by the race/ethnicity of the households. The majority of Black and Hispanic households are renters, while the majority of White and Asian households are home owners, as shown in Figure 23.

Figure 23: Housing Tenure by Race/Ethnicity

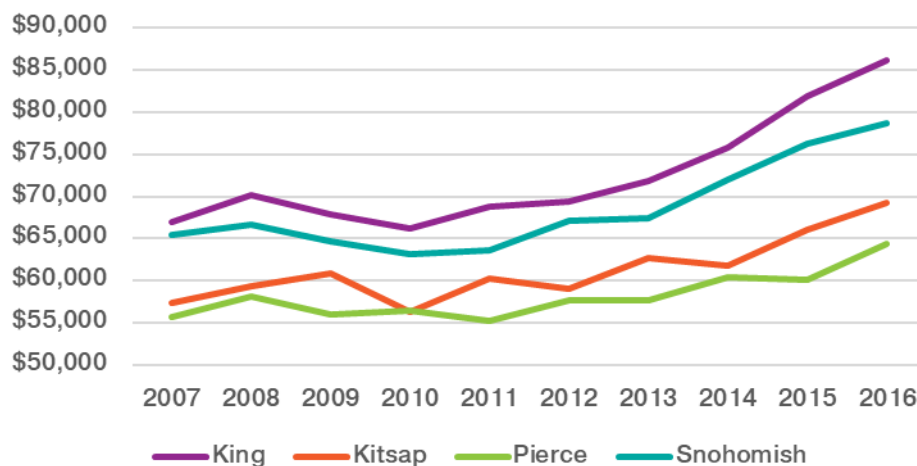


Source: ACS

6.2 INCOME

Income affects a household's ability to purchase or rent a home. Like housing costs, household income varies across the region shaping local housing market conditions. Figure 24 highlights that with the last recession, median household income dipped across the region in 2010 and has climbed since 2011. The gap among median income by county has grown substantially since 2011.

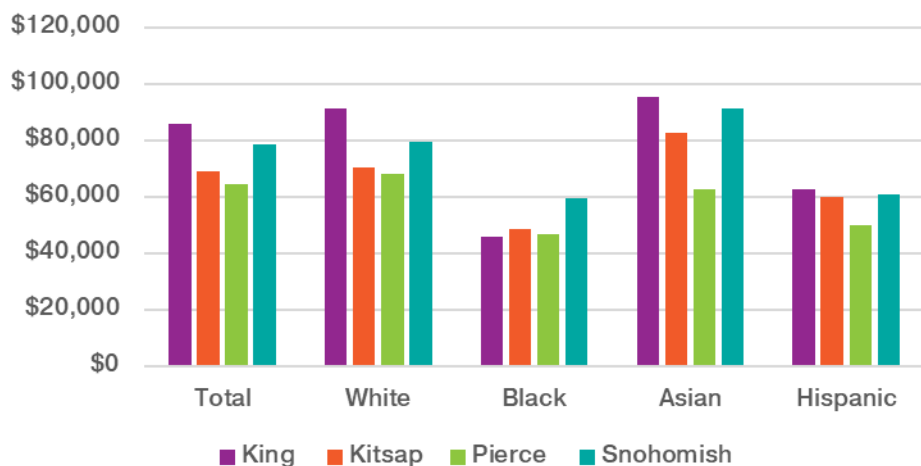
Figure 24: Median Household Income



Source: ACS

There is a strong relationship between race/ethnicity and income. On average, White and Asian households earned over 20% more than Black and Hispanic households, as shown in Figure 25. Black households experience the largest disparity in income of the groups analyzed. Regionwide, a Black household will earn one-third less than the regional median income.

Figure 25: Median Income by Race/Ethnicity



Source: ACS

6.3 WAGES

Data on wages¹⁵ highlight the interactions among affordable housing, regional economic growth, and the experience of actual workers. As summarized below and in Figure 26, sizable disparities exist in wages among industries, impacting the ability of lower paid workers to afford housing in the same market as higher paid workers. In addition, the data show sizable increases in employment in high wage sectors, creating upward pressure on prices and rents.

Most recent available data on wages is for the second quarter of 2017. At that time, the average annual wage across all sectors for the region was \$68,538. Breaking that down by different industry types (sectors)¹⁶ shows that some sectors pay, on average, much higher wages than others.

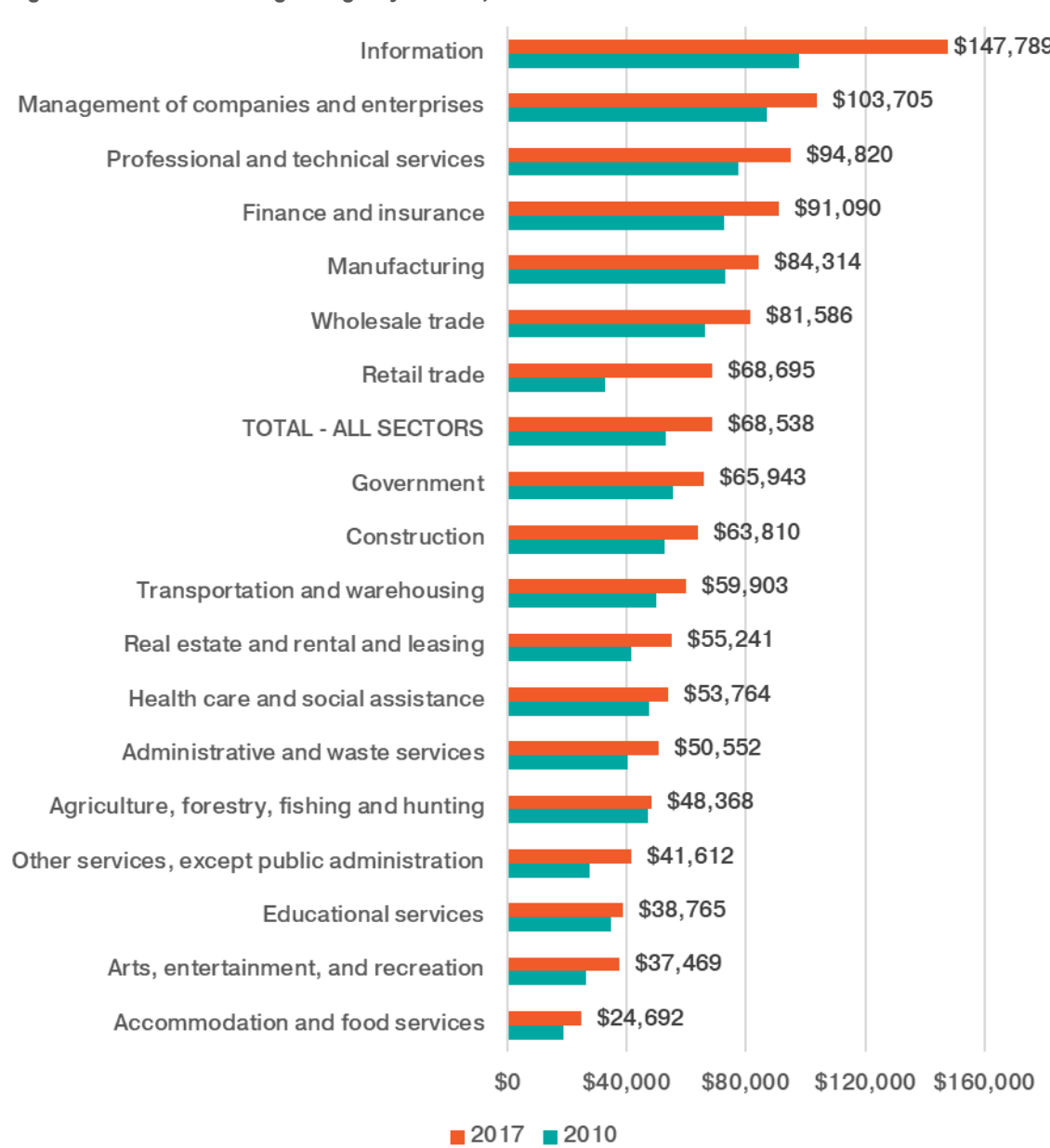
Since the second quarter of 2010, the average annual wage across all sectors for the region increased by \$15,625 or 30%, not adjusted for inflation. Wages in King County grew at a substantially faster rate (34%) compared to the region's other counties: Kitsap (16%); Pierce (16%); and Snohomish (20%). The sectors with the fastest growing wages include: retail trade (110%) which includes online retailers, information (51%), and other services (50%).

While not shown in Figure 26, analysis of wage data by location can help to align housing supply with need. Data on wages associated with different types of jobs concentrated in different parts of the region can make clear the connection between the people who work in communities across the region and their ability to afford housing. Locational wage data can help to plan for housing within commute distance of the region's job centers that meets the affordability needs of the people who work there. PSRC will continue to explore locational wage data.

¹⁵ Data on wage and income are not directly comparable as median household income often represents the earning of more than one job.

¹⁶ Sectors determined by two-digit NAICS code. The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Figure 26: Annual Average Wage by Sector, 2010 and 2017

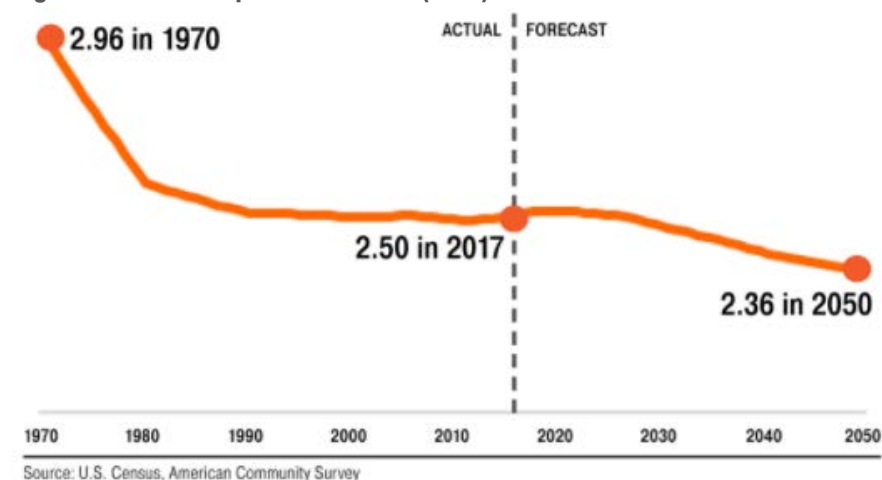


Source: ESD

6.4 HOUSEHOLD SIZE AND FORMATION

The region is projected to add 830,000 households between 2018 and 2050. Average household size is forecasted to decrease to 2.36 people by the year 2050, largely due to the aging of the Baby Boomer generation (Figure 27). Fewer persons per household means greater demand for housing.

Figure 9: Persons-per-Household (PPH) Ratio



Source: U.S. Census, ACS

The majority of households in King and Kitsap counties are comprised of one to two people, and close to one-third of households in King County are people living alone. Snohomish County has the largest percentage of larger households, with nearly one-quarter that are 4+ person households (Figure 28).

Figure 28: Household Size



Source: ACS

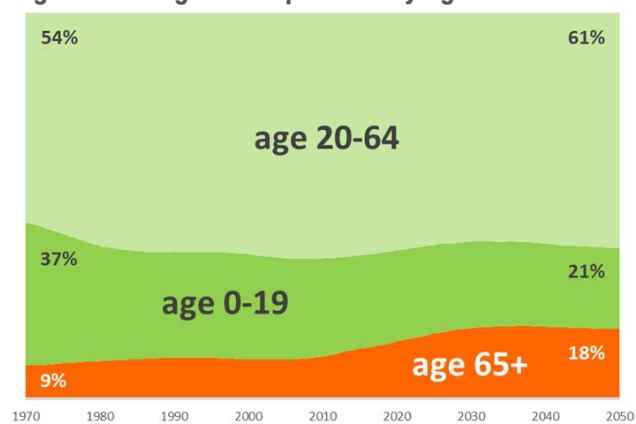
6.5 GENERATIONAL NEEDS AND PREFERENCES

The region is becoming older and more diverse. Changing demographics affect housing demand. Seniors as a share of the region's total population are forecasted to grow from 11% in 2010 to 18% in 2050 (Figure 29). The growing number of seniors will increase the need to improve the accessibility of the housing stock and deliver in-home supportive services.

At the same time, the number of Millennial headed households is expected to triple nationally by 2035. However, the number of people forming new households for ages 18-24 and 25-34 are

especially low in less affordable markets such as the central Puget Sound, so the region may not see an increase of this scale.¹⁷

Figure 29: Regional Population by Age



Source: ACS, PSRC

As the region becomes more diverse¹⁸, with more minority households and first and second-generation immigrant households, the increased diversity of Millennials and the working age cohort may create demand for multigenerational living.

6.6 JOBS-HOUSING BALANCE

Jobs-housing balance is a planning concept which advocates that housing and employment be close together to reduce the length of commute travel or vehicle trips altogether. A lack of housing, especially affordable housing close to job centers, will push demand for affordable homes to more distant areas, increasing commute times.

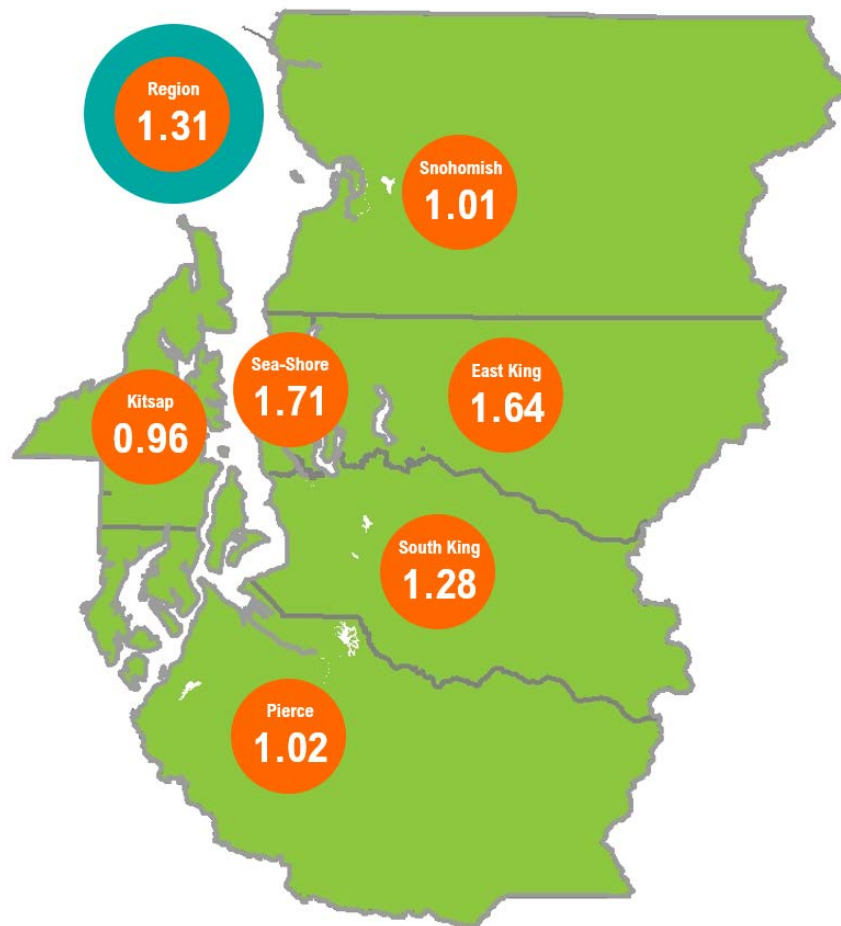
A jobs-housing ratio compares the number of jobs in relation to the number of housing units in a given area. A “balance” of jobs and housing is attained where a community or market area attains roughly the regional average ratio. The regional jobs-housing ratio in 2016 was 1.31. This is roughly equivalent to the regional ratio in 2008 (1.32), which was the “high water” mark for the last economic upcycle. It’s considerably higher than it was in 2010/2011 (1.20/1.21), which was the “low water” point during the Great Recession

Figure 30 highlights variation in jobs-housing ratio among major subareas of the region. Sea-Shore (1.71) and East King (1.64) have the highest ratios of the six subareas, indicating they are relatively employment-rich areas. Meanwhile the ratios for Kitsap (0.96), Snohomish (1.01) and Pierce (1.02) are lower, indicating that they are relatively housing rich. South King (1.28) is roughly equivalent to the regional average.

¹⁷ Joint Center for Housing Studies of Harvard University. (2017). The State of the Nation’s Housing 2017. Available http://www.jchs.harvard.edu/research/state_nations_housing.

¹⁸ People of color today comprise 35% of the region’s total population, more than double the share in 1990 (15%). The region has been diversifying at a far faster pace than the nation as a whole.

Figure 30: Subarea Jobs-Housing Ratios, 2016



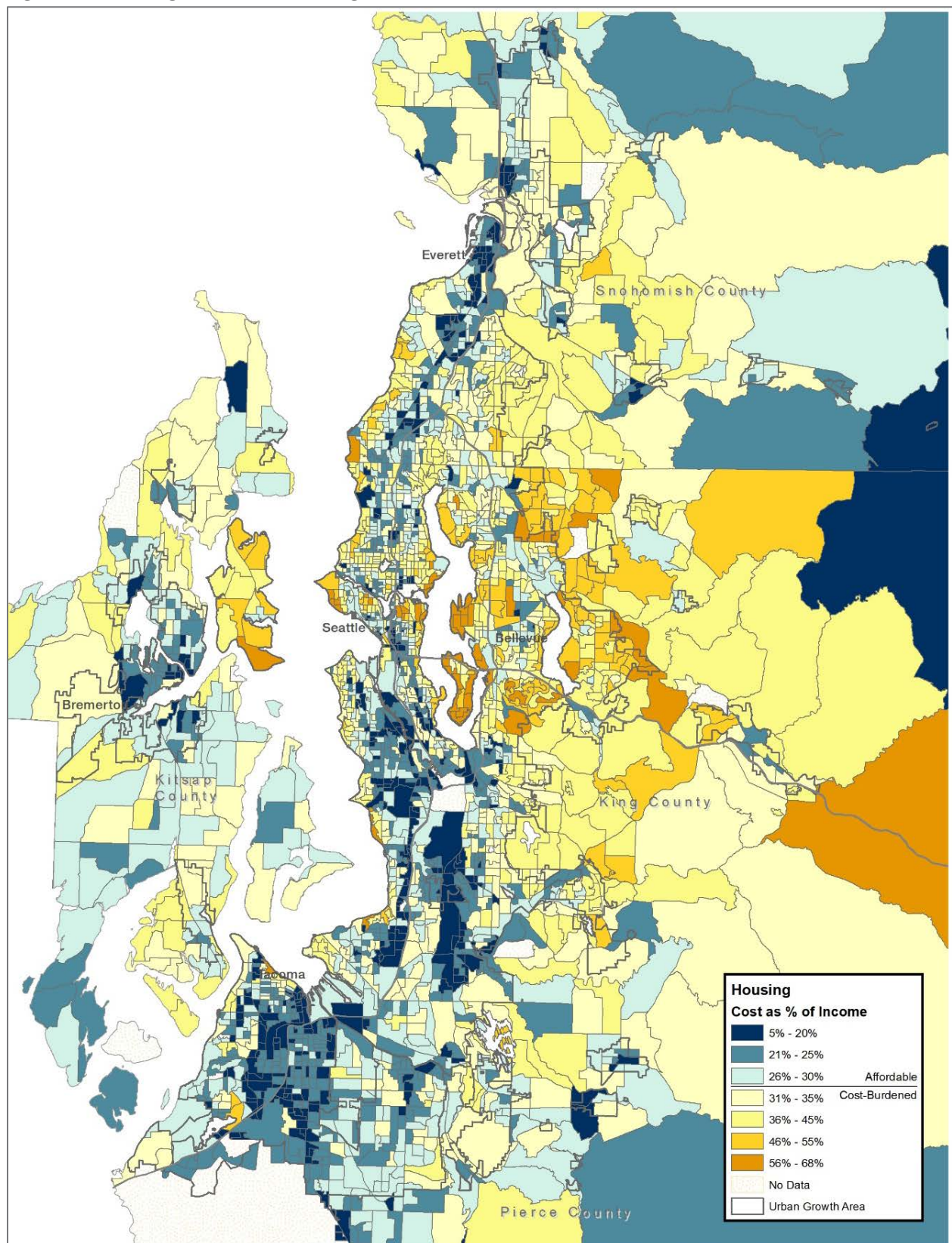
Source: OFM, PSRC

6.7 HOUSING AND TRANSPORTATION

Since 1984, the Bureau of Labor Statistics has reported that transportation costs are the second largest expense for households after housing.¹⁹ A more complete understanding of household cost burden looks at housing and transportation costs together (H+T). A household is considered cost burdened if their combined housing and transportation costs exceed 45% of their income. Factoring in the recommended 30% of income spent on housing, the formula allows for 15% of a household's income to be spent on transportation costs. The maps in Figures 31 and 32 show estimated housing and housing plus transportation affordability for a household earning the area median income.

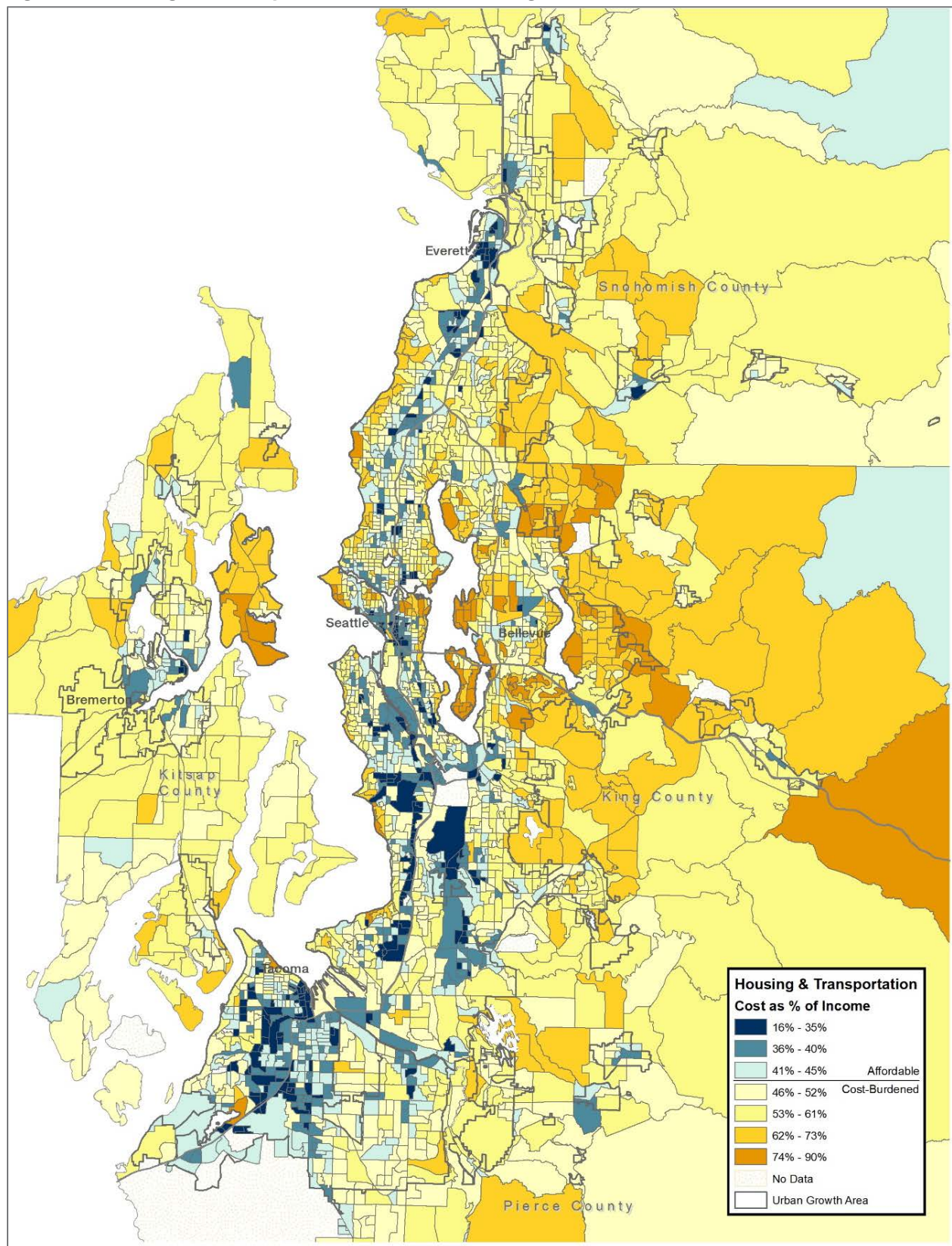
¹⁹ Bernstein, Scott, Carrie Makarewicz, and Kevin McCarty. (2005) *Driven to Spend*. Available at: http://www.busadvocates.org/articles/householdcosts/Driven_to_Spend_Report.pdf

Figure 31: Housing Costs as Percentage of Income



Source: Center for Neighborhood Technology

Figure 32: Housing and Transportation Costs as Percentage of Income



Source: Center for Neighborhood Technology

For the central Puget Sound region, the typical household spends 50% of its income on transportation and housing. Housing accounts for 31% of these expenses with the remaining 19% attributed to transportation costs.²⁰ This far exceeds the suggested 45 percent of income criterion and demonstrates that many households in the region are cost burdened not only by housing costs, but also by transportation.

Housing and transportation costs are generally lower along the I-5 corridor, in areas well-served by transit, and in sections of south King County, Tacoma, and areas of western Pierce County. Costs are higher in east King County, Bainbridge Island, and more rural areas farther from major transportation corridors.

As housing costs rise, many households are forced to move to less expensive housing that is often farther from jobs, services, and their established communities. Thus, while moving farther afield may lower housing costs, the added transportation costs (fuel, time, need for additional vehicles, etc.) may not lower costs overall.

7 HOUSING AFFORDABILITY

Affordable housing²¹ is commonly defined as housing costs not exceeding 30% of household income. Paying more than 30% of income on housing costs reduces a household's budget available for other basic necessities.

With increasing incomes and a surge in demand for housing, the region is experiencing an affordability crisis not seen since the Second World War.²² Many middle and lower income households struggle to find housing that fits their income in an increasingly competitive and expensive housing market. As affordable housing options become scarce, households are forced to move farther from their jobs and communities, resulting in increased traffic congestion, and fragmentation of communities.

Many types of households struggle with housing costs

3 person HH earning 30% AMI

- > Full-time worker earning \$12/hr
- > Cashier earning \$25,401
- > Home health aid earning \$25,864

2 person HH earning 50% AMI

- > Full-time worker earning \$16/hr
- > Teacher earning \$37,447
- > Restaurant cook earning \$30,281

4 person HH earning 80% AMI

- > Two full-time workers each earning \$33/hr or one full-time worker earning \$17/hr
- > Accountant earning \$69,940
- > Office clerk earning \$37,566 and a security guard earning \$32,427

Courtesy: Community Attributes, King County Regional Affordable Housing Task Force
Source: King and Snohomish Counties, WA ESD, 2017

²⁰ Center for Neighborhood Technology. (2017) *H+T Fact Sheet MPO: Puget Sound Regional Council*. Available at: <http://htaindex.cnt.org/fact-sheets/?lat=47.6062095&lng=-122.3320708&focus=mpo&gid=172#fs>

²¹ This paper refers to "affordable housing" as any housing that meet the threshold of not exceeding 30% of a household's income. Housing that is deemed affordable because of subsidies or income/rent restrictions is expressly noted.

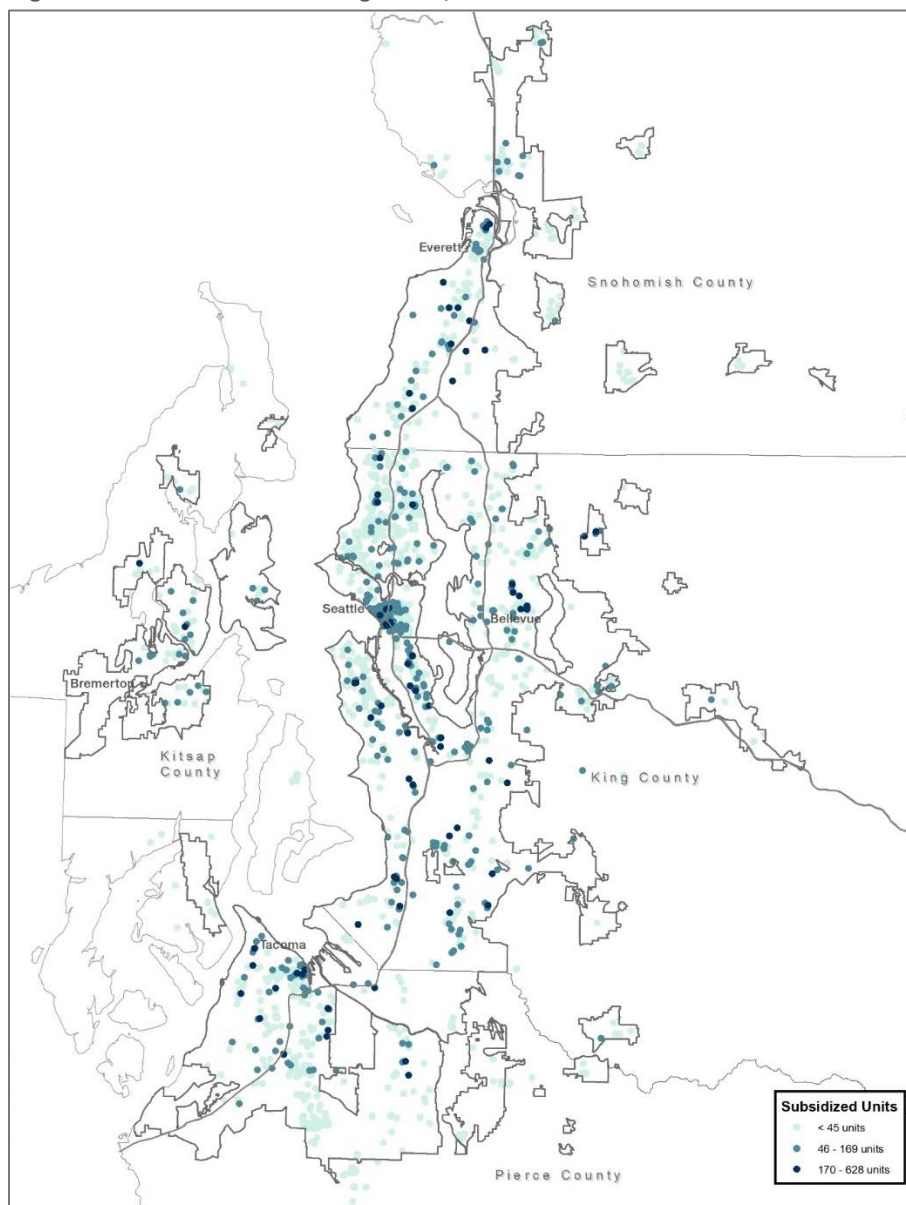
²² City of Seattle. (2015) Housing Affordability and Livability Agenda. Available at http://murray.seattle.gov/wp-content/uploads/2015/07/HALA_Report_2015.pdf

7.1 SUBSIDIZED HOUSING

Homes provided by the private market are an integral part of housing in the region. However, the private market alone cannot provide housing for all residents. Subsidized units – made possible with federal, state, and local funding and incentives that ensure long-term rent or income restrictions – provide affordable housing that the private market cannot. Rent restrictions are typically set at 30% of the household's income, meaning that, ideally, no one living in a subsidized unit is cost burdened. Subsidized units are typically targeted to meet the needs of low and very low-income households as well as who need specific services.

There are subsidized units located throughout the region, with the majority concentrated in the region's five Metro cities: Seattle, Bellevue, Tacoma, Everett, and Bremerton.

Figure 33: Subsidized Housing Units, 2010



Source: PSRC Regional Subsidized Housing Database

As summarized in Figure 34, a recent regional inventory of subsidized units tallied nearly 110,000 across the four counties.

Figure 34: Regional Subsidized Housing Inventory, 2014²³

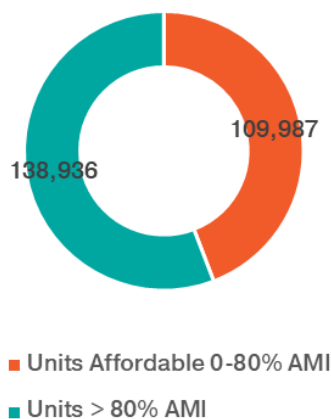
	Region Total
Number of Projects	2,356
Total Units	109,769
Total Units Affordable to HH Earning Less than 30% AMI	29,137
Total Units Affordable to HH Earning Between 31%-51% AMI	24,285
Total Units Affordable to HH Earning Between 51%-80% AMI	27,062
Total Units Affordable to HH Earning Between 81%-100% AMI	1,410
Total Studio and 1 Bedrooms	39,940
Total 2 Bedrooms or more	34,543

Source: PSRC Regional Subsidized Housing Database, 2014

7.2 MARKET RATE AFFORDABLE RENTAL UNITS

Many lower cost rental units in the private market provide “naturally occurring” affordable housing. These units are often older, in smaller developments, and located farther from jobs and services. For the sake of this analysis, a market rate unit that is affordable for a household earning 80% AMI or less is considered affordable²⁴. Of the market rate multifamily rental units surveyed by Dupre + Scott Apartment Advisors in the spring of 2017²⁵, 44% of these units are affordable to households earning 80% AMI or less (Figure 35).

Figure 35: Market Rate Multifamily Rental Units Surveyed by Dupre + Scott



Source: Dupre + Scott

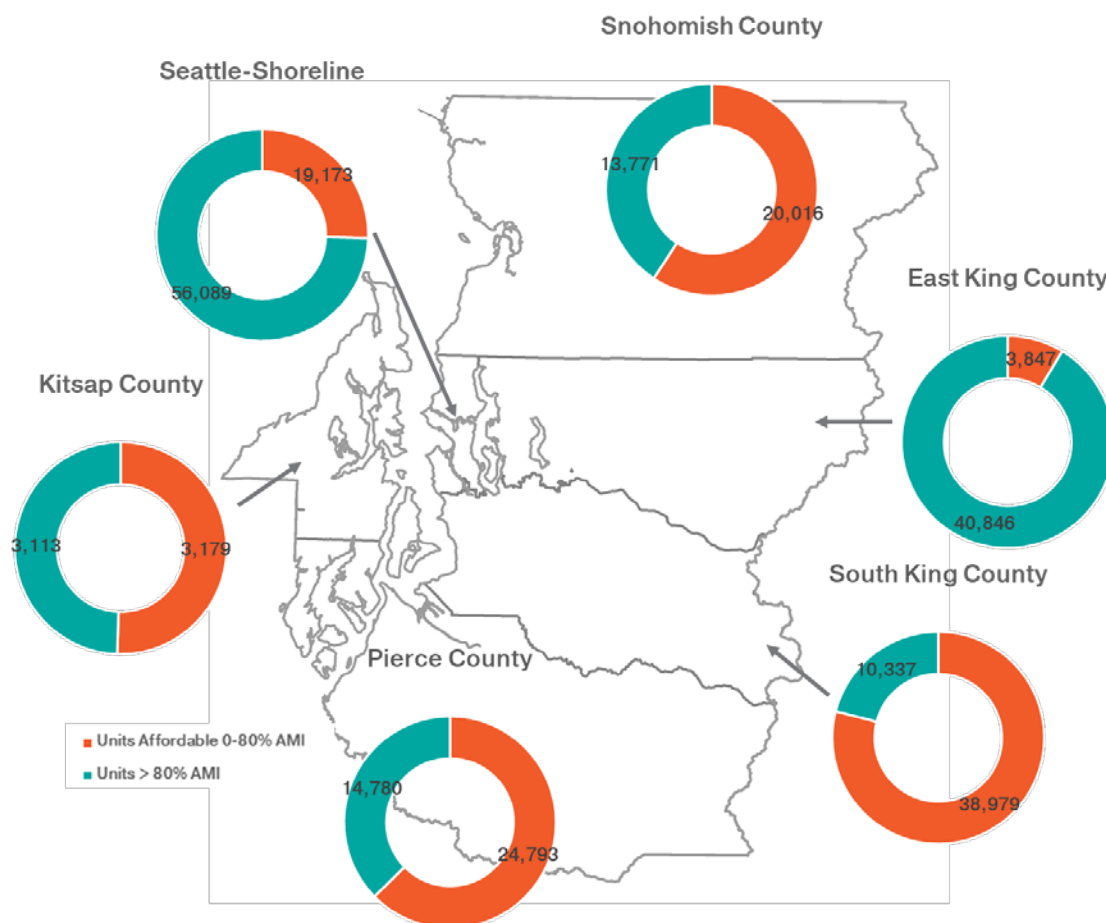
²³ The subsidized housing subtotals do not equal the total number of units due to missing information on unit size and affordability for some records in the database.

²⁴ Affordable monthly rent for a household at 80% AMI is \$1783 in King County; \$1390 in Kitsap County; \$1305 in Pierce County; and \$1612 in Snohomish County.

²⁵ Dupre + Scott surveys rent in occupied “market rate” apartments, not retirement, rental condos, or tax credit/subsidized properties catering to those earning 60% or less of median income. Also excluded are micro units; however, Small Efficiency Development Units (SEDUs) are included when they have a sink in both the kitchen and bathroom.

There is substantial variation in the amount of naturally occurring affordable rental units across the region, as shown in Figure 36. Most multifamily rental units in South King County (79%) are naturally occurring affordable housing. East King County has the smallest percentage of naturally occurring affordable rental units with less than 9% of market rate rental units affordable to households earning 80% AMI or less.

Figure 36: Market Rate Multifamily Rental Units by County, 2017



Source: Dupre + Scott

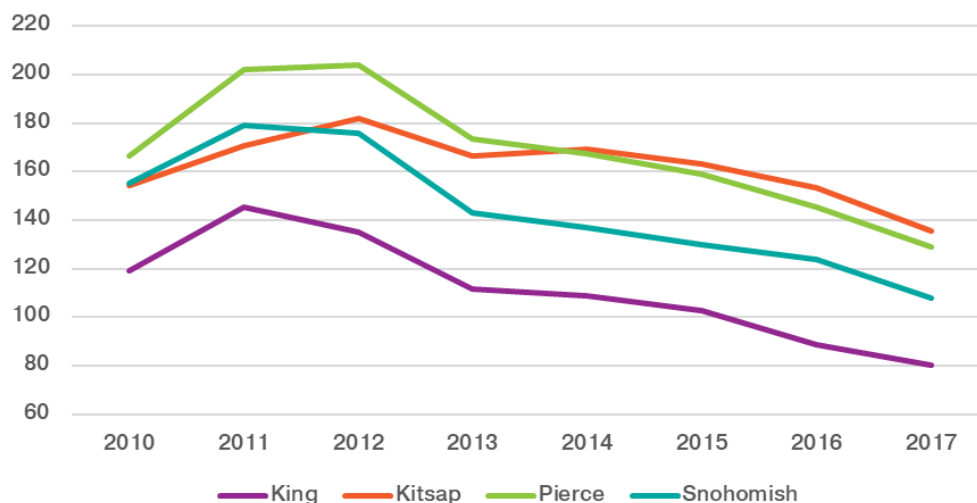
The amount of naturally occurring affordable housing can change very quickly as the lower rents are not a requirement, but rather a reflection of the market and building conditions. As properties redevelop and neighborhoods become more attractive to higher income households, naturally occurring affordable units become more expensive through rent hikes or are often replaced with higher priced rentals.

7.3 HOME OWNERSHIP

Homeownership opportunities are becoming less accessible to middle and lower income households. The Washington Center for Real Estate Research maintains a Housing Affordability Index (HAI) to track, at the county-level, the affordability of the median priced detached single-family home for the typical family earning median family income (HAMFI). An index of 100 indicates

balance between income and home prices; higher indices indicate greater affordability, and lower indices indicate less affordability. Quarterly indices indicate that affordability has been decreasing across all four counties. King County has been below the 100 threshold over the last two years, while the other three counties have remained above (Figure 37).

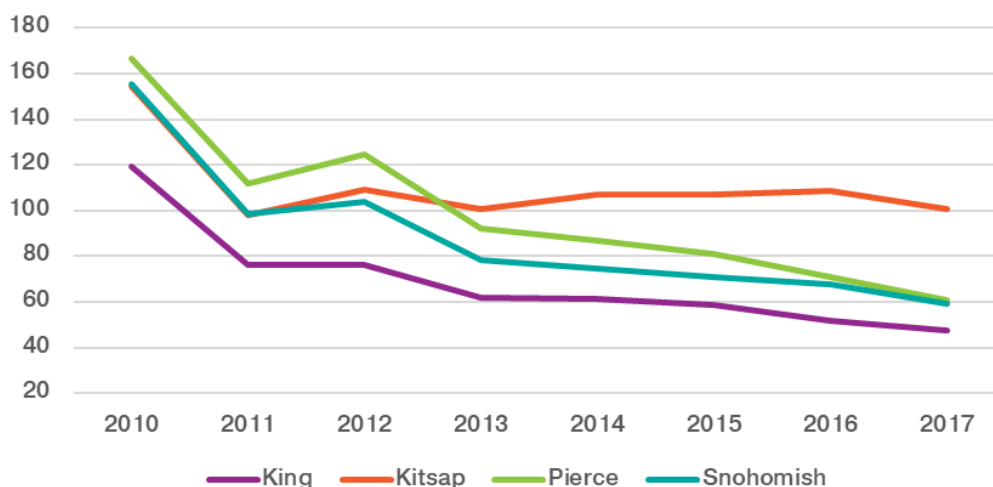
Figure 37: Housing Affordability Index



Source: WCRER

The First Time Buyer Housing Affordability Index²⁶ shows King, Pierce and Snohomish counties substantially below the “balance” threshold, and Kitsap right at 100. The lower index numbers in Figure 38 highlight the increasing difficulty for prospective first-time buyers to own a home.

Figure 38: Housing Affordability Index - First Time Buyer



Source: WCRER

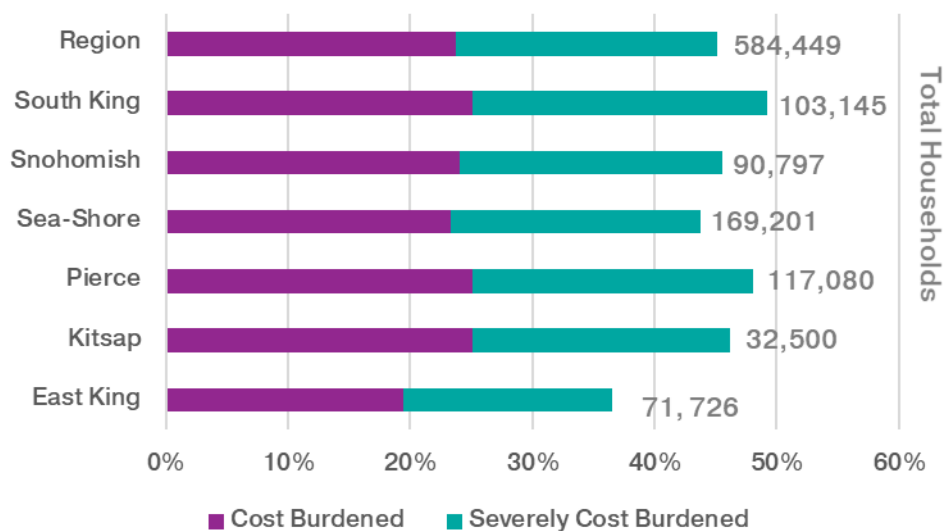
²⁶ The first-time buyers index assumes a household earning 70% of median household income, home at 85% median price, lower down payment assumption and additional cost for mortgage insurance.

7.4 COST BURDEN

A household is considered cost burdened if it pays more than 30% of its income on housing. This includes rent or mortgage payments, and utilities. A household is considered severely cost burdened if it pays more than 50% of its income on housing. Cost burden is a relative metric; a high-income cost burdened home owner is most likely in different financial position than a low-income cost burdened renter as lower-income individuals have less disposable income to manage changing housing costs and cover other household expenses.

Across the region, about 30% of homeowners and 45% of renters are cost burdened or severely cost burdened. Generally, renters across the region experience higher levels of cost burden than home owners. Close to half of all renters in South King County and Pierce County are cost burdened (Figure 39).

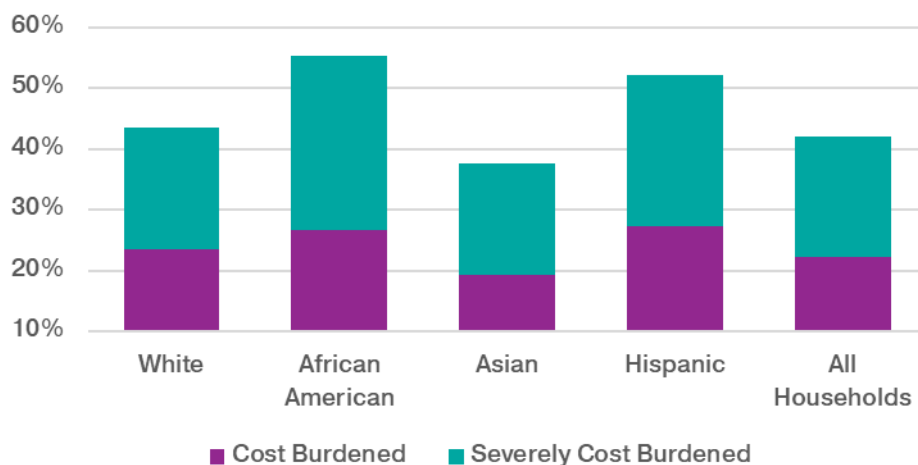
Figure 39: Cost Burdened Renters, 2014



Source: CHAS

Cost burden varies by the race/ethnicity of households, as highlighted in Figure 40. Overall, African American and Hispanic households are more likely to be cost burdened, regardless of housing tenure.

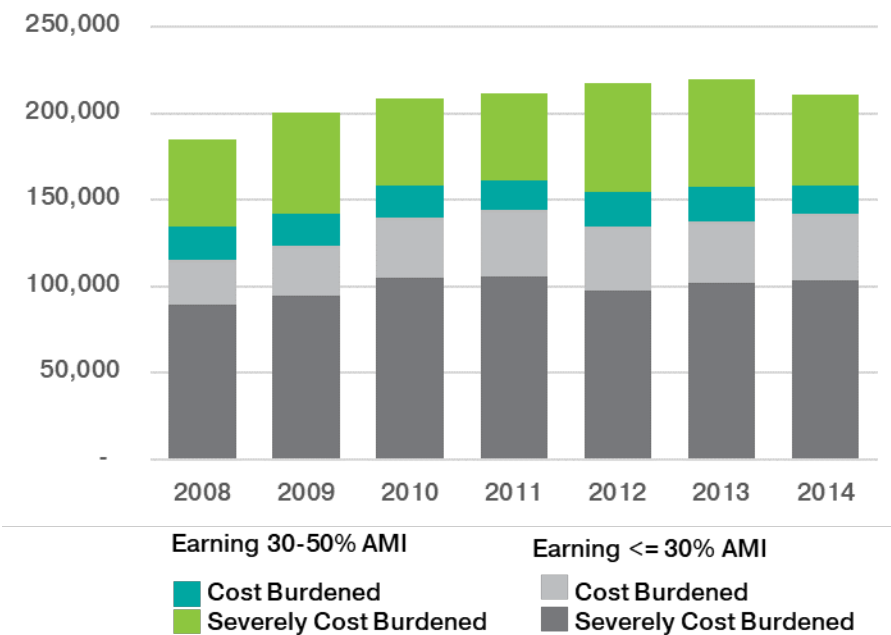
Figure 40: Cost Burdened Renters by Race/Ethnicity, 2014



Source: CHAS

The number of low-income cost burdened households is increasing (Figure 41). More than 100,000 low-income renters pay more than 50% of their income on housing. These households are often the most at risk to lose their housing and experience homelessness. National research shows a connection between rent increases and homelessness; a \$100 increase in rent is associated with an increase in homelessness of between 6% and 32%.²⁷

Figure 41: Low-Income Cost-burdened Renters



Source: US Census, PUMS

²⁷ Housing Development Consortium. (2018). <https://www.housingconsortium.org/>

7.5 DISPLACEMENT

Displacement occurs when housing or neighborhood conditions force residents to move. Displacement can be physical, when building conditions deteriorate – or economic, as costs rise. Communities of color and renter neighborhoods are at a higher risk of displacement.²⁸

Gentrification is the influx of capital and higher-income, more highly-educated residents into lower income neighborhoods. Gentrification may not precede displacement although it is often assumed to be a precursor. Depending on the local and regional context, displacement may precede gentrification or the two may occur simultaneously.²⁹ Several key factors drive gentrification and displacement: proximity to rail stations, jobs centers, historic housing stock, and location in a strong real estate market. Gentrification and displacement are regional issues as they are inherently linked to shifts in the regional housing and job market.³⁰

Changes in neighborhood characteristics can help to identify areas where displacement may be occurring. Figures 42 and 43 show two such factors: the change in percentage of white non-Hispanic residents and the change in median household income at the Census Tract level³¹. Tracts that became more White and saw an increase in household income may be experiencing displacement as lower-income residents of color are forced to move as local market conditions change. Areas with documented displacement, including the Central District in Seattle, and the Hilltop neighborhood in Tacoma both saw an increase in White residents and higher median household income, indicating a change in the demographics of the residents who can afford to live in these neighborhoods.

This early work paints only a partial picture and does not represent the spectrum of experiences of lower-income communities of color and how they are affected by growth and growing gaps in wealth in the region.

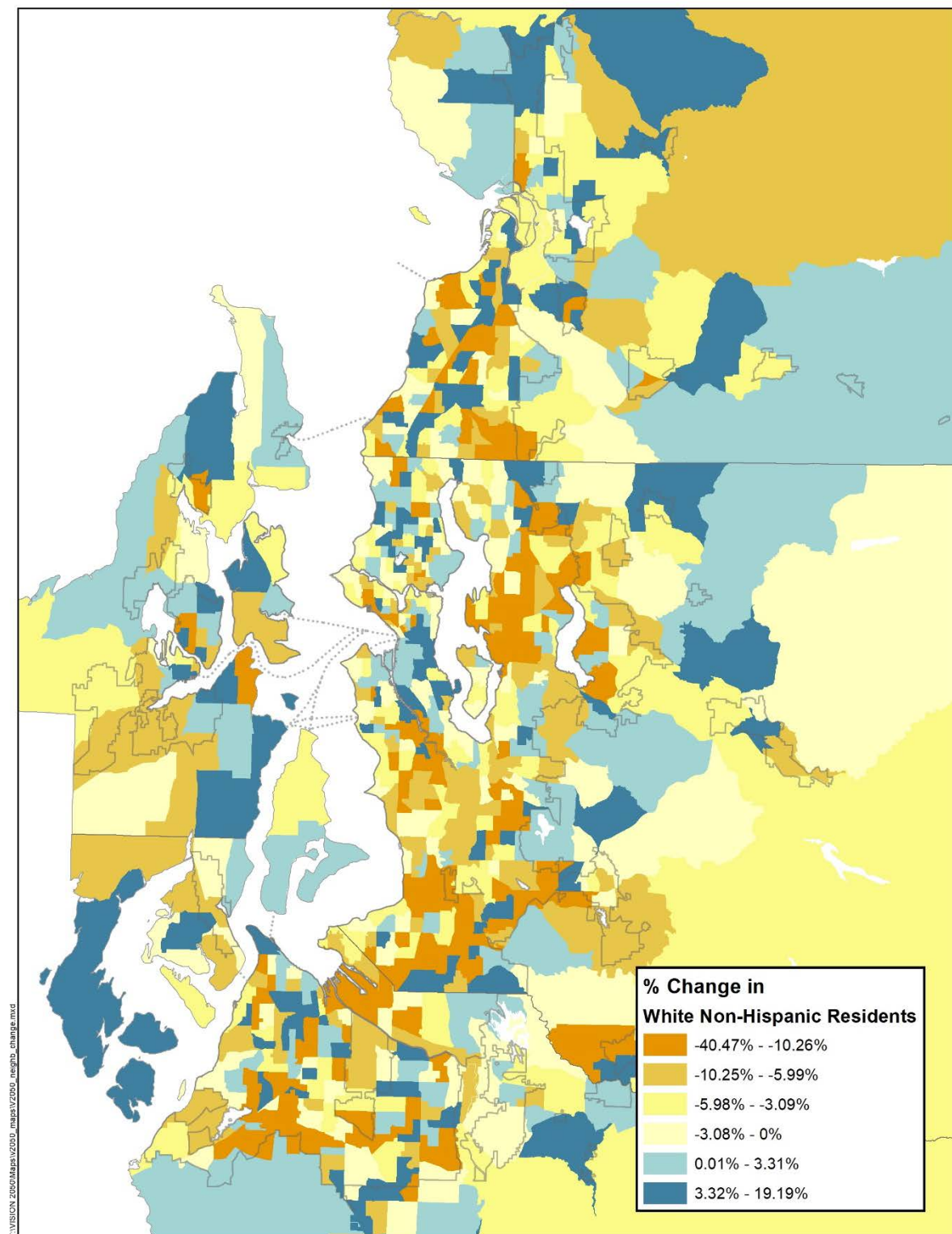
²⁸ University of California Berkeley. (2015). Urban Displacement Project. Available at http://www.urbandisplacement.org/sites/default/files/images/urban_displacement_project_-_executive_summary.pdf

²⁹ Ibid.

³⁰ Ibid.

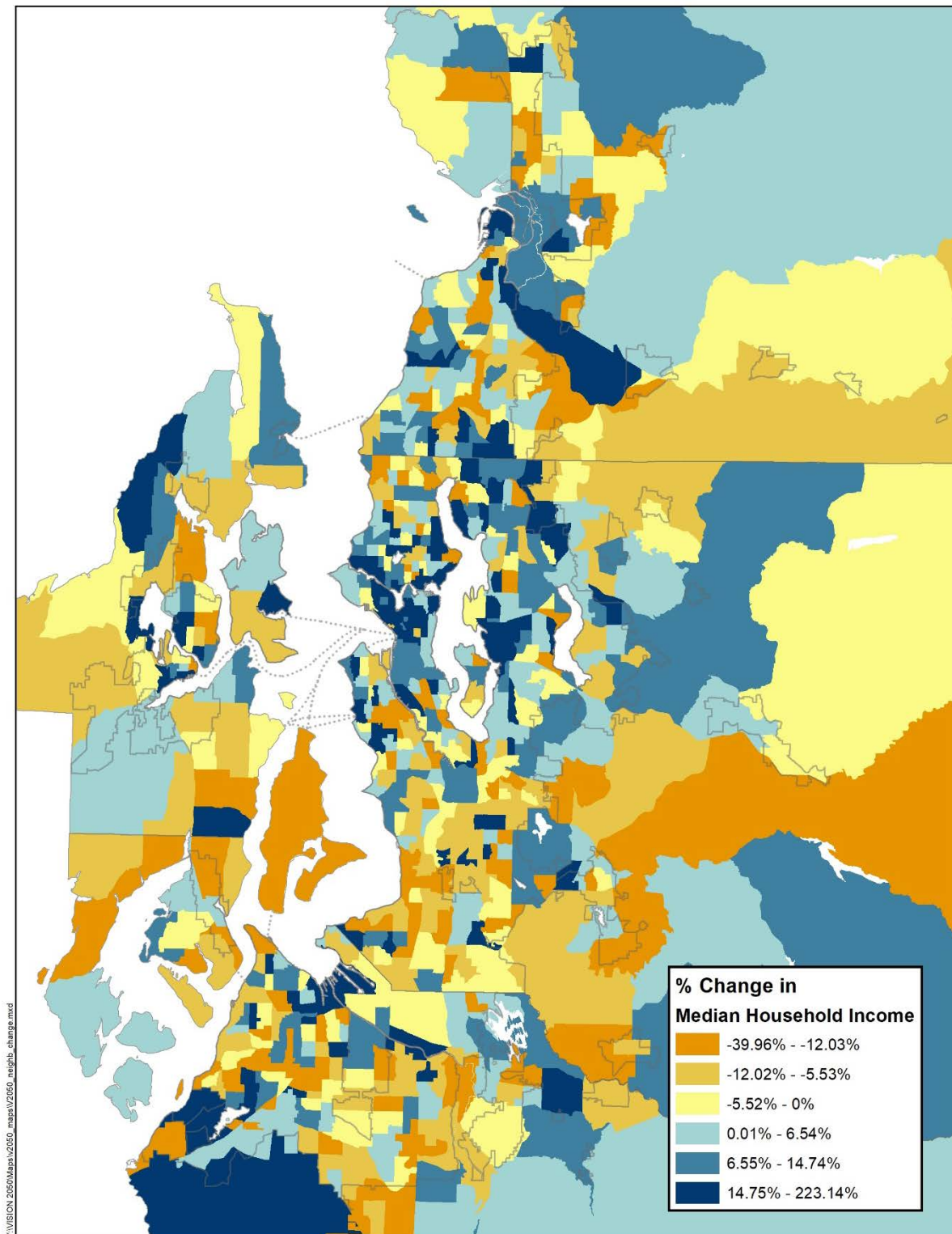
³¹ The neighborhood change maps use 5-year estimates from the American Community Survey (ACS) mapped at the census tract level. The two periods used to evaluate changes are 2006-2010 and 2012-2016. These multi-year estimates do not represent what was going on in any particular year in the period. Rather, they are average values over the full time period. As such, the 2006-2010 5-year estimates are averages over a period that includes both pre- and post-recession years. Similarly, the 2012-2016 estimates are averages that span the beginning of the economic recovery as well as the current boom.

Figure 42: Percent Change in White, Non-Hispanic Residents



Source: ACS

Figure 43: Percent Change in Median Household Income



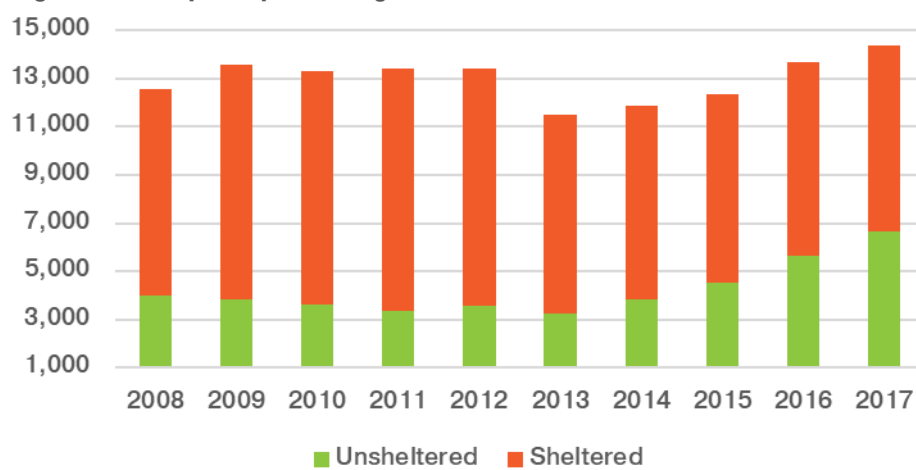
Source: ACS

7.6 HOMELESSNESS

Once thought of as an inner-city issue, homelessness is a concern for every central Puget Sound community, small and large, urban and suburban. While housing costs are one of myriad reasons people experience homelessness, there is a close correlation between the growing number of people experiencing homelessness with rising housing costs.³²

The annual Point-in-Time Count is a blitz count of sheltered and unsheltered people experiencing homelessness on one night³³. Since 2008, the number of people without shelter increased 18%, driven by the number of unsheltered people nearly doubling in Pierce and King counties.

Figure 44: People Experiencing Homelessness



Source: Point in Time Count: King County, Kitsap County, Pierce County, Snohomish County

7.7 HOUSING NEED

PSRC's recent draft forecast anticipates the region will add about 1.8 million more people by 2050. That growth will result in about 830,000 new households. While most current residents have been able to rent or purchase a home, many are living in homes that are beyond their financial means or do not meet needs, such as those that are too small for their family size or lack accommodation for aging residents. A significant challenge facing the region is to produce enough new housing units as the population grows, and to provide more affordable housing that matches the needs of current residents.

Future household incomes cannot be accurately predicted but are likely to be similar to those today. Today, 31% of the region's households pay at least 30% of their income towards housing, and 60% of these cost-burdened households are moderate to low-income. In the future, demand by lower income households is anticipated to be similar to today, with 27% of households very low income and 45% low income.³⁴

³² Glynn, Chris, and Emily B. Fox. (2017). *Dynamics of homelessness in urban America*. Available <https://arxiv.org/abs/1707.09380>.

³³ Blitz count data is somewhat volatile as the geography and ability to count people changes from year to year. Additionally, the collection methodology has changed since 2008

³⁴ 2016 ACS 1-YEAR PUMS.

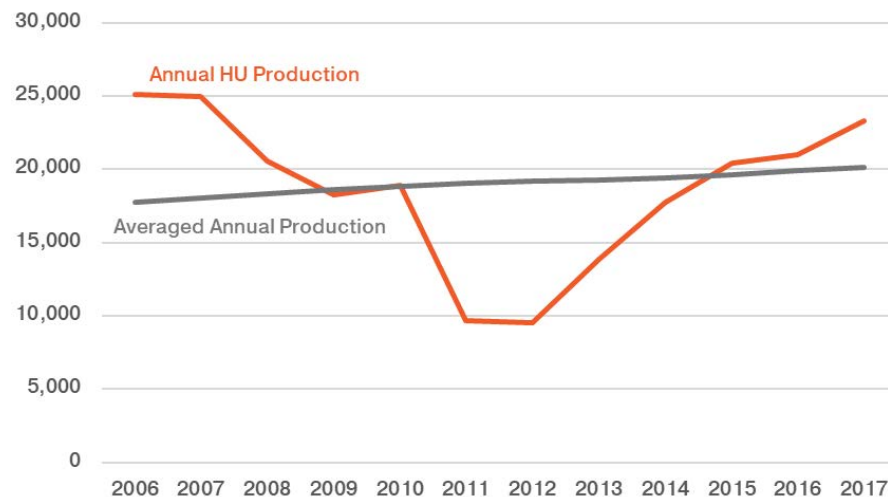
Applying these shares to the future needs of 830,000 additional households in the region means that the region needs to house more than 370,000 households at 80% or less of area median income by 2050 (Figure 45).

Figure 45: Anticipated Households Growth by Income Group



Assuming a constant rate of growth of 1.22%, housing these new residents would require the region to produce about 20,500 housing units in 2018 and growing to 30,300 units per year in 2050. In 2017, approximately 23,300 housing units were produced, exceeding the annual production need. However, this current increase in production follows a long, slow economic recovery when housing production did not keep up with demand. To serve different household incomes, the region should be producing about 9,225 a year that are accessible to those earning 80% of the area median income or less. Of that amount, more than 5,500 new housing units are needed each year for very low-income households earning less than 50% of the area median income.

Figure 46: Housing Production vs. Average Annual Production

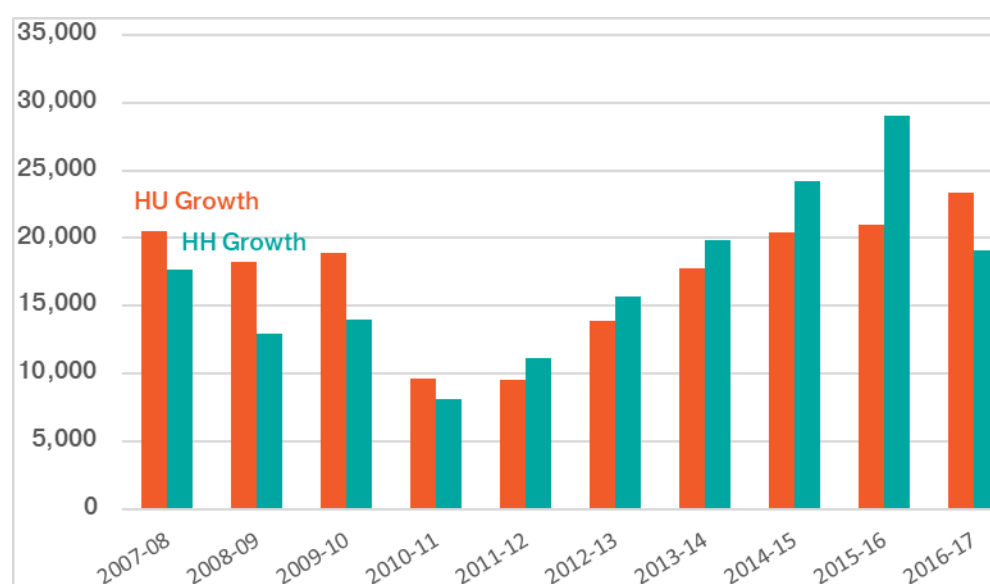


Source: OFM

While the current production rate is higher than the average annual need, the market has yet to make up for the slow growth in years directly following the recession. Those years resulted in the market producing about 26,000 units fewer than average over the period from 2009-2014, as highlighted in Figure 46. Increased production in recent years made up about 5,000 units of that gap period, but current production levels will require as many as seven more years to make up for the impact of the recession.

Meanwhile, strong employment growth has resulted in household growth that has accelerated more quickly than housing unit production, causing shrinking vacancies, quicker sales, and a tighter housing market (Figure 47). These factors lead to pressure on housing prices and rents. While the current annual housing production rate, if maintained, is expected to eventually catch up, it is currently not producing housing as fast as new employees are being hired.

Figure 47: Housing Production + Household Growth 2007-2017



Source: OFM

Over the long term, providing a variety of housing options affordable to a range of incomes has the potential to alleviate cost burden, specifically for low-income households, and provide greater opportunities for households to live in homes that meet their needs, now and in the future.

8 HOUSING IN VISION 2040

Inclusion of a separate chapter on housing was an important change in VISION 2040. Previously, VISION 2020 had included a few housing-related policies within the broader context of land use and growth patterns, but did not comprehensively address housing issues in a regional context.

VISION 2040 encourages housing production that meets existing and future needs. It places a major emphasis on the location of housing and promotes fair and equal access to housing. VISION 2040 calls for preserving and expanding housing affordability, incorporating quality and

environmentally friendly design in homebuilding, and offering healthy and safe home choices for all the region's residents.

The multicounty planning policies (MPPs) address housing diversity and affordability, jobs-housing balance, and best practices for residential development. VISION 2040 encourages the construction, preservation, and ownership of a variety of homes – including for special needs and middle- to low-income households. The regional plan recognizes the importance of having employment, services, and transportation options close to home. Increasing housing choices and opportunities in regional growth centers and employment centers aims to improve efficiency and mobility and strengthen the region's economy.

VISION 2040 includes two actions to support housing goals and policies: developing a regional housing strategy, including a regional needs assessment, and establishing a regional housing program to support that strategy. Taken together, these actions were envisioned as core elements of a coordinated regional approach to housing with PSRC complementing and adding value to local housing efforts. As described below, significant progress has been made since 2008 on various elements of the work associated with the economic development work plan, tools for equitable transit-oriented development, and technical assistance for local GMA plan updates. However, during the recession and early years of recovery, housing affordability became a lower priority for regional action. The VISION 2050 update is an opportunity, particularly in the housing actions, to renew efforts to bring existing and new work together around a sustained regional strategy for housing and housing affordability.

Regional Housing Strategy: H-Action-1 The Puget Sound Regional Council, together with its member jurisdictions, housing interest groups, and housing professionals, will develop a comprehensive regional housing strategy. The housing strategy will provide the framework for a regional housing program (see H-Action-2, below) and shall include the following components:

1. A regional housing needs assessment
2. Strategies to promote and/or address: housing diversity, housing affordability, special needs housing, centers and workforce housing, innovative techniques, and best local housing planning practices
3. Coordination with other regional and local housing efforts
 - Short-term / H-1 through 9
 - Results and Products: regional housing strategy

Soon after the adoption of VISION 2040, PSRC engaged regional partners in housing strategy work spearheaded by the Prosperity Partnership. In 2008, the Regional Housing Strategy Working Group of the Prosperity Partnership proposed a work plan for a Housing Education and Technical Assistance Program (HETAP), funded by a \$86,000 federal grant to support local governments in their efforts to enact regulations and incentives promoting the production and preservation of affordable housing choices near job centers for workers at all wage levels. PSRC's Growth Management Policy Board adopted the HETAP work in 2008.

Central to the HETAP work program was the development of an online comprehensive housing toolkit of housing best practices and affordable housing tools, later titled the Housing Innovations Program (HIP). PSRC contracted with a consultant from 2009-11 to research effective affordable housing tools and resources, develop the [online toolkit](#), conduct a survey of local governments' use

of housing tools, and develop a model housing element for comprehensive plans, as components of the HIP toolkit. PSRC staff worked in tandem with the consultant to develop the website content, and the website was launched in 2010.

The next major body of work on housing occurred as part of the Growing Transit Communities (GTC) initiative, a three-year project (2011-2014) supported by a \$5 million grant from HUD and other federal agencies. The [Growing Transit Communities Strategy](#), which is a foundational document informing the VISION 2050 process, promotes equitable transit communities as a focal point for growth in the region that includes ample and affordable housing choices near transit. GTC included a study of existing housing conditions and needs in Sound Transit light rail corridors, engagement with a broad range of housing stakeholders, and development of innovative housing tools. More information on this work is described in the next section of this paper.

The Regional Transit-Oriented Development Advisory Committee continues to provide guidance and connect regional partners toward ongoing implementation of the GTC Strategy. In 2015, PSRC co-hosted a forum on the interrelationship between housing and education with the Housing Development Consortium of Seattle and King County and the Puget Sound Educational Service District.

Regional Housing Program: H-Action-2 The Puget Sound Regional Council will develop and implement a program to encourage best housing practices and stimulate local housing production, including affordable housing. The program will make planning for housing more transparent and shall include the following components:

1. Guidance for developing local housing targets (including affordable housing targets), model housing elements, and best housing practices
2. Regional guidelines for and the review of local housing elements, that call for documentation of strategies and implementation plans for meeting housing targets and goals, i.e., a “show your housing work” provision
3. Technical assistance to support local jurisdictions in developing effective housing strategies and programs
4. Collection and analysis of regional housing data as part of the region’s monitoring program, including types and uses of housing
 - Short- to mid-term / H-1 through 9
 - Results and Products: (1) guidance and best practices, (2) regional review of local housing elements, (3) technical assistance for local governments, (4) monitoring of regional housing data and trends

PSRC produced a guidance paper on establishing housing targets for regional growth centers. While PSRC staff actively participated in development of growth targets in each of the counties, the regional council did not develop guidance on establishing housing targets more generally.

During the 2015/16 local comprehensive plan updates, PSRC had a housing planner on staff focused on review and comment of housing elements in comprehensive plans. PSRC staff also developed the [Housing Element Guide](#), which provides data and policy resources to assess local housing needs and identify strategies to address needs. Staff provided technical assistance to local governments with questions on housing planning. PSRC has not had a housing planner on staff since 2015 to provide specialized technical assistance or coordinate regional housing efforts.

As part of the Growing Transit Communities Partnership, PSRC developed the [Subsidized Housing Database](#), which identifies affordable housing units made possible with federal, state, and local funding sources, incentives, and subsidies. PSRC continues to collect [residential building permit](#)

records authorizing the construction, demolition, and any other gain or loss in housing units that occurs in a given year.

9 WORK SINCE 2008

Since VISION 2040 was adopted in 2008, housing planning and implementation has advanced through the ongoing work of state, regional, and local agencies and organizations. These efforts have yielded new tools and resources, promoted best practices, established community-based housing strategies, and coordinated efforts across multiple jurisdictions. Examples of significant housing initiatives, resources, reports, and policy changes are described below.

9.1 STATE

Housing Affordability Response Team Report (2017)

The Washington State Department of Commerce and the state Affordable Housing Advisory Board initiated a broad review of issues related to housing and housing affordability in the state with the formation of a Housing Affordability Response Team (HART) in 2017. As documented in a final [report](#), the HART, an interdisciplinary team of housing development, construction, financing and planning experts, identified major challenges and potential solutions to increase the supply of affordable units, especially suitable for low- and moderate-income households. The group explored multiple factors affecting housing supply and cost, such as land use planning, regulations, and funding and financing. Recommendations included providing funds for local housing planning and analysis, community outreach and education, revising to development-related statutes and regulations to facilitate housing development, state and local funding for affordable housing, using surplus public lands for affordable housing, and ongoing collaboration.

Housing Guidebook

In addition to coordinating the HART effort, the Washington State Department of Commerce completed an updated [guidebook on housing planning](#) in 2014 to support periodic comprehensive plan updates.

Buildable Lands Statute Amendments (SB 5254)

In 2017, the Washington State Legislature passed SB 5254, amending the Buildable Lands requirements of the Growth Management Act (RCW 36.70A.215). SB 5254 adds new types of data and factors that counties and cities must address through a periodic evaluation to ensure sufficient capacity to accommodate housing demand. The statute also set in motion a process to update Buildable Lands Program guidelines to address the new requirements along with additional considerations that include evaluating how local zoning and land use regulations promote or hinder housing affordability and supply. This work is ongoing, with final agency guidance anticipated in 2019, ahead of the next round of local Buildable Lands reports due starting in 2021.

9.2 REGIONAL

Growing Transit Communities (2011 - 2014)

In 2011, PSRC led a coalition of regional partners in securing a \$5 million federal Sustainable Communities Planning grant promoting thriving and equitable transit communities throughout the

region. The three-year work plan culminated in the adoption of the [Growing Transit Communities Strategy](#) in 2013 and the subsequent endorsement by over 40 local governments, public agencies, and private and non-profit organizations of a [Growing Transit Communities Compact](#). The compact sets as a goal to “provide housing choices affordable to a full range of incomes near high-capacity transit,” specifically to:

- “Use a full range of housing preservation tools to maintain the existing level of affordable housing within each transit community, and
- Use a full range of housing production tools and incentives to provide sufficient affordable housing choices for all economic and demographic groups within transit corridors, including new housing in the region’s transit communities collectively that is proportional to region-wide need or greater to serve transit-dependent households.”

To advance this goal, the Strategy recommends several regional and local tools and approaches that include:

- Assess current and future housing needs in transit communities
- Minimize displacement through preservation and replacement
- Direct housing resources to locations served by high quality transit
- Expand options for using value capture financing
- Make surplus public lands available for affordable housing
- Provide regulatory incentives for affordable housing

Another tool, establishing a property acquisition fund, was implemented as part of Growing Transit Communities. With seed funding from King County, A Regional Coalition for Housing (ARCH), City of Seattle, and the State of Washington, the [Regional Equitable Development Initiative \(REDI\)](#) fund blends public, foundation, and private capital to enable providers of affordable housing to secure increasingly costly development sites within key transit corridors.

Finally, the GTC grant also supported work by PSRC to produce a [Fair Housing Equity Assessment \(FHEA\)](#). The FHEA provides information and analysis on conditions within the region that have resulted in racial and income segregation and addresses potential policy, regulatory, and fair housing infrastructure approaches to improve fair housing conditions over time.

Sound Transit and Equitable Transit-Oriented Development

In 2015 the state Legislature adopted legislation directing Sound Transit to advance equitable transit oriented development (TOD) goals through system planning, surplus land disposition, and financial contributions to support affordable housing in transit station areas. Those statute changes were reflected in the Sound Transit 3 ballot measure and took effect with the measure’s November 2016 passage. More recently, the agency updated its TOD policies to support implementation of these requirements.

In accordance with the new law and subject to certain exemptions, Sound Transit will offer a minimum of 80 percent of its surplus property that is suitable for development as housing for either transfer at no cost, sale, or long-term lease first to qualified entities that agree to develop affordable housing on the property, consistent with local land use and zoning laws. At least 80 percent of the

housing units constructed under this provision must be affordable to those earning 80 percent of area median income (AMI). Work is already underway toward developing more than 600 affordable units on surplus agency properties in Seattle's First Hill, Capitol Hill and Roosevelt neighborhoods.

In addition to surplus property disposition, the legislature also directed Sound Transit to "contribute at least four million dollars each year for five consecutive years beginning within three years of voter approval of the system plan to a revolving loan fund to support the development of affordable housing opportunities related to equitable transit-oriented development." The agency will address specific implementation of this requirement, which could include adding public capital to the REDI Fund or a similar financing tool, as it carries out its equitable TOD policies over the next couple of years.

9.3 COUNTY/SUBREGIONAL

King County Affordable Housing Task Force (2017 - 2018)

In 2017, King County convened a Regional Affordable Housing Task Force charged with making recommendations on strategies and actions toward meeting the need for affordable housing across King County. The task force is made up of county and city elected officials, supported by an advisory panel of housing and community development experts. For the past year, the task force has focused its work on education, research, and data analysis, in preparation for developing recommendations for consideration by the county council at the end of 2018.

The task force is focusing its work on identifying "actionable, sustainable, and regional" strategies to meet the needs of households, especially those earning less than 80% of AMI. Other primary objectives include promoting affordability in proximity to jobs, transit, and services, addressing inequitable access to housing based on race or income, and meeting the needs of a variety of household types, such as larger households, older residents, and people with disabilities. Finally, the task force seeks to identify and promote strategies that are regional and benefit from interjurisdictional coordination.

Local Governments Working Together

In 2013, Snohomish County, 13 of its cities, and the Housing Authority of Snohomish County joined together to establish the Alliance for Housing Affordability (AHA) as a forum for understanding housing challenges in the county and to address those challenges through shared resources and collaboration. AHA has provided staffing and technical assistance to member jurisdictions, including individualized housing profiles, guidance for updating comprehensive plan housing elements, and dashboards to monitor trends.

The South King Housing and Homelessness Partnership (SKHHP) was established in 2015 as a collaboration among stakeholders in South King County on issues related to affordable housing and homelessness. Among its membership is King County, the Renton and King County housing authorities, and six cities. The SKHHP provides support for actions related to the SKC Response to Homelessness through coordination and technical support.

These organizations are in addition to A Regional Coalition for Housing (ARCH), which is a long-standing collaborative effort among Eastside cities to preserve and increase the supply of housing

for low-and moderate-income households. Among other efforts, ARCH completed housing needs analyses for Eastside cities to support their comprehensive plan updates.

County Housing Consortia

Coordination around affordable housing is further supported by the work of consortia—whose membership includes housing providers, lenders, advocacy organizations, and public agencies—that are active in various counties. These groups generally provide data and technical assistance, education on best practices, and legislative advocacy. They include the Housing Development Consortium (King County), the Housing Consortium of Everett and Snohomish County, and the Tacoma/Pierce County Affordable Housing Consortium. Recent notable achievements include development by the Snohomish consortium of an updated database comprising an inventory of income-restricted homes countywide and the [Housing Snohomish County Project Report](#) with recommendations in the areas of policy and funding.

9.4 LOCAL

Comprehensive Plan Updates and Housing Strategies

Jurisdictions across the four-county region recently completed state-required major updates to their comprehensive plans, including updates to the land use plan that accommodates future housing development to meet growth needs and updates to the housing element with policies that promote housing that is affordable to the full range of income levels. PSRC commented on the housing related provisions in draft plans and identified recommended future work through its review and certification process.

Many of the local plan updates included improvements to the data, policies, and implementation actions on housing. With guidance from PSRC and other organizations, housing needs analyses used new data and more comprehensive approaches to identifying current and future demand and affordability gaps. Amended policies supported the use of new and expanded tools, such as regulatory incentives, Multifamily Tax Exemption, and zoning for affordable types of housing. Following on the comprehensive plan updates, some jurisdictions have moved quickly to developing action strategies for housing.

City of Seattle: HALA and MHA

In 2014, the City of Seattle convened a group of housing experts, for-profit and non-profit developers, and resident renters and homeowners to develop a [broad agenda](#) for increasing the supply of affordable housing in the city. The [Housing Affordability and Livability Agenda \(HALA\) Report](#) (2015) contains 65 recommendations with a goal of creating 50,000 units of housing—20,000 units of affordable housing and 30,000 new units of market rate housing—in the next 10 years. Action areas include providing more resources from an array of sources for affordable housing, increasing the supply and diversity of market rate housing throughout the city, providing support for communities, including vulnerable renters and marginalized communities, and innovative approaches to cutting the cost of housing development and increasing access to housing options.

Since 2015, the city has begun to implement key HALA recommendations, including an increased housing levy (see below) and heightened protections for vulnerable tenants. The city is also in the

process of implementing Mandatory Housing Affordability (MHA), wherein upzones paired with inclusionary requirements will require developers of new market rate commercial and residential projects to include affordable units or contribute to a fund to build those units off-site. To date, MHA has been implemented in six neighborhoods, and citywide MHA legislation is currently under review by the city council.

Funding

Jurisdictions can develop a local housing fund to provide a dedicated source of funding for affordable housing projects. In 2016, City of Seattle voters approved a renewal of the city's [Housing Levy](#) for \$290 million, doubling the previous levy amount. Over a period of 7 years, the levy is expected to result in 2,150 new or preserved units affordable to low-income households. The levy also funds significant maintenance needs for 350 existing subsidized units. The levy provides funding for operations in existing buildings, helping to provide housing opportunities for households with the greatest needs, including the homeless. Levy loans will support acquisition and rehabilitation to preserve existing affordable units. The levy also includes support for homeownership and resources to assist homeless individuals and families.

10 HOUSING POLICIES & STRATEGIES

VISION 2040 includes actions for PSRC and goals and policies for planning at the regional and local level. The updated plan can identify key projects for PSRC, opportunities for regional collaboration, and guidance or requirements for local plans. VISION 2040 already includes several multicounty planning policies aimed at providing housing choices for all incomes. Data in the first section of this paper demonstrates the challenge of meeting this goal and the problem of providing affordable housing has become worse since 2008. What should the region do to address this challenge? What is already addressed through regional and local plans? What strategies and opportunities should VISION 2050 pursue? This section provides an overview of the types of policies and strategies available to provide a variety of housing choices at all levels of affordability.

10.1 HOUSING SUPPLY

Increasing the supply of housing of all types can help to relieve market pressures and accommodate growth for years to come. Tools and strategies to increase the overall housing supply include: plans and regulations that allow and encourage sufficient housing supply, especially by increasing residential capacity near transit and jobs; plans and zoning that accommodate multiple housing types to diversity the housing stock, provide more affordable options, and meet the needs of various household types; and provisions to make housing easier and faster to build.

Potential Housing Supply Tools
Rezone to increase allowed housing densities
Expand housing diversity – cottage housing, ADUs, multigenerational, etc.
Subarea/TOD planning that increases housing supply with access to employment
Encourage job growth near areas of housing supply
Technical support for local planning & housing initiatives
Reduce development restrictions / streamline regulations
Standardize regulations and processes across jurisdictions to make permitting more predictable
Align countywide housing targets to be consistent with housing needs

10.2 INCENTIVES FOR AFFORDABLE HOUSING

Incentives support affordable housing by leveraging market activity and by reducing the cost of developing affordable units for housing developers. Incentives fall into three broad categories: incentives for market rate developers to build affordable units; incentives that reduce the costs for developers of affordable units; and incentives and other supports for local government housing efforts, such as technical support.

Potential Incentives for Affordable Housing
Multifamily Tax Exemption
Use of publicly owned land
Density bonuses
Waive or reduce permit fees
Waive or reduce sewer connection charges
Align incentives with income levels and need
Reduced parking requirements
Mandatory inclusionary zoning
Development agreements
Technical support for local housing initiatives
Link regional funding to local plans for affordable housing

10.3 FUNDING AND FINANCING

Funding affordable housing is complicated. To increase the overall funding available, existing funding sources can be increased and expanded, new funding sources can be created, and stakeholders can help to better link private and public funding sources.

Potential Funding & Financing Tools
Federal low-income housing tax credit
Capital leveraging to allow non-profits to move faster
Local or countywide housing levy
New revenue source, such as document recording fee increase, housing demo fee, or condo conversion fee
Sales tax waiver on new affordable housing
In lieu fees from incentive/inclusionary programs
Philanthropy
Voluntary employers fund
Coordinate new funding options at state level or across multiple jurisdictions
Revolving loan fund for property acquisition

10.4 DISPLACEMENT AND PRESERVATION

There are policies that can help extend the life of subsidized housing and tools to keep “naturally occurring” affordable housing in the private market from becoming more expensive. These include financial incentives, often in the form of tax credits and fee waivers, for maintaining affordable rental prices. Special funds can also be made available to rehabilitate a property in exchange for maintaining affordability.

Preservation also encompasses efforts to maintain the safety and soundness of affordable homes. Local governments can help ensure that homes comply with local codes and property owners bring them up to standard as necessary.

Potential Displacement & Preservation Tools
Permit fee waiver for rehabilitation of affordable housing
Sales tax waiver for rehabilitation of affordable housing
Low-interest loans/revolving loan fund for preservation
Preservation tax credit
Code enforcement to maintain housing quality
Code enforcement to maintain affordability restrictions
Comprehensive tenant protections
Range of rent regulations / eviction protections

10.5 TENANT PROTECTIONS

Many residents experience inequities in access to safe housing that meets their needs. Without the enforcement of proper protections, many tenants living on low incomes experience discrimination, poor housing conditions, and unhealthy housing. Most tools relating to tenant protections focus on enforcement of local codes and other regulations when tenants are in a home. Additional strategies focus on equal access to homes and address the application process. Incentives can promote the construction and retrofitting of units to be accessible for people with special needs and different abilities.

Potential Tenant Protection Tools
Provide multi-jurisdiction support for local enforcement of codes & affordability
Support local implementation and enforcement to prevent source of income discrimination
Legal defense fund for local jurisdictions
Housing opportunities for people with criminal backgrounds
Require or create incentives for more housing that meets ADA/universal design for people with special needs and different abilities

10.6 ASSESSMENT, MONITORING, AND REPORTING

Assessment, monitoring, and reporting on data and trends over time can help with the success of housing plans and programs. This can include assessments of housing needs, monitoring implementation and outcomes, and reporting to elected officials and the public.

Ongoing reporting can be technically challenging and resource intensive. Coordinated reporting efforts, sharing of resources, and technical support can help to create long-term and consistent analysis to fully understand the opportunities and gaps in local and regional markets and to better align policies and regulations with desired outcomes.

Potential Assessment, Monitoring & Reporting Tools
Housing needs assessment
Assess zoning for alignment with demographic needs, family size, incomes, etc.
Identify housing needs related to jobs growth
Monitor local housing outcomes and assess effectiveness of local policies, regs, and programs
Buildable lands updates, including potential impacts on affordability
Develop data dashboard for housing
Share housing needs and development information among cities and counties
Evaluate demographic changes and identify need for change in strategies
Identify partnership opportunities
Provide regional clearing house for housing plans, strategies, data
Displacement risk analysis

11 CONSIDERATIONS AND QUESTIONS FOR VISION 2050

There are a variety of questions for PSRC boards to consider in updating VISION. What are the most pressing regional housing needs? What are the most effective tools for addressing those needs? What gaps are there currently in our collective housing efforts? What is the role for coordinated regional planning and action around housing?

VISION 2050 offers opportunities to address housing and housing affordability through both policies and actions.

Multicounty Planning Policies. The multicounty planning policies (MPPs) in VISION 2040 address common objectives and priorities for housing in the region, best practices, and areas for coordination.

- How well do the current MPPs address the breadth of housing challenges facing the region? Are there substantive gaps?
- Could the policies be improved through revised or additional policy language?
- Are there ways in which the MPPs could provide more specific guidance for local plans?
- Are there ways in which the MPPS could provide more guidance for countywide planning policies to address county and local affordable housing needs?

Implementation Actions. VISION 2040 includes two actions, both regional in scale, including a Regional Housing Strategy and a Regional Housing Program. While progress has been made in both areas, the VISION 2050 process is an opportunity to advance these and other areas for coordinated action on housing.

- Are there aspects of the current VISION 2040 housing actions that should be retained as priorities for PSRC or other agencies going forward?
- What additional actions at the regional, countywide, or local levels could be added to VISION 2050?
- Are there areas where additional data, research and analysis would have value?
- What areas of coordinated action may be effective in addressing housing affordability?

Discussion of these questions will be critical for understanding and setting regional and local goals for housing in the short-term and through the year 2050.

12 APPENDIX:

12.1 TAKING STOCK

Taking Stock 2016 is an assessment of the collective efforts of the region's counties and cities to implement VISION 2040, as viewed immediately following the 2015-2016 cycle of local comprehensive plan updates and looking ahead of the next update of VISION 2040. The full report is available [online](#). The figure below outlines comments received on housing and the housing element of the comprehensive plan.

Figure 48: Overview of Feedback on Housing Element

Successes	Challenges
<ul style="list-style-type: none"> • Housing prioritized as critical issue. Communities expressed a higher level of interest in housing and housing affordability issues. • Robust housing analysis. Most plans included data-rich housing needs assessments that helped to inform policies and strategies. The use of common data and definitions, accompanied in some cases by staff support from subregional coalitions and other agencies (e.g., A Regional Coalition for Housing, Affordable Housing Alliance, health agencies, advocacy organizations) fostered greater coordination among jurisdictions. • Housing capacity met growth needs. Local plans provided sufficient capacity for overall targeted housing units needed over the 20-year planning period. • Planning for more diverse housing types. Many plans increased support for a greater diversity of housing types, including small-lot single-family, townhomes, senior housing, multifamily housing types, and innovative infill like accessory dwelling units and cottage housing. • Use of more affordable housing tools. Many jurisdictions have adopted new policies supporting new tools to encourage housing affordability, e.g., Multifamily Tax Exemption (MFTE), incentive and inclusionary zoning, streamlined regulations, surplus public lands. 	<ul style="list-style-type: none"> • Local housing is impacted by larger forces. Housing is shaped by factors that are beyond local control, e.g., employment growth, wages, construction costs, financing, and funding from federal, state, and other programs for affordable housing. • Community opposition to affordable housing. Some residents continue to see density and subsidized housing as negatives for their communities. • Completeness of needs assessments. Future housing needs (# units, types, affordability levels), including the local share of countywide affordable housing needs, were not always clearly specified in the updated housing elements. • Plans may not match housing demand. Participants expressed varying perspectives on how well planned housing types met demand, with some focusing on limited supply to meet demand for single-family housing, some focusing on lack of housing diversity, especially alternatives to SF detached. • One size does not fit all. Guidance on affordable housing strategies and tools is seen by some as not differentiating among cities of different sizes and market conditions. • Limited funding for affordable housing. Available housing subsidies fall far short of the need. Local efforts to create housing are piecemeal; there is a need for more leveraged multijurisdictional efforts to finance affordable housing. • Displacement is a rising concern with few effective tools. Local governments have limited tools to preserve existing affordable housing that may be lost either to redevelopment or rising rents.

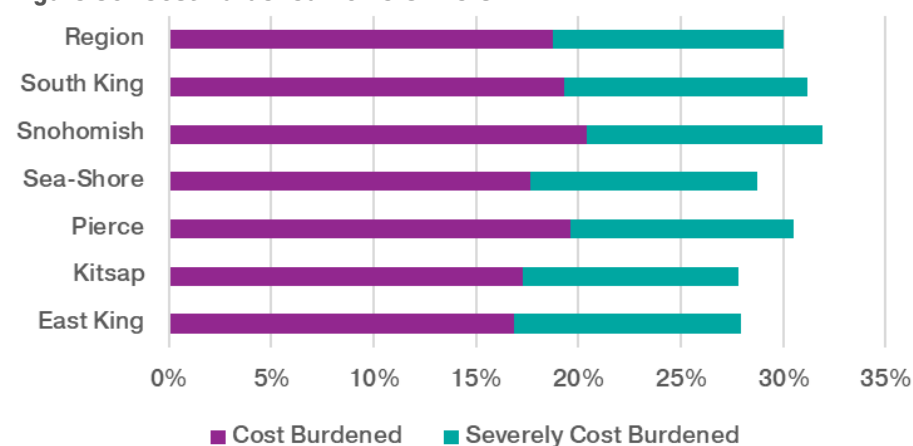
12.2 HOUSING COSTS

Figure 49: Housing Cost and Affordability Indicators

		2010	2011	2012	2013	2014	2015	2016	2017	2018
Median Home Price (all homes)										
King		\$340,100	\$317,000	\$309,600	\$344,100	\$378,500	\$416,400	\$475,000	\$548,700	\$648,000
Kitsap		\$249,000	\$239,800	\$236,100	\$231,600	\$247,000	\$253,500	\$282,100	\$314,300	\$348,200
Pierce		\$224,600	\$209,700	\$194,000	\$201,200	\$220,600	\$234,700	\$258,400	\$288,900	\$329,200
Snohomish		\$273,100	\$239,600	\$232,200	\$256,700	\$288,400	\$313,000	\$353,100	\$399,900	\$460,300
Housing Affordability Index (all buyers)										
King		110.5	124.0	131.9	121.9	105.9	103.0	92.3	79.4	
Kitsap		146.2	153.7	170.7	176.9	165.4	163.0	151.1	133.7	
Pierce		150.6	175.9	201.0	187.3	165.7	158.8	148.8	130.5	
Snohomish		137.5	165.6	173.3	158.9	134.6	129.8	124.6	108.9	
Housing Affordability Index (first time buyers)										
King		61.1	66.4	72.7	66.9	59.2	58.5	53.2	46.5	
Kitsap		88.4	90.0	96.4	103.5	102.9	107.2	104.6	97.1	
Pierce		86.2	98.4	117.9	100.9	86.9	80.8	73.5	62.6	
Snohomish		78.2	92.2	98.6	86.8	73.7	71.1	68.4	59.8	
Median Rent (multifamily 5+ units)										
King		n/a	\$1,380	\$1,390	\$1,470	\$1,610	\$1,730	\$1,870	\$1,960	\$2,020
Kitsap		n/a	\$920	\$1,020	\$950	\$1,030	\$1,120	\$1,190	\$1,280	\$1,350
Pierce		n/a	\$1,160	\$1,120	\$1,120	\$1,200	\$1,220	\$1,260	\$1,360	\$1,440
Snohomish		n/a	\$1,260	\$1,240	\$1,290	\$1,350	\$1,440	\$1,530	\$1,640	\$1,710

Source: WCRER/UW Runstad Center, Zillow

Figure 50: Cost Burdened Home Owners



Source: CHAS

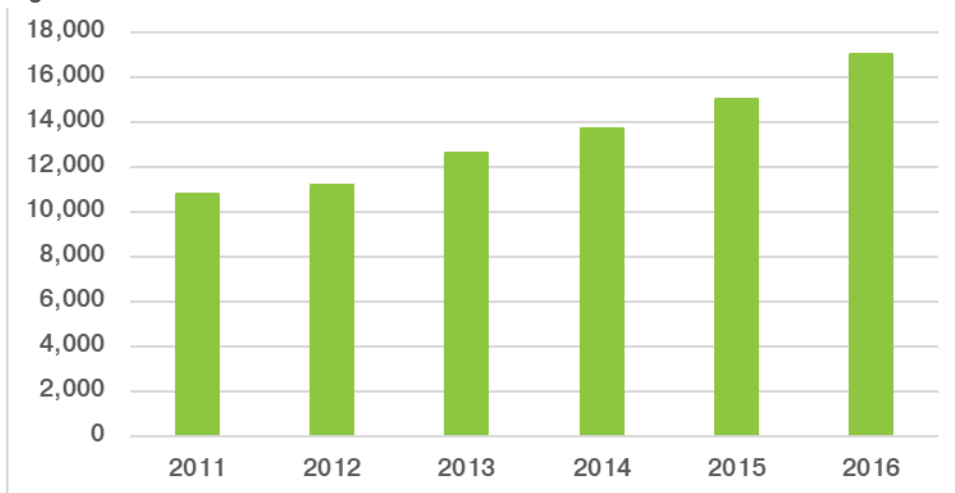
Figure 51: Cost Burdened Home Owners



Source: CHAS

The McKinney Vento Act³⁵ requires school districts to track the number of homeless students every school year. The number of homeless students in the region increased by 57% from 2011 to 2016. Many of the students captured in the McKinney Vento numbers are the unseen homeless, students living in motels, couch surfing, and living in cars and RVs.

Figure 52: Homeless Students



Source: OSPI

12.3 DEFINITIONS OF AFFORDABLE HOUSING INCENTIVES

There are a variety of tools that can be enacted by local governments to encourage housing through regulatory tools and administrative actions.

- **Multi-family tax exemption.** Jurisdictions can incentivize affordable home construction through the implementation of a multi-family tax exemption (MFTE). Cities can grant a

³⁵ The McKinney-Vento Act defines homeless children as "individuals who lack a fixed, regular, and adequate nighttime residence." Examples of this include students living in motels and couch surfing.

property tax exemption for 12 years in exchange for a developer building affordable housing ([RCW 84.14.020](#)). The statute requires that at least 20 percent of the units constructed meet affordability requirements if developers take advantage of the 12-year MFTE.

- **Use of publicly owned land.** Affordable housing may be developed on excess public land owned by cities, transit agencies, or other municipal districts. If publicly owned land no longer serves a purpose for a municipal organization, it can be re-developed for an important community purpose.
- **Waive or reduce permit fees.** Cities can incentivize affordable housing development by lowering the cost of development. Waiving or exempting developers from things like permit fees and sewer connection charges can further incentivize affordable housing production and lessen financial burdens on nonprofit developers.
- **Technical assistance.** Some agencies are available to provide technical assistance for local governments to help align incentives with income levels and need. These include housing organizations, such as ARCH in King County and AHA in Snohomish County, and the Washington State Department of Commerce. Housing advocacy organizations may also be able to provide technical support for local housing initiatives or levies.

There are a variety of regulatory tools and incentives for local governments to consider.

- **Mandatory inclusionary zoning.** Mandatory inclusionary zoning requires or incentivizes new developments over a certain size to allot a portion or number of units as affordable housing. Developers can sometimes opt out of building the units themselves by paying a fee in lieu.
- **Reduced parking requirements.** Many municipalities require multi-family developers to provide a certain number of off-street parking stalls for each residential unit constructed. Reducing mandatory parking requirements increases for-profit developers' incentive to build and lowers construction costs for non-profit housing developers.
- **Density bonuses.** Density bonuses are a zoning tool that permits developers to build more housing units, taller buildings, or more floor space than normally allowed, in exchange for provision of a defined public benefit, such as a specified number or percentage of affordable units included in the development. An affordable housing density bonus program can be designed to allow developers to contribute to a housing fund in lieu of building the affordable units.
- **Development agreements.** Development agreements are contracts negotiated between a developer and a local jurisdiction to specify the terms by which a proposed project moves forward. They can also be used to formalize an arrangement in which the developer provides certain public benefits (e.g., affordable housing) in exchange for certain concessions by the jurisdiction (e.g., regulatory flexibility, density bonuses).

Homelessness & housing toolkit for cities



Tools and resources to
address homelessness
and affordable housing
from real cases in cities
across Washington.



Homelessness & housing toolkit for cities



Tools and resources to address homelessness and affordable housing from real cases in cities across Washington.





Copyright © 2017 by Association of Washington Cities and Municipal Research & Services Center

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the Association of Washington Cities or Municipal Research & Services Center.

AWC's mission is to serve our members through advocacy, education and services.

Association of Washington Cities, Inc.
1076 Franklin St. SE, Olympia, WA 98501
360.753.4137
1.800.562.8981
www.awcnet.org

MRSC's mission is to support effective local government in Washington through trusted consultation, research, training, and collaboration.

Municipal Research & Services Center
2601 Fourth Avenue, Suite 800
Seattle, WA 98121-1280
206.625.1300
www.mrsc.org

Table of contents

Introduction

City resources for addressing homelessness and affordable housing	1
---	---

Funding

Homelessness and affordable housing funds explained.....	3
--	---

Homelessness

Compass Crossing tests low cost, modular micro units	5
Emergency rental assistance programs: A strategy for preventing homelessness.....	7
Long-term “master leasing” helps provide homeless housing	8
The Housing First model	9
Tiny house villages: Quixote Village and Emerald Village.....	11
Local governments’ winter shelter programs.....	13

Affordable housing

Revising city regulations to encourage accessory dwelling units	15
A Regional Coalition for Housing (ARCH): 15 cities and a county working together	17
City of Bellingham housing levy	18
Community Land Trusts	19
Inclusionary zoning: Mandatory programs.....	20
Multifamily tax exemption: An incentive to help create affordable housing	22
“Tiny homes” as permanent housing – Zoning and code limitations	23

Tenant protections

Rental housing inspection programs	26
Vancouver’s tenant protection ordinances	27

Innovative collaboration

Addressing chronic homelessness in Everett with CHART & Housing First.....	28
Lakewood nonprofits & government tackle affordability and homelessness together	29
Wenatchee coordinates homeless programs for two counties	31

City resources for addressing homelessness and affordable housing

Cities of every size are grappling with increasing homelessness, lack of affordable housing for low-wage workers and their families, and inadequate mental health and addiction treatment systems.

After many years of decline, homelessness in Washington is growing again, despite significant investment and efforts to reduce it over the last decade.

Some communities face rapidly increasing housing costs that are pricing working families out of cities. When markets in larger urban communities are red hot, there is powerful pressure for existing affordable units to renovate and raise rents. Less urbanized areas of the state face very low vacancy rates and soft development economies, where new construction is not occurring at the pace needed to meet demand and accommodate growth.

Our inadequate mental health care and chemical dependency treatment systems compound the problem. Washington ranks 46th in the nation in the number of psychiatric beds available for those suffering from mental illness, and our emergency rooms are overwhelmed by the number of people who need help. Opioid overdoses are now the leading cause of accidental death in the U.S. with 47,055 deaths in 2014. Both methamphetamine and opioid addiction are driving this epidemic of addiction, which does not discriminate when it comes to race, sex, geography, or income level.

People with chemical dependency and mental health problems are significantly more likely to be homeless and homelessness is likely to accelerate their downward spiral, adding isolation, trauma, and premature aging to their list of disabling conditions.

Solving these problems fall to a varied group of federal and state agencies, local governments, and nonprofit partners. The cost of homelessness to taxpayers is significant: increased police calls for service, incarceration, emergency room visits, and locally-funded homeless services strain local budgets. Cities struggle with limited resources and, often, funding for homelessness and housing does not flow directly to cities.

After many years of decline, homelessness in Washington is growing again and housing affordability continues to be a challenge across the income spectrum.

Cities need a variety of strategies to address these crises

There is no single solution to these problems and cities need a variety of strategies to address these crises. This toolkit is meant to serve as a resource for elected officials and city staff who seek options and ideas on how to respond.

The following pages offer descriptions of a variety of tools and programs. For each article you will find a brief description of the topic and information on where to access additional resources.

Cities are on the front lines of our public policy issues but, as the programs in this toolkit show, cities can't solve it alone. Reducing homelessness and increasing affordable housing requires a sustained, innovative approach and a willingness to partner with county, state, and federal agencies, and as well as local faith communities, nonprofits, and ordinary citizens. None of these programs are one-size-fits-all solutions, but the following pages will offer ideas and inspiration so cities can continue meeting the challenges of an ever-changing world.

Homelessness and affordable housing funds explained

State authorized sales tax to support affordable housing and related services

In July 2015, the legislature approved HB 2263 which provides local governments a tool to obtain funding to house vulnerable residents by implementing a one-tenth of one percent sales tax.

County legislative authorities may implement a 0.1 percent sales and use tax, if approved by a majority of voters, in order to fund housing and related services. A city legislative authority may implement the whole or remainder of the tax if it's approved by a majority of voters and the county has not opted to implement the full tax.

This new revenue stream is meant to serve people living with incomes at 60 percent or below of a given county's area median income (AMI). The majority of the funding (at least 60 percent) is designated for building new affordable housing and facilities to deliver mental health services and/or, the operation and maintenance of newly-constructed affordable housing or mental health services. The remainder of the funds can be used for the operation, delivery and evaluation of mental health programs or housing-related services.

Mental Illness and Drug Dependency Tax

The Mental Illness and Drug Dependency Tax (MIDD) allows counties to impose a sales and use tax of one-tenth of one percent to fund programs serving people with mental illness or chemical dependencies. Since 2011, any city with a population greater than 30,000 has the authority to implement the MIDD tax if it has not been passed by the county. Programs and services that can be funded by this revenue stream include, but are not limited to, treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.

Low Income Housing Tax Credit

The Low Income Housing Tax Credit (LIHTC) is a federal tax credit program created in 1986 to provide private owners an incentive to create and maintain affordable housing. The IRS allocates program funds on a per capita basis to each state. The Washington State Housing Finance Commission (HFC) administers the tax credits as a source of funding that housing developers use for a single project. Investors in housing projects can apply to the HFC for different tax credits depending on project type.

The Housing Choice Voucher

The Housing Choice Voucher (HCV) program is a federal housing voucher for very low-income families, the elderly, and the disabled to afford housing in the private market. Participants are free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing authorities. Housing authorities receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. Usually, a housing subsidy is paid to the landlord directly by the housing authority on behalf of the participating family. The individual or family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Community Development Block Grants

Started in 1974, the Community Development Block Grant (CDBG) program is one of HUD's longest running programs and provides annual grants to local government and states for a wide range of community needs. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.

CDBG appropriations are allocated between states and local jurisdictions called "non-entitlement" and "entitlement" communities. Entitlement communities are comprised of central cities of Metropolitan Statistical Areas, metropolitan cities with populations of at least 50,000, and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). States distribute CDBG funds to non-entitlement localities not qualified as entitlement communities.

HOME Investment and Partnership Program

The HOME Investment Partnerships Program (HOME) is similar to CDBG, except that the funds are for the sole use of providing affordable housing for low and very low income individuals. Funding is allocated to states or participating jurisdictions. Funds can be used for building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. The program is flexible and allows states and local governments to use these funds for grants, direct loans, loan guarantees or other forms of credit enhancements, or rental assistance or security deposits.

Washington State Housing Trust Fund

The Washington State Department of Commerce administers a Housing Trust Fund (HTF) funded primarily through the capital budget. Since 1987, the HTF has contributed over \$1 billion toward the construction and maintenance of over 40,000 affordable homes. HTF dollars support a wide range of projects serving a diverse array of low-income populations. Projects can serve people with incomes up to 80 percent of area median income, but the majority of projects funded to date serve households with special needs or incomes below 30 percent area median income, including homeless families, seniors, farmworkers, and people with developmental disabilities. Local governments can apply to the HTF for eligible activities.

Document recording fees

Document recording fees are Washington State's largest source of funding for homelessness programs. Counties charge fees on recorded documents and are permitted to retain a portion for affordable housing and homeless programs. Counties generally include cities in committees in determining how to spend the local share of the collected fees. Another portion of these funds are redirected to the Department of Commerce to fund various programs, including the Consolidated Homeless Grant program.



Compass Crossing tests low cost, modular micro units

A project in Seattle is combining a Housing First program model and elements of the Olympia/Thurston County tiny house village model. Compass Housing Alliance (CHA) brought these ideas together in a project recently given a \$1 million boost from the Paul G. Allen Foundation.

The project, known as Compass Crossing, will feature a “progressive engagement model of trauma-informed care” for the residents’ anticipated physical and mental health conditions and/or chemical dependencies. This will include onsite clinical staff, social service support, and property management. Compass Crossing combines this comprehensive program model with safe, affordable, steel-frame modular living spaces and communal facilities such as a kitchen, community space, and garden. These unique and intriguing attributes make the project both responsive to residents’ needs and less costly than conventional construction.

Rather than conform to the traditional definitions of permanent, transitional, or emergency housing, Compass Crossing intends to “promote a new model of ‘Responsive Housing and Services’ that can be adapted to the specific needs of the people we serve, wherever they are on their journey from homelessness.”

Compass Crossing expects to help 50 individuals find stability over the expected three-year occupancy at the site.

The development will include 13 housing units, including six 240-square-foot double occupancy rooms and seven 160-square-foot single occupancy rooms. Compass Crossing will be pet-friendly, include storage for the residents, and provide options for partners to be housed together.

By utilizing steel-frame modular construction from OneBuild, an experienced supplier of off-site manufactured building modules and components for the construction industry, the project is expected to be faster and cheaper to build and use fewer resources than traditional on-site construction. The estimated timeline is ten weeks for site work and five days to install the buildings and connect utilities. The target date for completion was December 2016.

The modular units will become a permanent affordable asset that can be moved from one under-utilized site to another as development occurs.

Compared to the number of homeless reported in the point-in-time count last winter, these 13 units alone may seem a meager start. But the key factor that garnered the support of the Allen Foundation was the potential for scalability, up or down. Both CHA’s Chief Operating Officer, Bill Reddy and OneBuild’s Founder and CEO, Dale Sperling, emphasized that this is a “proof of concept” project, and that the Allen Foundation was particularly interested in the fact that units are designed for eventual relocation and can be reconfigured, depending on the size and attributes of other potential sites.

According to Sperling, the modularity of these units, together with their low cost, make them ideal to rapidly and cost-effectively respond to the homelessness crisis. Roughly ten of these units can be produced for the cost of a single conventionally built unit. According to Sperling, each of these modules can be built for around \$30,000 compared to \$300,000 to \$400,000 each for a site-built apartment unit. The modular construction also reduces the site development costs. The total development cost per unit is much higher than the cost of the unit itself, skewing this comparison.

Although the steel-frame modular units may share some outward resemblance to a shipping container, they are not recycled shipping containers. Each module is factory-built from new materials to be fully code compliant as a residential unit. They are transported to the site and rapidly lifted into place. In fact, OneBuild recently assembled a 49-unit apartment building near MRSC's offices in Seattle's Belltown neighborhood in about 36 hours.

CHA and OneBuild believe this project will show how any community of any size or shape can adapt this type of construction to meet the needs of people who are homeless.

For a community facing a crisis in homelessness or housing affordability, this demonstration project may provide a new option. For rapid deployment, lower cost, extreme flexibility, reusability, and scalability, steel-frame modular construction is gaining an opportunity for a real-world demonstration thanks to the energy and commitment of the Compass Housing Authority, OneBuild, and the Paul G. Allen Foundation.

Resources

Compass Crossing

www.compasshousingalliance.org

OneBuild, Dale Sperling

www.onebuildinc.com



Emergency rental assistance programs: A strategy for preventing homelessness

Emergency rental assistance prevents homelessness and helps residents avert eviction. In addition to providing funds to address their immediate housing crisis, such programs also provide other support services to promote long term stability.

Typically, these programs provide short-term (one to three months) or medium-term (up to six months) rental assistance for households with incomes up to 50 percent of Area Median Income (AMI), who are at imminent risk of homelessness or who have recently become homeless.

Individuals and families fall into housing crises and seek assistance for many reasons. Some of the most common are job loss, an unforeseen reduction in work hours, a medical emergency or disabling condition, limited income coupled with a rent increase, or the cessation of refugee resettlement assistance.

Rental assistance funds are used for immediate help with current or late rent, utility arrears, and legal or interpretation fees needed to stop an eviction action. Funds may also be used for credit and background checks needed to secure alternate stable housing, as well as security and utility deposits and moving costs.

In addition to receiving financial assistance, program participants may receive or be required to participate in services such as landlord negotiations, job search assistance, money management coaching, and help with goal setting.

Seattle has provided funding for its Homelessness Prevention Program with money raised with its Housing Levy authorized by RCW 84.52.105 and passed by the voters in 2009. Other communities appear to rely almost exclusively on the nonprofit sector.

Resources

Rental Assistance - Housing

www.seattle.gov

Homelessness and Family Stability - Bill & Melinda Gates Foundation

www.gatesfoundation.org

ARCH Housing - Other rental resources

www.archhousing.org

Prevention and Diversion Toolkit

www.endhomelessness.org

Spokane County Homeless Prevention

www.snapwa.org



Long-term “master leasing” helps provide homeless housing

Established in 1998, San Francisco’s Master Leasing Program acquires sites, mainly single occupancy hotels, under long-term leases with building owners to provide housing for people who are homeless. The building owner retains responsibility only for large capital improvements after the lease is signed. The sites are managed by nonprofit organizations that provide property management and supportive services on site. Building owners often renovate residential and common areas prior to lease signing.

While many nonprofits have adopted similar master leasing programs, only a few cities throughout the country have.

San Francisco’s successful program signs long-term leases with owners to provide permanent supportive housing for homeless adults. Its program is a Housing First model; that is, it provides housing immediately to homeless people regardless of their mental health or substance abuse status. This

approach is based on the idea that in order for people to achieve stability and recovery, they must first have a safe, stable home and access to the mental health, addiction treatment, and other services they need. Most agree that it is very difficult to address a mental health or chemical dependency issue while sleeping on the street. (See also *The Housing First model* on p. 9)

The benefits of master leasing are the ability to bring units online rapidly, and the reliance on private capital for upfront renovation costs. In addition, the renovated buildings, combined with on-site services, stabilize properties that have often been problematic for the surrounding neighborhood.

San Francisco funds this program through its general fund and Human Services Care Fund. In fiscal year 2013-14 the fund had a budget of \$14 million.

Resources

City of San Francisco
Department of Public Health,
Housing and Urban Health
www.sfdph.org



The Housing First model

The central goal of the Housing First approach is to provide permanent, affordable housing. By providing housing assistance, case management, and supportive services after an individual or family is housed, communities can significantly reduce the time people experience homelessness and prevent further episodes of homelessness.

Housing First is an approach used for both homeless families and individuals, and for people who are chronically homeless. For the chronically homeless, this is also referred to as “low barrier” housing because typically there are no preconditions that the participant be clean and sober to obtain housing. Participants are housed with access to services such as mental health and addiction on-site or nearby, but are not required to use the services.

The Housing First approach provides homeless people with housing quickly, without preconditions such as requiring that they become clean and sober first.

Generally, Housing First programs share these elements:

- A focus on helping individuals and families access and sustain permanent rental housing as quickly as possible;
- A commitment to permanent rather than temporary or transitional housing;
- Provision of social and health services following a housing placement;
- Services are tailored to each individual’s or family’s needs; and
- Housing is not contingent on participation in services or treatment; the only requirement is that participants comply with a standard lease agreement, and services are intended to help them do so successfully.

A central tenet of the Housing First approach is that social services enhance individual and family well-being are more effective when people are in their own home than when they are living with the extreme stress of homelessness.

While there are a wide variety of program models, all Housing First programs typically include:

- Assessment-based targeting of Housing First services;
- Assistance locating rental housing, relationship development with private market landlords, and lease negotiation;
- Housing assistance ranging from security deposit and one month’s rent to provision of a long-term housing subsidy;
- A housing placement that is not time-limited; and
- Case management to coordinate the services that follow a housing placement.

The Housing First model has been shown to reduce public costs of homelessness such as use of emergency rooms, police services, courts and jails, and public sanitation. The federal Department of Housing and Urban Development estimates that each homeless person costs between \$30,000 and \$50,000 per year in such costs.

The cost to provide permanent housing and support services to help people stay housed is approximately \$20,000 per year.

The stable living environment facilitates effective, and/or more cost effective treatment than emergency rooms and incarceration.

Program models vary depending on the client population, the availability of affordable rental housing, and/or housing subsidies and services. Housing First programs often reflect the needs and preferences of each community, further contributing to the diversity of models.

Resources

Seattle's 1811 Eastlake project puts housing first

www.cartercenter.org

TED talk by Dr. Sam Tsemberis, "Housing First: Ending Homelessness, Transforming Lives, and Changing Communities" (2012)

www.ted.org

Housing First and Emergency Medical Services

www.mhsa.net



Tiny house villages: Quixote Village and Emerald Village

Tiny house villages offer a lower-cost way to provide safe housing, and the benefits of community living and peer support for people recovering from homelessness.

The term “tiny house” covers a wide range of structures and program models. Some are permanent structures with heat, plumbing, and other amenities that will last for many decades; others are less expensive, impermanent, and unheated and unplumbed. Village program models also vary.

Quixote Village

Located on a two-acre site in Olympia, Washington, Quixote Village consists of 30 cottages wrapped around a central open space, and a 2,640 square foot community building that includes a communal kitchen, dining and living room, showers, laundry facilities, and staff offices. The village provides permanent supportive housing for homeless adults, including people suffering from mental illness, people with physical disabilities, and people recovering from addiction.

Financing for the program’s development was provided by:

- \$1.5 million in the state capital budget, which came through the state Department of Commerce’s Housing Trust Fund;
- \$699,000 from federal Community Development Block Grant funding that came through Thurston County and the City of Olympia;
- \$170,000 in Thurston County funding from document recording fees; and
- \$215,000 in community donations, including the Nisqually Tribe, the Chehalis Tribe, the Boeing Employees’ Fund, and individual donors.

The total cost of the village was just over \$3 million or about \$100,000 per unit. The village meets the state’s green building code and all local building codes.

The Village has two on-site, fulltime staff: a program manager and a social worker. Mental health services are also offered onsite. There is also a Resident Council, which helps govern the village and coordinates community holiday parties, barbecues and other events.

Emerald Village

Emerald Village in Eugene, Oregon, will represent a fresh approach to affordable housing. It will be a new and improved iteration of Opportunity Village, which has existed in Eugene, Oregon since 2013, and featured shed-type structures.

Emerald Village will be a more sustainable place to transition to from less permanent shelter such as encampments or smaller shed-type structures. The vision for this next village is to provide permanent, low-cost housing for people with limited incomes. Funding to build the tiny house community is being raised through private donations and grants.

Local architects and builders have gathered to form 13 teams, each donating their time and expertise to design and build one of the tiny homes at Emerald Village. Teams were limited to a 250-square-foot footprint and \$15,000 in materials (retail value). Other design parameters were kept to a minimum to demonstrate a variety of compact design and construction approaches.

Each of the homes is being designed to meet the building code’s definition of a “permanent dwelling” – including sleeping and living areas, a kitchenette, and bathroom contained within 160-288 square feet.

The individual houses will be supported by common facilities that include a community gathering area, kitchen, laundry, restroom, tool storage, and office.

Residents will pay \$250-350/month to live at Emerald Village, allowing the community to be financially self-sustaining once built. This provides a new, affordable housing option to someone with part-time work or fixed income. These are people who have been priced out of the housing market.

Unlike most affordable housing projects, residents of Emerald Village will not simply be renters; they will be members of a housing cooperative with an ownership share of the village – enabling them to create a modest asset that can be cashed out, if and when they move out. Residents will also share responsibility for upkeep of the village, and will have a voice in shaping how their housing is operated and managed through a democratic process.

By combining the benefits of cooperative housing with safe, livable, and cost-effective tiny houses, Emerald Village offers an accessible and sustainable response to our nation's current housing affordability crisis.

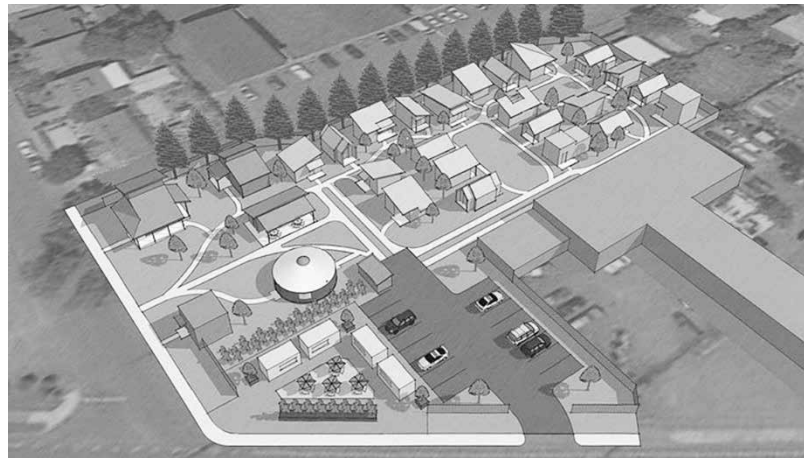
Resources

Quixote Village

www.quixotevillage.com

Emerald Village Eugene

www.squareonevillages.org



Rendering of Emerald Village



Local governments' winter shelter programs

While local governments in Washington work to develop long-term solutions to homelessness, they must also respond to immediate threats to life and safety that arise when temperatures fall to freezing or below. Some communities have developed winter weather shelter programs to address this need.

Winter weather shelter programs can take many forms, but they often involve a partnership with a local faith-based or other nonprofit organizations for the use of private facilities. While it is possible for a city or county to use its own facilities for this purpose, the logistical challenges – overnight staffing, meal preparation, scheduling of multipurpose facilities, insurance, and other similar issues – can make this option complicated to implement.

Kent partners with local church

The City of Kent partners with a local church to operate a cold weather shelter during specific, cold-weather events.

Following a particularly cold winter in 2008-09, Kent community leaders and members of a local, faith-based organization developed a winter weather shelter program to provide temporary housing at a local church during severe, cold-weather events. Under the terms of the service agreement, the shelter can be activated by the city's Housing and Human Services Manager between the months of November and March when "temperatures fall below 32 degrees for 24 or more consecutive hours and/or snow accumulation exceeding or expected to exceed three inches in depth and/or other conditions deemed severe enough to present a substantial threat to life or health of homeless persons" occur.

The city announces shelter activation by emailing community organizations, including the police, fire, and parks departments, local schools, and others, and by posting signs and posters at various community locations. A YouTube video, produced by the Kent Housing and Human Services Department, describes how the shelter program works.

The program gives priority to homeless families with children (living on the street or in vehicles) but also provides space for single women and men. The shelter is open daily from 9 pm to 7 am while severe weather conditions exist.

Shelter staffing is provided by church volunteers. The volunteers prepare the facility, greet guests, conduct safety screenings, prepare meals, and provide overnight supervision. To address security issues, the police department is notified when the shelter is activated and staff are instructed to call 911 if an emergency situation occurs. The church group also provides some staff trained to assist people in crisis. The church carries insurance coverage based on the terms of the service contract with the city.

Multi-jurisdiction model serves King County's Eastside

The cities of Bellevue, Redmond, Kirkland, Issaquah, and Sammamish collaborate to provide east King County with three "low barrier" (shelters with limited entry requirements are called "low-barrier") shelters:

- Catholic Community Services (for families);
- Sophia Way (for single women); and
- Congregations for the Homeless (for single men).

The City of Bellevue takes the lead in contracting with the shelter organizations and each of the participating cities pays a share of the cost. Under the terms of the contract, shelter services are provided during a fixed period (November–April) as opposed to being triggered by a particular, cold-weather event.

Resources

Catholic Community Services (families)

www.ccsww.org

Sophia Way (single women)

www.sophiaway.org

Congregations for the Homeless (single men)

www.cfhomeless.org

Kent's Severe Weather Shelter Operations Guide

www.mrsc.org



Revising city regulations to encourage accessory dwelling units

Accessory dwelling units (ADUs) have been around for decades. In many parts of Washington State, the concept is accepted and local governments have revised their regulations to accommodate such housing. Even so, the number of ADUs created in accordance with local standards has remained relatively low, due in part to the difficulty in meeting those regulations and the associated costs. In response, a few local governments are relooking at their standards and discussing how to make them easier to meet. The potential easing of existing ADU regulations, however, is causing neighborhood homeowners to take notice.

What is an accessory dwelling unit (ADU)?

An accessory dwelling unit (ADU) is a small, self-contained residential unit located on the same lot as an existing single-family home. They are sometimes referred to as "mother-in-law apartments." An ADU has all the basic facilities needed for day-to-day living independent of the main home, such as a kitchen, sleeping area, and a bathroom.

There are two types of ADUs:

- 1. Attached ADU**, which may be created as either:
 - a. A separate unit within an existing home (such as in an attic or basement); or
 - b. An addition to the home (such as a separate apartment unit with its own entrance).
- 2. Detached ADU**, created in a separate structure on the lot (such as a converted garage or a new "backyard cottage").

Reasons for allowing ADUs

State law (RCW 43.63A.215 and RCW 36.70A.400) requires that certain cities and counties adopt ordinances to encourage the development of ADUs in single-family zones, by incorporating the model ordinance recommendations prepared by the Washington Department of Commerce. In addition to just meeting a statutory mandate, however, ADUs have also helped local jurisdictions meet their Growth Management Act goals to encourage affordable housing and provide a variety of housing densities and types, while still preserving the character of single-family neighborhoods. From a planning perspective, it is considered by many to be a "kinder and gentler" method for accommodating population growth in a community, as compared to upzoning land to do so.

Standard ADU regulations

Most local ADU regulations have standards to address the following issues:

- Maximum unit size
- Owner-occupancy
- Dedicated off-street parking
- Attached ADUs only
- Maximum number of dwelling units on one lot
- Separate entrances/Only one visible from the street
- Other design standards (especially for detached ADUs) for such items as roof pitch, window style, and exterior material
- Maximum number of occupants
- Minimum lot size
- Building code and other "life/safety" requirements



Communities starting to reconsider ADU requirements

Some local governments in Washington State and elsewhere are reexamining their “standard” ADU requirements and questioning the rationale behind them, especially given the low production rate of new accessory dwelling units. As a result, some communities are considering changes to ADU regulations, such as:

- **Unit size:** Most current ADU standards set a maximum size (for example, 800 square feet), but some communities are considering an increase to their limit to provide more flexibility.
- **On-site parking:** Some local governments are looking at a reduction or elimination of standards requiring on-site parking spaces for the ADU’s occupants, especially in areas where there is adequate on-street parking. Such a change may face stronger opposition in neighborhood where street parking is at a premium.
- **Detached ADUs:** Most codes only allow attached ADUs, but more communities are expanding regulations to permit detached ADUs (which are usually required to be placed in the back half of a residential lot). Even if allowed, the high cost of constructing “backyard cottages” may limit the number that actually get built.

- **Owner-occupancy:** Most codes require that the property owner needs to occupy either the primary or accessory unit, but some communities (such as Seattle) are considering removing this requirement.
- **Allowing more than two dwelling units:** A “cutting edge” regulatory change is to increase the maximum number of dwelling units on a single family lot to three (by allowing one primary dwelling unit, one attached ADU, and one detached ADU). In Seattle, the City Council is currently considering proposed code revisions that would include an increase to three units on one lot.

Discussion about these types of changes has caused anxiety for some homeowners, who are concerned about the impacts on neighborhood character and property values. On the other side are affordable housing advocates who consider changing existing regulations as a way to effectively increase the number of legal ADUs.

Regardless of how local governments decide to regulate them, ADUs may be a viable approach to address a community’s growth and affordable housing policies in a manner that is acceptable to residents (especially if they

consider the alternatives). Just be sure regulations and development review process aren’t so burdensome that property owners end up not creating these dwelling units or building an ADU without obtaining the required permits.

Resources

Accessory Dwellings website

www.accessorydwellings.org

MRSC’s Accessory Dwelling Units: Issues & Options publication

www.mrsc.org

MRSC’s Accessory Dwelling Units and Affordable Housing webpages

www.mrsc.org



A Regional Coalition for Housing (ARCH): 15 cities and a county working together

A Regional Coalition for Housing (ARCH) is a voluntary consortium of 15 cities in east King County and the county government itself. Originally created in 1992 following recommendations of a citizen's commission, ARCH provides a way for member cities to support and supplement internal city capacity for capital construction, and development and administration of regulatory and incentive programs for affordable housing.

ARCH's administrative budget is funded by its member cities, partially but not entirely based on a per capita model. The board consists of the chief executive officers of member cities. ARCH does not replace internal local government staff, but provides a shared staff resource to assist in local housing activities. ARCH staff have played a supportive role for various city housing related efforts including preparing local planning documents such as Housing Elements, and developing specific initiatives such as accessory dwelling units, multifamily tax exemptions, and surplus land programs. ARCH staff also assist with administering local programs and provide staffing for community meetings.

On the capital side, ARCH helps cities coordinate resources they allocate for affordable housing within the member cities. Cities are willing to co-fund projects through grants and loans with the long term goal of creating affordable housing throughout east King County that serve a range of needs. ARCH also provide ongoing monitoring of housing funded by cities.

While a coalition like ARCH does not solve affordable housing problems by itself, it provides a good way to leverage resources and share specialized expertise.

Resources

**A Regional Coalition for Housing
(ARCH) Homepage**

www.archhousing.org





City of Bellingham housing levy

The Bellingham housing levy was approved by the voters in 2012, and imposes a tax of 36 cents per \$1,000 of assessed property value, generating \$21 million over seven years for the Bellingham Home Fund. The Bellingham Home Fund provides safe, affordable homes and supportive services to seniors on fixed incomes, people with disabilities, veterans, and low-income families. An Administrative and Financial Plan approved by the Bellingham City Council guides the use of the funds.

In 1995, the Washington State Legislature enacted RCW 84.52.105, which authorizes cities, counties and towns to impose an additional regular property tax levy of up to 50 cents per \$1,000 of assessed value of property for up to ten consecutive years. The ability to propose a levy under this statute requires a city, county or town to declare an emergency with respect to the availability of affordable housing.

Rental and transitional housing

The Bellingham Home Fund supports the development of new rental housing units for households that earn less than half the area's median income. Funds have been used for critical repairs, weatherization and accessibility.

Homeownership

Since 2002, the City of Bellingham has partnered with the Kulshan Community Land Trust and, more recently, with the Washington State Housing Finance Commission to help with down payment and closing costs for low income households. Since 1977, the city has offered financial assistance to low-income homeowners to repair their homes. In 2013, the Bellingham Home Fund allowed the city to support the Opportunity Council (a private, nonprofit Community Action Agency serving homeless and low-income families and individuals) expansion of its services to repair and weatherize owner-occupied manufactured homes.

Rental assistance and services

Bellingham allocates the Home Fund, federal HUD funds, and city funds to support housing and social services for low-income people in the community. These funds also support rent subsidies and emergency winter shelter.

Some of the Home Fund's major initiatives include:

- Homeless Outreach Team (Whatcom Homeless Service Center)
- Intensive Case Management (Whatcom Alliance for Health Advancement)
- Housing Services (Lydia Place, YWCA, Domestic Violence and Sexual Assault Services, Northwest Youth Services, Opportunity Council, and Catholic Community Services)

Resources

City of Bellingham, Affordable Housing Funding and Incentives
www.cob.org



Community Land Trusts

Community Land Trusts (CLTs) are nonprofit organizations that provide affordable homeownership by placing land in a trust so that home buyers pay only for the cost of the structure. The CLT home buyers lease the land from the nonprofit for a modest fee.

There are currently over 240 CLTs in 38 states. Thirty CLTs have been established in the Pacific Northwest, with 19 in Washington. CLTs have proven to be a very effective model in Seattle, Bellingham, Spokane, Portland, and other communities around the country.

A CLT must have property in order to offer building sites, either in the form of land for construction or existing homes. Land acquisition may be from available public property, or purchased with funds from grants, special levies or donations.

CLTs make home ownership more attainable for low-income families by removing the cost of land from the purchase. In a “hot” housing market, the increasing land value is a substantial part of the cost of a home; by removing that cost, the CLT is able to sell the homes at below-market rates.

The housing remains permanently affordable by limiting equity gains, which preserves the home’s affordability for future owners. In exchange for purchasing a home at well below market rate, CLT homeowners agree to a limit on the amount of equity they can realize if they sell the home in the future. An agreed-upon formula caps their equity growth at a reasonable rate. Even if property values in the area skyrocket, the home remains comparatively affordable forever.

CLT homeowners may still build equity, within the agreed limits, and use that equity to move up the economic ladder.

A CLT balances the multiple goals of asset-building for low- and moderate-income households, preservation of affordability over time, and the protection of neighborhood vitality. CLTs have an established track record of very low default rates. In 2008, CLTs had a foreclosure rate of 0.52 percent nationally, compared to over 3.3 percent for conventional homebuyers.

Often, a portion of CLT board seats are reserved for homeowners. In the Spokane CLT, for example, homeownership includes membership in the organization. One-third of the board of directors are homeowners, joining local housing advocates, city officials, and other interested community members.

CLT homeowners may make further improvements to their houses just as any homeowner would. Homeowners reap all the tax benefits of homeownership and can leave the home to their heirs or anyone else they designate.

Community Land Trust homes may include both discrete developments in a neighborhood and scattered site programs where homeowners find a home they wish to purchase, and the property is brought into the CLT as part of the purchase process.

Resources

Welcome – Homestead CLT – Seattle

www.homesteadclt.org

Kulshan CLT – a community land trust – Bellingham

www.kulshanclt.org

Spokane Community Land Trust

www.spokaneclt.weebly.com

Northwest Community Land Trust Coalition

www.nwcltc.org

National Community Land Trust Network

www.cltnetwork.org



Inclusionary zoning: Mandatory programs

One method for addressing the affordable housing problem is a regulatory tool called “inclusionary zoning.” Inclusionary zoning requires affordable units to be included within new residential development projects, or payment for construction of such units elsewhere in the community.

There are two basic types of inclusionary zoning: voluntary and mandatory. Under a voluntary program, it is up to the developer to decide whether or not to use various incentives or bonuses in exchange for providing a specified number of affordable units. However, such programs are not used very often, with developers usually opting to choose the simpler path of building only market-rate housing.

Conversely, a mandatory program requires the construction of a minimum number of affordable units or an “in lieu of” payment. Communities with a mandatory program usually provide an additional density bonus if the number of affordable dwelling units goes beyond the mandated minimum. This article focuses primarily on mandatory programs.

Who uses inclusionary zoning

More than 500 cities in the U.S. use inclusionary zoning, including Boston, Denver, New Orleans, Portland, Sacramento, San Francisco, San Diego, and Washington D.C. In Washington

State, there are a few cities that use inclusionary zoning, and more that are actively considering it.

Successful examples in Washington State are Redmond and Federal Way. Redmond’s affordable housing regulations, which have been in place since 1995, provide long-term affordable “contracts” on nearly 500 dwelling units. The City of Federal Way has also created a sizable amount of affordable units through its inclusionary zoning provisions.

Elements of Inclusionary Zoning

Mandatory inclusionary zoning regulations usually specify the following:

- **Minimum quantity** of affordable units to be provided, which is usually a percentage of a development’s total number of dwelling units. For example, Redmond requires a minimum of ten percent, while Sammamish has a sliding scale, based on the affordability level of the provided housing units. Developers in Sammamish are also using the city’s affordable housing “bonus pool” to produce more market-rate and affordable dwelling units.
- **Targeted income range** of households to be served by the affordable units. For instance, Redmond’s target population is “those who make equal to or less

than 80 percent of the King County median household income adjusted for household size,” while Federal Way defines “rental affordable housing” as dwelling units affordable to those with incomes at or below 50 percent of King County’s median income.

- **Time period** within which the designated units must be maintained as affordable. For example, Issaquah requires those units to remain affordable for a minimum of 50 years.
- **Geographic scope** of such regulations. Inclusionary zoning is usually limited to designated areas such as a downtown or mixed use development areas, although they may be applied throughout your community. For example, Redmond includes its downtown and seven other neighborhoods, while Issaquah’s mandatory program is limited to the Central Issaquah Urban Core.

On a practical note, a local government should ensure that the increased development capacity resulting from an upzone will offset the added costs to the housing developer of providing the affordable units. Otherwise, neither the market-rate nor affordable housing units will be built.

Pros and cons of inclusionary zoning

In an active housing market, inclusionary zoning results in the production of more affordable housing for low and moderate income residents. Inclusionary zoning can also result in buildings and neighborhoods that have a mix of income levels, without having to rely on taxpayer funds to provide them.

On the “con” side, it may be difficult to administer an inclusionary zoning program and monitor that the designated dwelling units remain affordable. Also, this type of regulation sometimes raises peoples’ concern about a change in community character. Finally, if your local housing market is not strong enough, developers may opt not to build any residential housing, which might then exacerbate the affordable housing issue.

Legal basis for inclusionary zoning

State law (RCW 36.70A.540) provides authority for GMA cities and counties to establish mandatory requirements for the inclusion of affordable housing under certain circumstances. That

statute allows a GMA city or county to require a minimum number of affordable housing units that must be provided by all residential developments in areas where the city or county decides to increase residential capacity. Before establishing such a requirement, a city or county must determine that such a zone change would further local growth management and housing policies.

The pros and cons of inclusionary zoning should be carefully reviewed before implementing such a program. But, if your community has an affordable housing problem and strong demand for market-rate housing, it is a regulatory tool that should be considered.

Resources

The Ins and the Outs: A Policy Guide to Inclusionary and Bonus Housing Programs in Washington

www.mrsc.org

Inclusionary Housing - Creating and Maintaining Equitable Communities (Report)

www.lincolnnst.edu





Multifamily tax exemption: An incentive to help create affordable housing

Washington cities with populations of 15,000 or more may establish a tax exemption program to stimulate the construction, rehabilitation, or conversion of existing structures to provide multifamily housing within city-designated areas, including affordable housing (see RCW 84.14).

Cities in "buildable lands" counties under RCW 36.70A.215, and the largest city in a Growth Management Act (GMA) county where no city has 15,000 or more residents may also utilize the tax exemption program.

When a project is approved under this program, the value of eligible multifamily housing improvements is exempted from property taxes for eight or 12 years. Land, existing improvements, and non-residential improvements are not exempt. Only projects with four or more units are eligible for either the eight or 12-year exemption. The eight-year tax exemption applies to market-rate housing, and the 12-year tax abatement is available if 20 percent of the project's units are affordable to families earning up to 115% of the area median income.

Only property owners who commit to renting or selling at least 20 percent of units as affordable housing for low and moderate income households are eligible for a 12-year exemption. The property must satisfy that commitment, and any additional affordability and income eligibility conditions adopted by the local government under this chapter.

If the property use changes before the applicable exemption ends, back taxes are recovered based on the difference between the taxes paid and the taxes that would have been paid without the tax exemption.

Several cities have adopted multifamily property tax exemption ordinances including Auburn, Bellevue, Everett, Renton, Spokane, Seattle, Bremerton, Wenatchee, Bellingham, Shoreline, Kent, Tacoma, Vancouver, and Lynnwood.

The Seattle Multifamily Tax Exemption program is applicable to new multifamily buildings that set aside 20-25 percent of the homes as income- and rent-restricted for 12 years. Currently approximately 130 properties are participating and an additional 90 are expected to begin leasing units between 2016 and 2018.

Resources

Bellevue Multifamily Property Tax Exemption

www.bellevuewa.gov

Bremerton Multifamily Property Tax Exemption Program

www.ci.bremerton.wa.us

Spokane Multiple Family Housing Property Tax Exemption Program

www.spokanecity.org

Wenatchee Tax Exemption for Multifamily Housing

www.wenatcheewa.gov



“Tiny homes” as permanent housing – zoning and code limitations

“Tiny homes” are all the rage these days. But if they are so popular, then why don’t we see more tiny homes in our communities?

The simple answer is that zoning and building/construction regulations create significant barriers against them, especially if someone wants to live in a tiny home on a permanent basis.

What is considered a “tiny home?”

For the purpose of this article, “tiny home” is defined as a small dwelling (500 square feet or less), with a kitchen and bathroom, mounted on wheels, and able to be pulled by a vehicle. A tiny home is not a “very small house” built on-site or a traditional recreational vehicle (RV). But, distinctions start to get a little murkier as you dive into the details.

Zoning

Relevant state law and local regulations deal primarily with camper trailers and recreational vehicles (RV) that are used on a temporary basis, and not tiny homes on a chassis with wheels intended for permanent occupancy. Accordingly, most zoning codes treat such tiny homes as camper trailers or RVs, and usually allow them only for temporary, recreational

use in campgrounds, RV parks, and occasionally in mobile home parks.

If a local government wanted to allow permanent occupancy of “tiny homes” in residential zones as another housing option, it would be relatively straightforward (although not necessarily easy) to address the following issues within a community’s zoning code.

- **Zones where allowed:** Local governments will need to decide where it wishes to allow tiny homes, which may depend on how they are defined in the zoning code. They could be defined either generally as a “single family dwelling unit” or specifically as a “tiny home” with a specific set of standards applied to them.
- **Standards applied to tiny homes:** If regulating tiny homes as single family dwelling units, then all the applicable zoning standards (such as density, minimum lot size, setbacks, and off-street parking requirements) should apply. If tiny homes are treated as a separate type of land use, then any exceptions to the previous sentence should be explicitly noted and included in your code.

- **Minimum dwelling unit size/occupancy:** The International Residential Code (IRC) requires every dwelling unit to have “at least one habitable room that shall have not less than 120 square feet (11 m²) of gross floor area,” but this standard should not be a problem in most cases, because a majority of tiny homes are larger than 120 square feet. Although uncommon, some local zoning codes have a minimum square foot requirement or a residential occupancy standard (such as at least X square feet of living area/occupant). If that is the case, a jurisdiction may need to revise that standard or create an exemption for tiny homes. However, private covenants with minimum size/occupancy requirements cannot be changed through zoning regulations.
- **Accessory dwelling units (ADU):** Some jurisdictions apparently are considering revising their codes to specifically allow a tiny house as an ADU. The City of Fresno, CA is one of the few cities that currently allows a tiny home to be used as an ADU.

A major issue is that most of the zoning provisions discussed above, however, pertain to a tiny home being treated as a permanent dwelling unit. And, therein, lies the dilemma.

Tiny homes as temporary housing vs. permanent dwelling units

In Washington State, a tiny home with wheels and a chassis is actually called a Park Model Recreational Vehicle (PMRV) and is approved only for temporary/recreational use. A tiny home/PMRV with its wheels taken off and mounted on a foundation will still be viewed as a PMRV and its use will still be considered as “temporary/recreational” (and not approved as a permanent dwelling unit). Exceptions in state law (RCW 35.21.684 and RCW 36.01.225), however, allow a PMRV to be used as a residence if it is located in a mobile home park, hooked up to utilities, and meets the other requirements of the applicable law.

While some tiny home owners intend to use them only for temporary living purposes, others want to use them as permanent or long-term residences. In most cases, a tiny home/PMRV cannot be converted into a dwelling unit. The International Residential Code (IRC) addresses dwelling units and requires that “permanent provisions for living, sleeping, eating, cooking and sanitation” be provided in a dwelling, along with other requirements such as heating, mechanical and energy efficiency provisions. For example, PMRVs are only

required to meet minimal insulation requirements for floors, walls, and ceilings. In contrast, dwellings are held to a much more efficient and higher standard for insulation, which also provides greater energy sustainability.

For a tiny home to be approved as a dwelling unit:

- A person would need to submit engineered plans to the Factory Assembled Structure program of the Washington State Department of Labor and Industries (L&I) for the construction of a “Modular Building” (or to the local building department for a site-built tiny house).
 - Those plans would be reviewed under the specific Washington State Administrative Code (WAC 296-150F) for conformance with the requirements of the IRC.
 - Once approved, the builder would request inspections during the construction process until final approval had been obtained.
 - After final approval, the L&I inspector would attach the “Modular Gold Label Insignia” to the unit and a notice would be sent to the local building department, letting them know that the Factory Assembled Modular Unit is being transported to the intended end user site.
- Permits from the local building department would be required, and they would need to approve the foundation and installation of the tiny home.
 - The local jurisdiction will typically instruct the owner of the modular unit to provide design engineering for foundation and anchoring attachments from a licensed engineer or require a L&I-approved general design for attaching the tiny home structure to a permanent foundation.

All utilities (water, sewer, and electric) for a permanent tiny home would need to be connected in the same manner as a typical single family house; use of extension cords and garden hoses would not be allowed.

Tiny homes are likely to remain popular for many years to come. There are many barriers related to their use as a primary residence, both from a construction standards and zoning perspective. Current requirements make it difficult for tiny homes to become dwelling units, and all but impossible for the “do-it-yourselfer” to build a tiny home and live in it permanently.

Resources

American Tiny House Association's "Zoning" webpage

www.americantinyhouseassociation.org

Washington L&I's "Modular and Other Manufactured Structures website"

www.lni.wa.gov

"Tiny Houses, and the Not-So-Tiny Questions They Raise"

Report by Donald Elliott, FAICP, and Peter Sullivan, AICP, *Zoning Practice*, Vol. 32, No. 11 (November 2015)





Rental housing inspection programs

Several cities have adopted rental housing safety programs in an effort to ensure that rental units offered to tenants are safe. The rental housing safety program protects low income residents by requiring that property owners meet health and safety standards in order to rent out their units.

RCW 59.18.125 was added to the state's Landlord Tenant Act (RCW 59.18) in 2010. The law authorizes a municipality to require certificates of inspection from landlords, and requires that cities adopting a rental inspection/licensing ordinance after June 10, 2010 follow the regulations provided in the statute.

In 2007, before this law was adopted, the State Supreme Court upheld a City of Pasco ordinance that required landlords to be licensed by the city, make inspections of their rental units, and furnish the city with a certificate of inspection verifying that their units met applicable building codes. A key element in the court's decision in *City of Pasco v. Shaw* was that the inspections could be performed by a private inspector of the property owner's choosing. This provision is also a feature of RCW 59.18.125.

Resources

Lakewood Rental Housing Safety Program

www.cityoflakewood.us

Tacoma Municipal Code, Title 6, Ch. 6B.165

www.cityoftacoma.org

Tukwila Municipal Code, Ch. 5.06

www.tukwilawa.gov



Vancouver's tenant protection ordinances

In early 2015, the Vancouver City Council created the Affordable Housing Task Force to advise city policy makers on potential solutions to the problems of increased homelessness and the lack of affordable housing. The task force recommended a number of measures to protect vulnerable renters and increase the supply of affordable housing.

At the time of the task force's creation, the city's vacancy rate was under two percent, down from nearly four percent in 2010. The task force noted that renters are having a difficult time securing housing due to the market's rapid price increases and low vacancy rates. As a result of the task force's work, the city enacted three ordinances to protect renters and promote housing stability:

45-day Notice of Rent Increase – VMC 4.46

Any rental agreement for a residential unit in the City of Vancouver must include a provision that requires a 45-day written notice to a tenant when their housing costs are increased by more than ten percent. Housing costs include the basic rent and any periodic fees paid to the landlord by the tenant, but do not include utility charges that are based on usage and that the tenant has agreed to pay in the rental agreement.

60-day Notice to Vacate – VMC 8.47

An affirmative defense is created for tenants who are not provided a required 60-day "no cause" eviction notice from a unit. This only applies to landlords who own five or more rental units. Other notices within the state's Residential Landlord Tenant Act (RCW 59.18) remain available to landlords, including the three-day notice to pay or vacate and the ten-day notice to comply with a rental agreement or vacate.

Source of Income Protection – VMC 8.45

This ordinance prohibits landlords from refusing to rent to a tenant based solely on the source of that tenant's income. Sources of income include but are not limited to income from Social Security, rental subsidies from state and federal sources, and nonprofit administered benefit programs.

Resources

City of Vancouver Affordable Housing Task Force

www.cityofvancouver.us



Addressing chronic homelessness in Everett with CHART & Housing First

Everett's Safe Streets Plan, which is being championed by Mayor Ray Stephanson, is focused on solving chronic homelessness through a coordinated effort among all the agencies and departments that deal with chronically homeless people every day.

Some chronically homeless people with mental illness, addictions, and other disabilities are heavy users of emergency rooms, police services, and the criminal justice system – and they often cycle through these services and back onto the streets. To address this problem, many cities are exploring ways to divert people from this expensive and unproductive cycle.

Everett created CHART (CHronic-Utilizer Alternative Response Team), a group consisting of criminal justice, emergency response, and research partners from the Everett Police Department, Everett Fire Department, Snohomish County Department of Human Services, Snohomish County Jail, Everett City Attorney's Office, and Providence Regional Medical Center Everett. A specialized CHART team is formed to problem-solve more permanent solutions – including housing – for people who are caught in this cycle.

A customized team is convened to deal with each individual. Teams may include addiction treatment providers, public defenders, social workers, housing providers, and/or medical and mental health professionals. This strategy is expected to result in better outcomes for participants, and to reduce the impact and expense of "frequent fliers." Similar strategies have been successful in other communities.

Inspired by a 2015 presentation on Utah's housing first policy, Mayor Stephanson has already announced Everett's first group of homeless individuals selected for housing.

Together, they accounted for hundreds of contacts with first responders and the criminal justice system over the past two years. All suffer from mental health and substance-abuse disorders, and each has been homeless for extended periods of time.

Resources

City of Everett CHART webpage

www.everettwa.gov

Housing First - Housing First: Sam Tsemberis, TED Talk



Photo credit:
City of Everett



Lakewood nonprofits & government tackle affordability and homelessness together

Pierce County's annual 2016 Point-in-Time Count revealed that there were 1,762 people currently experiencing homelessness in Pierce County. The number of people in shelters and on the streets had increased by 524 countywide since 2015.

Individuals reporting either Lakewood or Tacoma/Lakewood as their location during the count made up six percent of the county's unsheltered population and 15 percent of those residing in shelters.

The City of Lakewood adopted a multifaceted approach to addressing both housing affordability and homelessness in the community. One percent of the city's general fund is allocated to support human and social services annually, including housing assistance and housing relocation programs. The city has also tried other approaches that complement this budget allocation.

In partnership with Greater Lakes Mental Health, the city hired a mental health professional who is embedded with police officers to serve as a resource for those who are suffering from addiction or mental illness. A full-time officer now supports the Behavioral Health Contact Team (BHCT). Last year, they helped over 200 people by directing them to needed resources. These people would otherwise have been incarcerated or hospitalized. The city regularly shares their experience and knowledge gained through this program with other local cities interested in establishing similar programs for their communities.

Lakewood also partners with multiple local organizations to address homelessness and mental health, including Living Access Support Alliance (LASA), Habitat for Humanity, Western State Hospital, and the Tacoma Methadone Clinic. The city contributed almost \$1 million to LASA to support their new shelter, which opened in July 2015. In addition, the city helped

Habitat for Humanity fund construction of new houses for low-income, first-time home buyers. To date, the organization has built 21 units in the Tillicum neighborhood and another 12 are scheduled for construction. Habitat is also looking to add additional properties to its Tillicum portfolio.

The city is part of a consortium, called the Continuum of Care, with Pierce County and the City of Tacoma that qualifies for federal Community Development Block Grant dollars to support other programs to address homelessness countywide.

Another example of collaboration with Pierce County is shared use of document recording fee revenue, which supports affordable housing and homelessness programs. Funding is distributed by an oversight committee composed of members from the City of Tacoma, City of Lakewood, Pierce County, and other city and town representatives. An interlocal agreement governs the operations of this committee.

The Lakewood City Council adopted a Rental Housing Safety Program in 2016 in an effort to ensure the safety of city rental units. The Rental Housing Safety Program requires property owners to meet health and safety standards in order to rent out their units. (See more on *Rental housing inspection programs* on p. 26)

The City of Lakewood estimates that low-income housing accounts for over 65 percent of homes within Lakewood, making the city a cost-effective location for Pierce County to place individuals who participate in rental assistance programs. Lakewood is also home to

other low-income options including 28 mobile home parks (1,180 units) and 388 apartment complexes (11,200 units), the majority of which serve low-income residents. The city also hosts other low-income and transitional housing programs such as the Pierce County Housing Authority and units built using federal tax credits.

Resources

Pierce County Community Connections – Homeless Programs

www.co.pierce.wa.us

Access Point 4 Housing

www.associatedministries.org

Living Access Support Alliance

www.lasawa.org





Wenatchee coordinates homeless programs for two counties

In 2006, Chelan County and Douglas County combined forces to reduce the prevalence of homelessness. They chose the City of Wenatchee to serve as the lead entity overseeing the development and administration of the counties' homeless plan.

The city manages the local and state homeless and housing funds on behalf of Chelan and Douglas counties through an interlocal agreement. The city also manages funds distributed through the Department of Commerce's Consolidated Homeless Grant (CHG) and Emergency Solutions Grant (ESG). Wenatchee is not a provider of direct services, but instead sub-grants these funds out to local service providers.

The City of Wenatchee administers the homeless programs in compliance with the grant requirements and coordinates services among providers. The city is assisted in its work by a Homeless Steering Committee and a Homeless Task Force. The steering committee assists with policy oversight and funding decisions, and is composed of representatives from local governments, community organizations, business groups, the media, and citizens. The task force is composed of homeless service providers and other interested parties who coordinate how services work in the counties.

The city manages approximately \$1 million in grant money annually. The steering committee has a cash flow reserve balance of \$150,000 and an emergency reserve fund of \$100,000.

As a part of a recently updated five-year plan, the Chelan-Douglas County Program identified six priorities:

1. Focus on the chronically homeless;
2. Improve system responsiveness;
3. Increase the supply of and access to affordable housing;
4. Address youth homelessness;
5. Improve coordinated entry (a requirement that all counties have a single point of access for homeless services); and
6. Strengthen data collection.

To achieve those priorities, the city is responsible for the following tasks:

- Promote the development of affordable housing through land use and zoning policies;
- Preserve local rental stock through dedicated code compliance work;
- Provide trainings for service providers on fair housing rights, wrap around services, and responding to behavioral health crises; and
- Provide periodic information and updates on system performance and utilization.

In order to measure progress, the five-year plan also included numerous performance measures such as reduction in the number chronically homeless individuals, reduction in the length of stay in emergency shelters, increase in the Wenatchee valley rental vacancy rate, and full Homeless Management Information System (HMIS) utilization by services providers.

Resources

Chelan-Douglas Plan to End Homelessness

www.wenatcheewa.gov



Association of Washington Cities
1076 Franklin St. SE
Olympia, Washington 98501-1346
360.753.4137 or 1.800.562.8981

awcnet.org



Municipal Research and Services Center
2601 Fourth Ave., Suite 800
Seattle, Washington 98121-1280
206.625.1300 or 1.800.933.6772

mrsc.org



Department of Commerce

2017 Housing Affordability Response Team (HART) Recommendations

Affordable Housing Advisory Board

**June 2017
Report to the Governor
Brian Bonlender, Director**

Acknowledgements

Member of the Affordable Housing Advisory Board (AHAB)

M.A. Leonard, AHAB Chair, General Public*
Peter Orser, HART Chair, Residential Construction Industry*
Kim Herman, Washington State Housing Finance Commission, Ex-Officio*
Christina Pegg, Public Housing Authorities*
Paul Trautman, Association of Washington Cities (Eastern)*
Joel Ing, Vice Chair, AHAB, For-Profit Housing Development Industry
Shannon Affholter, Residential Construction Industry
Derrick Belgarde, Lower Income Persons (Consumer Current/Past)
Claude DeCorsi, Association of Washington Cities (Western)
Connie Devaney, Apartment Management & Operation Industry
Tom Hoban, For-Profit Rental Housing Owners
Diane Klontz, Department of Commerce, Ex Officio
Paula Wallace Lonergan, Homeless Shelter Operators
Commissioner Obie DJ O'Brien, Washington Association of Counties (Eastern)
Michael O'Rourke, Home Mortgage Lending Profession
Vijya Patel, Real Estate Sales Profession
Michone Preston, "At Large"/General Public
Cindy Proctor, Non-Profit Housing Development Industry
Vickie Raines, Washington Association of Counties (Western)
Shaw Seaman, Special Needs Populations
David Stillman, Department of Social and Health Services
Chuck Weinstock, Home Mortgage Lending Profession
*Members of both AHAB and the Housing Affordability Response Team

Staff to the Committee

Diane Klontz, Assistant Director, Community Services and Housing Division, Commerce
Mark Barkley, Assistant Director, Local Government Division, Commerce
Emily Grossman, Lead Policy Alignment Advisor, Washington State Department of Commerce
Anne Fritzel, Growth Management Services, Washington State Department of Commerce
Sophie Glass, Triangle Associates, Facilitator

Address questions or comments to:

Anne Fritzel, HART Coordinator, Anne.Fritzel@commerce.wa.gov (360)725-3064
Emily Grossman, Staff Liaison to AHAB, Emily.Grossman@commerce.wa.gov (360) 725-2798

**Washington State Department of Commerce, www.commerce.wa.gov
1011 Plum St. SE, P.O. Box 42525, Olympia, WA 98504-2525**

For people with disabilities, this report is available on request in other formats. To submit a request, please call 360-725-4000 (TTY 360-586-0772).

Table of Contents

Executive Summary.....	1
Introduction.....	3
Methods.....	6
I. Land Use Factors Impacting the Housing Supply	8
II. Permitting, Construction, and Regulatory Factors Impacting the Housing Supply.....	14
III. Funding and Finance Factors Impacting the Housing Supply	20
Moving Forward.....	26

Appendices

Appendix A: Letter from Governor Inslee

Appendix B: HART Charter

Appendix C: List of Publications Considered

Appendix D: Full List of Recommendations

Executive Summary

Housing that is affordable is an essential part of every community's infrastructure, serving as a platform for individuals and families to stabilize and build their economic futures. It also creates jobs and attracts investment, making it a prerequisite to economic growth. Housing supply and affordability are issues that affect every community in Washington: as our state economy continues to rebound from the Great Recession, the resulting growth in population¹ and low housing vacancy rates² have produced a tight housing market in which existing inventory is priced at a premium³. Low and middle-income households feel this market pressure the most: they have the fewest number of housing options in the private market, and low-income households are increasingly more vulnerable to homelessness.⁴

The Washington State Department of Commerce (Commerce) is the lead state agency charged with enhancing and promoting sustainable communities and economic vitality in Washington. Commerce supports the state's Affordable Housing Advisory Board (AHAB), which advises Commerce on housing and housing-related issues. On January 16, 2017, Washington State Governor Inslee sent a letter to AHAB requesting that a work group be formed to:

- Examine existing systems that contribute to the state's housing stock.
- Examine how zoning and planning, permitting, development and financing, and construction processes can be improved to open increased opportunities for additional housing.
- Define where barriers exist and provide recommendations on how to remove barriers.
- Explore other areas that provide further insight on how to increase the affordable housing stock.

In response, AHAB formed the Housing Affordability Response Team (HART), with the strong recommendation that the team consider similar work from 2006 and 2013. The Governor requested an initial letter of findings and recommendations from AHAB by June 1, 2017. This report represents the work of an interdisciplinary team of housing development, construction, financing and planning experts that were brought together to learn about the broad spectrum of issues related to housing supply, and to identify possible solutions. One belief that underpins every recommendation in this report is that we can no longer afford to treat housing, transportation, and infrastructure as separate, unrelated silos. The public sector, non-profit agencies, and private developers, banks, and private equity providers are all needed to increase

¹ Office of Financial Management; "Population Change: Natural Increases and Net Migration"

² Census Bureau, American Community Survey, Median Contract Rents 1-year estimate, Table B25058

³ Census Bureau, American Community Survey

⁴ Washington State Department of Commerce "Why is Homelessness Increasing?"

<http://www.commerce.wa.gov/wp-content/uploads/2017/01/hau-why-homelessness-increase-2017.pdf>

the supply of housing types that are affordable to all income levels, with particular emphasis on low- and middle-income households.

Washington State's Growth Management Act (GMA) provides a clear framework for housing planning and development, but its application and implementation must be strengthened at the local level. Communities need to designate land and plan for higher-density housing that meets the needs of low- and middle-income households, and developers must be willing and able to produce it. Each step involves overcoming societal, regulatory, and financial barriers. This report includes seven recommendations that the committee members felt were key ideas the state should pursue to make immediate gains. More detail is included in the following sections.

- 1. Provide funding and support to local governments to plan for housing at every income level, especially for lower-income levels.**
- 2. Provide funding to local governments to assess land capacity through “buildable lands” reports.⁵**
- 3. Provide broad-based education to encourage communities to facilitate the development of more affordable housing.**
- 4. Seek responsible changes to development-related statutes and regulations to facilitate housing development. Small changes to statutes such as the Project Review Act, Subdivision Act, the State Building Code, impact fees, multifamily tax exemptions, community revitalization financing, and prevailing wage determinations could add up to make a difference.**
- 5. Provide stable and dependable state funding for housing by providing predictable funding to the Housing Trust Fund, making document-recording fees permanent, and encouraging local adoption of local housing levies.**
- 6. Encourage public agencies to consider underutilized publicly owned property as an opportunity for affordable housing.**
- 7. Continue this work into the future by finding opportunities to collaborate with existing work groups and projects to carry these ideas forward.**

Resolution of these issues requires active participation and coordination of multiple players within the private market and public policy arena.

⁵ “Buildable lands” reports are required in the six most populous counties in Washington as a tool to assess whether communities are meeting their density targets, and what the capacity is for future development (RCW 36.70A.215). They are to be completed before the review and update of comprehensive plans and regulations required every eight years by RCW 36.70A.130.

Introduction

Housing that is affordable is an essential part of every community's infrastructure, serving as a platform for individuals and families to stabilize and build their economic futures. It also creates jobs and attracts investment, making it a prerequisite to economic growth. Housing supply and affordability are issues that affect every community in Washington: as our state economy continues to rebound from the Great Recession, the resulting growth in population⁶ and low housing vacancy rates⁷ have produced a tight housing market in which existing inventory is priced at a premium⁸. In some areas, the demand for housing has significantly outpaced housing supply, placing additional upward pressure on rents and home prices.

Although household incomes have grown along with the economy, income increases for those with middle and lower incomes have not kept pace with rent and purchase price increases.⁹ These trends, in combination with other market factors, have created a deficit of affordable and available housing, particularly for Washingtonians within the low-to-middle income range.¹⁰ These households have the fewest options available in the private housing market. In strong housing markets, builders seek the highest achievable price to offset higher development costs, which means new production does not result in more affordable units. In weaker and rural markets, market rents do not serve lower-income households and yet are not high enough typically to make new production financially feasible.

The Washington State Department of Commerce (Commerce) is the lead state agency charged with enhancing and promoting sustainable communities and economic vitality in Washington. Key agency goals related to affordable housing and homelessness include:

- Increase the availability of affordable and market-rate housing.
- Increase the number of jobs that pay wages that can sustain housing.
- Reduce the number of unsheltered individuals.

Commerce has a diverse portfolio of more than 100 programs and several state boards and commissions focused on strengthening communities. Commerce supports the state's Affordable Housing Advisory Board (AHAB), which advises Commerce on housing and housing-related issues. On January 16, 2017, Washington State Governor Inslee sent a letter to AHAB requesting that a work group be formed to:

- Examine our existing systems that contribute to our housing stock.

⁶ Office of Financial Management; "Population Change: Natural Increases and Net Migration"

⁷ Census Bureau, American Community Survey; Median Contract Rents 1-year estimate, Table B25058

⁸ Census Bureau, American Community Survey

⁹ Census Bureau, American Community Survey one-year estimates; Bureau of Labor Statistics CPI-U

¹⁰ University of Washington Runstad Center; All-Buyer Housing Affordability Index 2009-2016 (Market Summaries); Affordable Housing Needs Assessment.

- Examine how zoning and planning, permitting, development and financing, and construction processes can be improved to open increased opportunities for additional housing.
- Define where barriers exist and provide recommendations on how to remove barriers.
- Explore other areas that provide further insight on how to increase the affordable housing stock.

As a result of this letter,¹¹ AHAB formed the Housing Affordability Response Team (HART), with the strong recommendation that the team look at similar work from 2006 and 2013. The Governor requested an initial letter of findings and recommendations from AHAB by June 1, 2017.

Guiding Statements

To guide its work, HART developed the following problem, vision, mission, and values statements:

Problem Statement: Rental and for-sale housing is unaffordable or unavailable for many income segments.

Vision Statement: Responsibly increase the supply and types of housing at all economic levels.

Purpose Statement: Lay the technical groundwork for future legislative, investment, and regulatory proposals to realize the vision statement.

Value Statements: HART members agreed that the following principles should guide the development of recommendations.

- All Washingtonians should be able to afford safe and dependable housing with access to opportunities, such as education, employment, transit, and amenities.
- Responsible housing policy respects the principles of growth management and takes into account economic, environmental, and societal stewardship.
- A variety of affordable housing types is needed to provide options for families of all sizes and stages of life.
- Total housing cost takes into account the costs of transportation and utilities.
- The private real estate market does not provide adequate affordable housing options for all economic segments, and therefore government assistance is needed to offer the full range of affordable housing options.
- Available and affordable housing is critical since it serves as a platform for better health, stable employment, and stronger communities.

¹¹ See Appendix A.

Areas for Consideration and Non-Consideration

Select members of AHAB, who formed the HART Executive Committee, decided HART would address the following issues insofar as they affect housing supply across Washington state:

- Land use planning, such as the housing element of the Growth Management Act, and land capacity analysis.
- Regulations and fees, such as impact fees, utility agreements, permit processing, the state's Environmental Policy Act (SEPA), and other issues.
- Finance and funding, such as high-level recommendations on statewide financing tools, the relationship among funding supportive services, and the supply of housing.

While recognizing the interdependence of many housing-related issues, and given the short timeframe of this assignment, HART leaders agreed that the work would not focus on:

- Local government issues, such as local zoning decisions.
- Federal government issues, such as federal agency funding for affordable housing.
- Political strategies, such as how to advance certain recommendations through the legislature.

Terminology

Affordable housing is defined by statute as “residential housing that is rented or owned by a person or household whose monthly housing costs, including utilities other than telephone, do not exceed 30 percent of the household’s monthly income.¹² The affordability of housing is a function of the income of the people in the household and the price of housing (monthly mortgage or rent payment plus utilities).

The terms “subsidized” and “government-assisted housing” will be used in this report to describe income-restricted housing that is publicly owned or assisted through direct housing subsidies, capital funding or rent supplements and intended to meet the needs of those households with low-to-extremely-low incomes (below 50 percent of the area median income) who would not be able to afford housing without assistance.

¹² RCW 43.185B.010(1)

Methods

HART Recruitment

Commerce staff and AHAB leaders convened an executive committee, whose members included AHAB Chair, MA Leonard; AHAB members Paul Trautman and Christina Pegg; Peter Orser, designated HART chair; and Commerce staff. The HART Executive Committee met in early February to develop a charter for the HART process and to identify types of expertise that would be helpful to the process. HART leaders invited members from private and not-for-profit building sectors, land use planning, finance, legal, and other expertise that would provide broad experience and perspectives. The following people were selected and convened to form HART:

Housing Affordability Response Team Members

Peter Orser, Runstad Center for Real Estate Studies, HART Chair*

M.A. Leonard, Enterprise Community Services, (AHAB Chair)*

Tess Colby, Pierce County Human Services, representing WA Association of Counties (WSAC)

Svenja Gudell, Chief Economist, Zillow

Nick Harper, Master Builders Association of King and Snohomish County

Kim Herman, Executive Director, Washington State Housing Finance Commission*

Mark McCaskill, Growth Management Services, Washington State Department of Commerce

Jeanette McKague, Washington Realtors

Rachael Myers, Executive Director, Washington Low Income Housing Alliance

Christina Pegg, Southwest Housing Authority *

Paul Purcell, Affordable Housing Developer

Tony To, Homesight

Paul Trautman, Community, Housing, and Human Services Department, City of Spokane*

Steve Walker, Director, Seattle Office of Housing, representing Association of Washington Cities

Bryce Yadon, Futurewise

* Affordable Housing Advisory Board Members

Meetings

To prepare to discuss these issues, HART members had access to a project website¹³ that staff continually updated, adding relevant meeting materials and reports throughout the process. In addition, subject matter experts were invited to attend many of HART's meetings.

Subject Matter Experts

Ryan Andrews, Planning Manager, City of Lacey

Dan Cardwell, Long Range Planning Supervisor, Pierce County

Elizabeth Chamberlain, Development Services Director, City of Walla Walla

Chandler Felt, Demographer, King County

Faith Pettis, Pacifica Law Group

Kurt Wilson, Soundbuilt Homes

¹³ http://www.ezview.wa.gov/site/alias_1961/overview/37021/overview.aspx

HART met five times between March 7 and May 19, 2017. HART's goal was to identify actions that the state might take to responsibly increase the supply and types of housing for all income levels. Three areas of focus emerged: (1) land use, (2) permitting and construction, and (3) funding and finance issues. Each meeting began with subject matter experts providing general background about the day's topic of discussion so that all members had requisite foundational information. Each topic is addressed in the following sections with background on the issues, a list of barriers to housing affordability, recommendations to move forward, and topics for further research.

Throughout the process, staff kept track of the recommendations carried forward from previous work in 2006 and 2013, and developed through the HART process. Over 80 recommendations were brought forward, ranging from very specific policy changes, to broad ideas that needed more refinement. These recommendations resulted from the direct experience of those at the table. This exercise was not intended to be a comprehensive study; however, the group extended an invitation to a broader group to gather feedback and additional ideas.

Stakeholder Outreach

HART members recognized that the racial and socioeconomic composition of this committee was not representative of the racially diverse and low-income individuals who typically rely on affordable housing. HART members also recognized that this committee did not represent all interest groups involved in the housing sector (i.e., labor, private financing, local planners, rural interests, etc.). Recognizing these "blind spots," staff and HART members identified a number of external stakeholders to provide feedback, comments, and the opportunity for additional suggestions. This input informed HART's final voting.

Open Public Meetings

As a subgroup of the Affordable Housing Advisory Board (AHAB), HART meetings were open to the public. The AHAB web page had a link to the HART web site. Public comment periods were on the agenda at the beginning and end of each meeting. Any public comments received via email between meetings were included in meeting packets, which were posted on the HART the web site.

Final Selection by Majority Voting

During the final meeting, HART members voted on all the recommendations generated during their preceding meetings. To accomplish this, staff printed out the full suite of recommendations and displayed them on the wall. HART members could indicate that they "supported" or "could live with" a recommendation by placing a sticker dot on the printed recommendation. HART members could only put a maximum of 1 sticker dot on each recommendation. The recommendations that received more than 10 out of 16 dots (or "votes") were grouped and formulated into the seven recommendations in this report. A full list of all recommendations is in Appendix D.

I. Land Use Factors Impacting the Housing Supply

A. Background

GMA Requirements for Planning for Housing

The Growth Management Act (GMA) includes a number of specific directives for how cities and counties should plan for housing, including housing affordable to lower-income households. The directives range from a requirement at the countywide level to address affordable housing to code requirements at the local level. The requirements apply in the 29 “fully planning” counties that are required to plan under the GMA. Implementation of the GMA is guided by 14 overlapping goals. The GMA housing goal calls for promoting a variety of residential densities and housing types, encouraging the availability of affordable housing for all economic segments of the population, and preservation of existing housing stock.¹⁴

Countywide Planning Policies

All GMA counties and the cities within them must agree on how they will address issues of a countywide nature, such as transportation, siting of public facilities, growth, and affordable housing, including housing for all economic segments of the population and parameters for its distribution. These countywide planning policies may include targets for affordable housing.

Comprehensive Plans

GMA cities and counties must include five elements in their comprehensive plans: land use, transportation, housing, utilities and capital facilities. Counties must also include a rural element. Each county receives 20-year population projection from the state Office of Financial Management.¹⁵ The county, cities, and towns work together to allocate the countywide population to individual jurisdictions based on local land capacity, availability of capital facilities, and local vision. The land use element is where population densities, building intensities, and estimates of future population growth are located. The majority of new growth should be planned inside designated urban growth areas, but the intensity and distribution of uses is left to local discretion.

The GMA states that the housing element should ensure the vitality and character of established residential neighborhoods and must contain at least the following features.¹⁶

¹⁴ RCW 36.70A.030 includes other goals that relate to affordable housing: (1) Encourage development in urban areas where adequate public facilities and services exist, or can be provided in an efficient manner. (2) Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development. (12) Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

¹⁵ www.ofm.wa.gov/pop/default.asp

¹⁶ RCW 36.70A.070(2)

An inventory and analysis of existing and projected housing needs that identify the number of housing units necessary to manage projected growth. Cities should consider both the new households inside the city limits and those in any unincorporated areas intended to annex to that jurisdiction within the 20-year planning period.

- A statement of the goals, policies, and objectives for the preservation, improvement, and development of housing, including single-family residences.
- Identification of sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, group homes, and foster care facilities.
- Adequate provisions for existing and projected housing needs of all economic segments of the community.¹⁷

Each comprehensive plan is presumed valid upon adoption. There is no requirement for state certification of the comprehensive plan as a whole, or of the housing element.

Buildable Lands and Development Capacity

“Buildable Lands” requires six western Washington counties¹⁸ and the cities within them to analyze land use development trends and to compare those trends to the comprehensive plan, zoning, and growth targets. Traditional vacant land inventories, based only on theoretical zoned capacity, failed to measure the way land development actually occurs. Therefore, RCW 36.70A.215 requires counties to collaborate with cities, compiling data to determine the actual achieved densities of residential subdivisions and permits and commercial development in the preceding few years. Those densities are then applied to the measurement of vacant lands and lands for potential redevelopment, in order to determine if there is sufficient buildable land to accommodate forecasted growth over the 20-year planning period. Though counties use different methodologies, analysis accounts for steep slopes, wetlands and other critical areas, rights-of-way and other discounts, and includes a market factor to account for parcels that may not develop or redevelop within the planning period. If the report shows a shortfall of capacity, or that urban densities are not being achieved, measures must be taken that are “reasonably likely” to reduce the inconsistency between plans and actual development.

Subarea Planning

Some communities use “sub-area planning” to plan for more intense uses in a defined center or corridor, generally well-served by transit. Tools such as planned actions, multifamily tax exemptions, or other housing incentive programs can then be applied to the planned area to facilitate and incentivize development in a given area. More information on these tools is available in the next section.

¹⁷ WAC 365-196-410 provides advisory guidance on how to develop the housing element.

¹⁸ King, Pierce, Snohomish, Kitsap, Thurston and Clark counties.

B. Land Use Barriers to Housing Supply

State laws already in place require and promote planning for affordable housing, but there are some barriers to implementation at the state and local level.

- **Lack of resources at the state, county, and local levels to do the planning work.** Many local governments do not have the staff to adequately update the housing element of comprehensive plans or to complete buildable lands work. In recent years, state funding for the review and update of comprehensive plans has been extremely limited, and as a result, the housing element is often one of the last elements to be updated. In addition, funding for the six counties required to do buildable lands analysis has not been available in recent years.
- **Un-enforceable housing goals.** The Growth Management Act was designed to place planning decisions at the local level. City and county comprehensive plans are presumed valid upon adoption. There is no certification of comprehensive plans by the state, although notifying the state of the intent to adopt is required. Regional transportation planning organizations certify the transportation element of local plans for consistency with regional transportation plan. There is no agency that reviews local housing elements for consistency with regional or state housing needs assessments. Goals may be set at the countywide level, or are adopted at the city or town level; however, there is no penalty if jurisdictions fail to meet their affordable housing goals. Many see a need to add more accountability to ensure that housing affordability targets are met.
- **Housing options are limited in scope.** Comprehensive plans often do not cover the full range of housing options. Most land use designations are “single family” or multifamily.” Single family is the predominant form of development, most easily recognized by the real estate market, and favored by the construction industry. Multi-family zoning is generally understood to be made up of apartment buildings. However, there could be a broader range of development types that could provide more affordable dwelling units, such as cottages, apartments, townhouses, accessory dwelling units, and single-room occupancy units. These options may be harder to finance, sell, and manage under current market conditions. Even if a local code has language to permit and regulate these options, without incentives it is unlikely that the private market will provide a full range of housing choices.
- **Higher-end housing is more profitable.** During the development process for both market-rate and affordable housing projects, significant risk exposures exist for the developer and other parties. This is because the project must be complete before income and anticipated profit is generated. To compensate for this risk, the market-rate developer, investor, and other capital providers establish a minimum expected rate of return on their investment that must be achieved before they will go forward with the project. Thus, the market-rate developer applies a market demand approach, which

favors the more profitable housing types favored by high-income earners who tend to reside in urban areas. There is also a shortage of skilled labor within the construction industry, which means there are fewer firms working and competing for projects. The consequence of this combination of factors is that more affordable markets cannot compete with higher-priced markets, or less profitable but more affordable housing types are not produced to the extent they are needed.

- **Expensive lots lead to expensive housing.** Competition for a limited supply of buildable land, in addition to all these other barriers, leads to expensive lots. Land that requires redevelopment is even more expensive to use, as existing structures must be removed and the land may need to be remediated from environmental contamination before it can be developed. Ultimately, the way for a builder to proceed on a given lot is to build the largest and highest-end house that will be marketable.
- **Extending infrastructure is expensive.** In many communities, an assessment of land capacity shows that there is sufficient land to accommodate the local share of projected population growth. However, the ability to develop land may vary greatly, based on the availability of sewer, water, roads, and other public services. In many cases, to develop land outside the area currently served by urban services, the first developer is required to carry the cost of bringing infrastructure to serve the parcel. Where development is proposed in already developed areas, there may be concerns about the pressures it puts on existing infrastructure and services.
- **Resistance to growth at the jurisdictional and individual levels.** Local land use designations and zoning decisions may affect a jurisdiction's ability to ensure sufficient and affordable housing. When land use and zoning is reviewed, with an eye to adding high-density or multifamily housing, there may be resistance from the public due to negative perceptions about multifamily housing (which could be considered a "Not In My Backyard" or NIMBY attitude). Some communities have a strong anti-growth sentiment among the constituency or just don't want any high-density housing development due to concerns of changing the character of the community, or fears about the people this kind of development will bring. Consequently, multifamily-zoned land may be very limited, may be located at the edge of a community, or maybe in less desirable areas, where it is difficult to attract investors. Should a developer propose to build on such a site, he/she may want to request a change of zoning or a variance, and that request may be difficult to approve, based on the public process. As a result, the developer may not choose to build on the site, or the cost of development is increased due to the time, risk, and expense involved navigating these barriers.

C. Recommendations Relating to Land Use Planning

- 1. Provide funding to local government to plan for housing at every income level, especially for lower-income levels.** Approaches may include:
 - a. Provide funding to local governments to develop and update GMA housing elements, as well as the economic development and capital facilities elements that support them.
 - b. Clarify how city and county planning under the GMA should be accountable to reach growth and affordable housing targets, and monitor progress over time. Consider both “sticks and carrots” to address accountability at the local level.
- 2. Support local government to assess land capacity through buildable land reports.**
 - a. Standardize buildable lands requirements so that it is easier to analyze and compare information across jurisdictions. The use of GIS and other modern tools, even at the state level, may help to get better and more cost-effective information upon which to base land use decisions.
 - b. Provide dedicated and sufficient funding to the six “buildable lands” counties to develop new information on land capacity for development. Reports could include information that enhances the description of the development potential of land, e.g., analysis that identifies land suitable for development, such as land that is currently available with current infrastructure and land that is potentially available with funded infrastructure.
- 3. Provide broad-based education to encourage communities to facilitate the development of more affordable housing.**
 - a. Provide outreach and education to the development community, elected officials, city and county staff, financial institutions, and the public on the need for, and tools to address, affordable housing issues. Provide education on housing tools: how finance, marketing, regulations, and community entitlements work, and how multifamily tax exemptions and SEPA tools can help to provide diversity in housing. Actions could include professional workshops, community workshops, technical assistance or other guidance.
 - b. Encourage cities to up-zone within their borders and reform their development regulations to achieve minimum net urban densities and accommodate new growth.
 - c. Provide support to local government to address resistance to growth. This may include a policy at the state level, a requirement for minimum densities for certain types of development, or data that local jurisdictions can use to support a local decision.

D. Areas for Further Research

Below are topics that HART identified for further research by other taskforces, boards, or agencies.

- What are effective tools, data, and other information planners need when developing comprehensive plans and development regulations that encourage a broad array of housing types?
- How can communities learn about builders' business models so that they can designate land for uses that will be attractive to developers and meet community goals? How can builders work with the communities to develop product that meets community goals?
- How do land availability and development capacity affect the affordability of housing? What are strategies for ensuring a sufficient supply of buildable land to achieve affordable housing goals? How can GIS technology be used to improve information on buildability and redevelopment of parcels? This could also be useful for county assessors, even when buildable lands information is not required.
- How can the state help local governments address resistance to growth?
- How can public-private partnerships help address affordability? How can both the business sector and community-based, non-profit housing providers help communities develop affordable housing by bringing additional resources and skills to the development process?
- How can the state encourage transit-oriented development (TOD)¹⁹ as a way to increase housing densities around transit investments? To what extent can affordable housing developers build TOD and comply with requirements to include a ground-level commercial component with public dollars or through public-private partnerships? Can subsidized housing build at sufficient intensity to meet density goals for TOD areas?

¹⁹ TOD is a type of community development that clusters housing, office, retail and/or other amenities integrated into a walkable neighborhood located within a half-mile of quality public transportation.

II. Permitting, Construction, and Regulatory Factors Impacting the Housing Supply

A. Background

Cities and counties have broad authority to implement the comprehensive plan through land use controls addressing development intensity, height, setback, lot coverage, parking requirements, landscaping, and other aspects of development. They also have the authority to develop their own permit-processing systems, consistent with state law,²⁰ and to adopt a variety of tools to encourage the development of a variety of housing types, including affordable housing.

A development application is subject to a broad variety of regulations and fees. These may be set locally, based on implementing the vision for the community, recovering the costs of permit review, and/or providing infrastructure, such as roads, sewer and water. Other regulations may be required by the state or federal government, and are administered at the local or state level.

GMA Requirements for Regulating Affordable Housing

There are a few statewide regulatory provisions specifically intended to encourage GMA communities to allow certain types of affordable housing, as outlined below.

- If the city has a population of over 20,000, the local code must allow accessory dwelling units (ADUs) in single-family residential areas.²¹
- All jurisdictions must ensure that manufactured housing is not treated differently than site-built housing.²²
- Any city or county may enact affordable housing incentive programs for the development of low-income housing units through development regulations or conditions on rezoning or permit decisions, or both, on residential, commercial, industrial or mixed-use development. Jurisdictions must identify land use designations within a geographic area where increased residential development will help achieve local growth management and housing policies.²³

Legislation Authorizing Local Tools

While the state has limited authority over the kinds of regulations local governments adopt, it can authorize tools that local governments can use to incentivize the development of affordable and subsidized housing.

²⁰ RCW 36.70B Local Project Review Act, which governs permit processing.

²¹ RCW 36.70A.400, RCW 43.63A.215(3)

²² RCW 35.21.684, 35.63.160, 35A.21.312, and 36.01.225, Amended in 2004.

²³ RCW 36.70A.540, (2006) WAC 365-196-870

- **Multifamily tax exemptions** (MFTE) are helpful in encouraging the development of multifamily housing. Jurisdictions must designate certain areas in which the tax exemption may apply. New multifamily construction within the designated area may defer taxes on the value-added portion of new or rehabilitated property investment for eight years, if adding multifamily housing units, and up to 12 years, if 20 percent of housing units are “affordable” to low- and moderate -income households.²⁴
- **Impact fees** are one-time charges imposed by a local government on new development to pay for a reasonable portion of the costs of providing public services to the development. Impact fees may be reduced by up to 80 percent for housing units, which are designated as affordable by covenant. The other 20 percent must be paid from public funds. Impact fees on a limited number housing units (20 per applicant) may be deferred until final inspection, certificate of occupancy or closing of the first sale. Beginning in 2018, Commerce will report annually on the impact fee deferrals issued by local governments, and the Joint Legislative Audit and Review Committee will review the program in 2021.²⁵
- **Planned actions**, a tool of the state’s Environmental Policy Act (SEPA), assess environmental impacts within a defined sub-area, and reduce a layer of regulation for developments proposed within the area that meet the planned uses.²⁶ SEPA also allows a categorical exemption from SEPA review for development proposed to “fill in” an urban growth area, consistent with a GMA comprehensive plan.²⁷
- **Density bonuses** can be an incentive for desired housing types, such as affordable or senior housing. (An alternate strategy is inclusionary zoning, which requires that any proposed development include a certain component of affordable housing.)
- **Permit processing** for certain types of desired development can be expedited as an incentive, fees can be reduced for certain types of desired development, or reduced fees may be offered to non-profit or other developers.
- Local governments can choose to eliminate off-street parking requirements for certain developments, or relax other standards to reduce overall costs for developers, while balancing the intent of the regulations with the need for affordable housing.

²⁴ See RCW 84.14 for more detail.

²⁵ See RCW 82.02 for more detail.

²⁶ See RCW 43.21C.440 for the definition of a planned action.

²⁷ See RCW 43.21C.229 for more detail.

- The state constitution allows local governments that want to support the development of affordable housing²⁸ to provide gifts to the “poor and infirm.” They can choose to provide underused publicly-owned land or help with infrastructure to assist affordable housing.

Construction and Prevailing Wages

Washington State Department of Labor and Industries (L&I) regulations may also have an impact on the cost of developing government-assisted housing. State law requires state and local governments to pay prevailing wages to all workers for all “public works and maintenance contracts,” including contracts for the construction, renovation and/or maintenance of residential and commercial buildings. L&I makes determinations about the prevailing wage rate that will be applied to individual public works projects, depending on whether it classifies projects as “residential construction” in which a residential prevailing wage rate is applied, or a “mixed use” project in which a commercial prevailing wage rate is applied. Residential prevailing wage rates are typically lower than the corresponding commercial rate.

Government-assisted housing developments tend to have a small non-residential component, usually due to local zoning requirements or the service needs of future residents. When a project is assessed by L&I as having a non-residential component, the impact is that a commercial wage rate is applied to the entire project. This application increases overall development costs.

B. Permitting, Construction, and Regulatory Barriers to Housing Supply

- **Lack of land availability.** It takes a long time to identify land for development and work through the financing, subdivision, infrastructure development, and other steps to bring buildable parcels to market.
- **Shortage of skilled labor.** During the Great Recession many smaller builders went out of business. Now there is a shortage of laborers in skilled building trades. There may be too few developers in some parts of the state for a competitive building industry market. This is especially true in rural areas, where the distance to materials and skilled labor drives up the cost of development. Also, there may be missing skills within the industry, or missing links in the supply chain for materials and/or buildable lots.

²⁸ Article 8, Section 7 of the State Constitution provides: No county, city, town or other municipal corporation shall hereafter give any money, property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm.

- **Regulations can add costs.** Due to the individualized nature of development requirements adopted by communities, the perception among some in the development community is that permitting and regulations are overly complicated. This can contribute to development costs and consequently impact affordability. In addition, standards that require certain design attributes or open space can add to the cost.
- **Regulations differ widely among jurisdictions.** Within Washington there are few standardized “blueprints” for roads, zoning, and/or design. Though many jurisdictions turn to neighboring jurisdictions for sample code language, a developer hoping to build projects in several jurisdictions may expect to face different zoning, permit processes, other regulations, and fees at each permit counter.
- **Overlapping special districts.** Jurisdictions can have multiple overlapping special purpose districts (water and sewer districts) that can make connections to such public utilities more difficult. Merging of special districts may gain economies of scale. Normally, the first developer into an area must also extend water or sewer infrastructure.
- **Subsidized housing projects are especially burdened.** Non-profit housing developers often do not have funding streams to pay for impact fees at the beginning of the project, which is required when the units within the project are intended to be leased. In addition, prevailing wages can increase the cost of certain types of development, and some green regulations, such as the Department of Commerce Evergreen Sustainable Development Standards for affordable housing development, can add to development costs.

C. Recommendations Relating to Permitting, Construction, and Regulations

The following are key recommendations that HART developed to address these barriers. Additional recommendations are in Appendix D.

1. **Seek responsible changes to development-related statutes and regulations to facilitate housing development.**
 - a. Review the Project Review Act (RCW 36.70B) and identify opportunities to achieve efficiencies. For example, encourage jurisdictions to approve a single-family housing plan type to use multiple times within a single jurisdiction, if it meets all the land use and building code requirements.

- b. Review the impact fee statute (RCW 82.02) and consider additional revisions to yield more housing development.
- c. Review the Subdivision Act (RCW 58.17), for example, requiring jurisdictions to allow fee-simple ownership of attached units (unit lot subdivision) instead of condominium ownership, which is more difficult to finance.
- d. Review the State Building Code (RCW 19.27). Consider revisions to the state building code to account for emerging technologies, like cross-laminated timber (CLT) that reduce costs and improve sustainability.
- e. Review the State Environmental Policy Act (SEPA, RCW 43.21C) and find additional ways to streamline its application.
- f. Review the Multifamily Tax Exemption program (MFTE, RCW 84.14 to) to review how this program is meeting affordable housing goals, and if changes are needed to provide more flexibility to local government to extend the program's timelines.
- g. Review the Community Revitalization Financing tool (CRF, RCW 39.89), and similar tools to assess how they can be most useful in Washington.
- h. Ask Commerce to work with L&I to investigate the impact of commercial prevailing wages (RCW 39.12) created by *de minimus* commercial components in affordable housing projects.

D. Areas for Further Research

HART identified the following topics for further research by other taskforces, boards, or agencies.

- What are the barriers to converting raw land to developable land? What are the barriers to entry along the construction supply chain?
- Is there a sufficient number of builders to ensure there is healthy economic competition in the industry? Are there labor shortages in certain market segments? Where can we best invest in vocational training for skilled construction labor?
- Why is it financially difficult for the private market to develop housing (market rate and subsidized) that would be affordable to low and middle-income earners? What market segments are most attractive to the construction industry? What kinds of incentives, direction, encouragement, or assurances would be required to encourage developers to invest in a broader range of housing types?
- How are impact fees being used to fund infrastructure within communities? How is the exemption for affordable housing being used? Is this effective in enabling more affordable housing?

- Are latecomer agreements useful to spread the cost of infrastructure extension? What is the threshold for cost-effective latecomer agreements? How can this support housing?
- What is the role of “tax increment financing” (TIF) on affordable housing? How have the Local Infrastructure Finance Tool (LIFT) and Community Revitalization Financing (CRF) tools impacted affordable housing? Would a revised CRF tool be useful for the development of affordable housing and also benefit communities?
- Why are the costs of infrastructure connection and monthly utility fees so disparate across the state? Is there an optimized fee level? Is there another way for communities to build reserves for system maintenance?
- What are the regulatory requirements of government-assisted versus private market housing development? Can the private market provide housing units affordable to low-income households at the same or lower cost?
- How can the state support communities in the development, improvement, and retention of manufactured home parks, tiny homes, accessory dwelling units, and micro-housing as forms of affordable housing?
- What are the opportunities to support the manufactured and modular housing industry as an affordable form of housing?
- How can energy-efficiency technologies and weatherization help to reduce the utility component of housing cost?
- How can the Multifamily Tax Exemption (MFTE) program be changed to support long-term affordability?
- How can the state encourage more condominium development and other medium-density forms of housing development for rent or for sale?

III. Funding and Finance Factors Impacting the Housing Supply

A. Background

Addressing affordability across the full continuum of income levels requires the participation of many different types of entities. Generally speaking, the public sector is more directly active in subsidizing low-income housing needs; such as providing emergency shelters for homeless persons with no income and Section 8 vouchers for low-income households. Tax incentives and other market devices address affordability at the higher income levels, such as home mortgage interest deductions²⁹ on federal tax returns.

Federal Funding for Housing

The federal government supports affordable homes through the U.S. Department of Housing and Urban Development funding programs, the U.S. Department of Agriculture assistance, and the Low-Income Housing Tax Credit program (LIHTC), administered through the Washington State Housing Finance Commission (HFC). The LIHTC program works through a subsidy mechanism: the Internal Revenue Service allocates funds on a per capita basis to each state, and in Washington, the HFC allocates credits to developers. Investors buy income tax credits in qualified properties that have received state allocation, creating cash equity for owners that reduces project development debt burden. In exchange, the owner agrees to rent a specific number of units to qualified tenants at specified rents, usually below-market.

State Funding for Housing

At the state level, the two agencies that have primary responsibility for affordable housing and housing services are the Department of Commerce and the Washington State Housing Finance Commission (WSHFC). Commerce's Community Services and Housing Division manages the Housing Trust Fund, a state capital fund dedicated to the provision of low-income and special-needs housing. The Housing Trust Fund is the largest investment the state makes in providing funding for affordable housing. Every dollar invested in the Housing Trust Fund leverages nearly six additional dollars from other sources.³⁰ Commerce also administers the state's portion of real estate document recording fees, which are collected during real estate transactions, and allocated to fund implementation of the Homeless Housing and Assistance Act.

The Housing Finance Commission issues "private activity" tax-exempt bonds to finance affordable housing. It participates in federal, state, and local housing programs and makes additional funds available at affordable rates to help provide housing throughout the state. The WSHFC is also responsible for promoting homeownership opportunities for first-time home buyers.

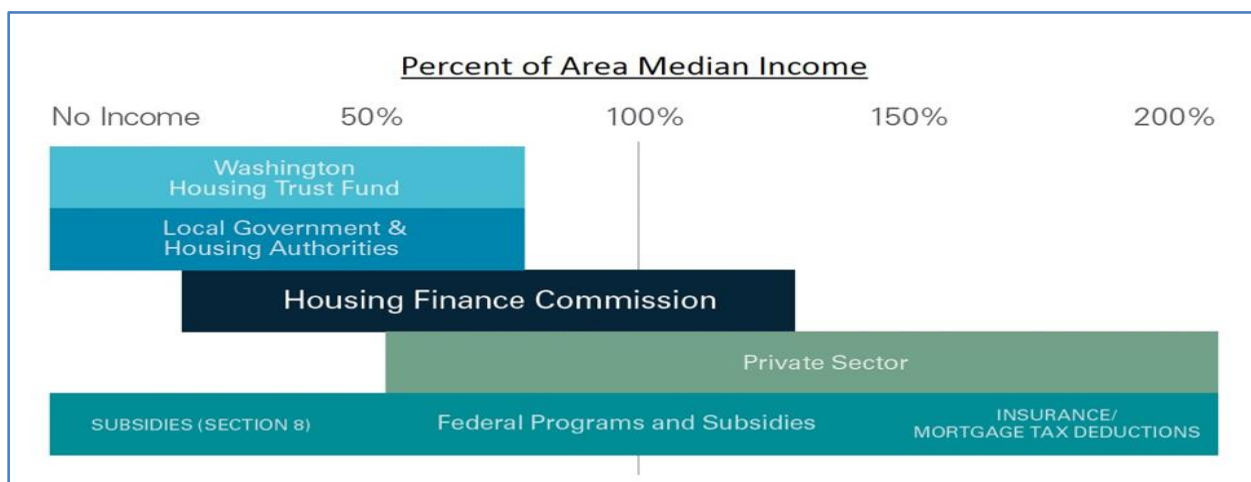
²⁹ The mortgage plus interest must be under \$1million or \$500, if married and filing separately.

³⁰ Affordable Housing Advisory Board Strategic Plan, 2004

Local Funding for Housing

An increasing number of local communities are also investing in affordable housing, including Vancouver, Bellingham, and Seattle, whose voters have approved a local housing levy. Additionally, East King County cities contribute to a regional housing trust fund called ARCH (A Regional Coalition for Housing).³¹ There are a number of other tools that are authorized at the state level that are not frequently used, including community revitalization financing, historic tax credits, commercial linkage fees and community land trusts.

The following image shows the key sources of funding for housing and the income segments they serve.



Credit: WSHFC

Subsidized Housing Preservation

Washington State faces many of the challenges that other states face in the effort to preserve existing affordable housing. One of the most critical issues relates to how to maintain the physical condition of affordable housing properties so that they continue to provide high-quality homes for low-renters. Publicly assisted affordable housing properties have unique challenges when paying for capital improvements. Project revenues are restricted due to required rent limits, so owners are typically not able to pay for major repairs from cash flow. Moreover, owners are often unable to take out loans to finance rehabilitation because revenues are insufficient to service the debt. Replacement reserves are typically not adequate to cover all costs.³² If public housing investments are not maintained and preserved, Washington will be further behind the mark in meeting the needs of low-income households.

³¹ Bringing Washington Home, 2016 Affordable Housing Report. Washington Low Income Housing Alliance, Washington Department of Commerce and Washington State Housing Finance Commission

³² Housing Trust Fund Portfolio Needs Study, 2015

Private Sector Financing

In addition to public sources, the private sector is a critical source of market rate and affordable housing. This takes the form of construction financing, permanent loans, and equity. Subject to conventional underwriting, private financing is a critical part of the capital stack in housing finance. In addition to traditional loans, the private sector provides capital through governmental incentives, including the purchase of tax-exempt bonds, equity through the syndication of low-income housing tax credits (LIHTCs), and special loans through the Federal Home Loan Bank (FHLB) Affordable Housing Program. In addition to these sources banks, corporations and foundations have been a regular and significant source of funding for affordable housing production.

B. Finance and Funding Barriers to Housing

HART members generated the following list of funding and finance barriers. Members noted that many barriers overlap affordable and market-rate housing providers.

- **Financial market barriers.** For potential developers, the financial market makes it difficult to finance the development of land, especially where non-traditional housing types are proposed. For homebuyers, rising interest rates and competition for a limited inventory of buildable lots and/or homes tend to put for-purchase housing further out of reach.
- **Incentivizing product diversity.** Single-family housing is the predominant form of housing, but other forms of housing could be more affordable. Currently there are insufficient market incentives to build a broader array of housing, such as duplexes and townhouses, attached or detached accessory dwelling units (ADUs), farmworker housing, and larger, multiple bedroom apartments.
- **Condominiums are hard to finance.** The rules around condominium development are very challenging, with regard to ownership and rental units, and financial management. These rules, coupled with the risk of construction defect litigation, make condominiums a less attractive development option as compared to single-family homes. The Runstad Center for Real Estate Studies report *“Incentivizing Condominium Development in Washington State: A Market and Legal Analysis”*³³ suggests that current liability defect risks are inhibiting the construction of condos for middle-income and working-class families.
- **Complex “Capital Stacking.”** Affordable housing projects have additional layers of complexity in the areas of financing, construction, and regulatory control. In order to finance an affordable housing project, developers typically have to compile a “capital

³³ http://realestate.washington.edu/wp-content/uploads/2016/07/CondoReport_v7_FINAL.pdf

stack” of funding. It is common for up to five funding sources to be required to finance each project. The stack of funds means that there are layers of restrictions requiring specialized expertise to manage, as well.

- **More funds needed up front.** Affordable housing projects require reserves. Investors and some public sources strive to have capitalized reserves to protect the investment. There is also a perception that local governments may ask for added amenities due to public subsidies contained in the proposal, adding to existing financial challenges when funding projects.
- **Maintenance versus expansion.** There is a 30-plus year history of financing affordable housing in Washington, and there is a growing need for recapitalizing projects.³⁴ As such, there is a tension between maintaining the existing supply of affordable housing and building new units.³⁵
- **Lack of renter mobility.** There is often a lack of incentive to transition out of subsidized housing. Many people who live in subsidized housing may have minimum-wage jobs that limit their ability to transition to market rate housing, or they may have childcare and healthcare costs that take significant parts of households incomes. In some cases, especially where market rates are high, tenants on voucher programs may take steps to limit income because they are afraid of losing their housing voucher. Once the voucher is lost, tenants are unlikely to get a new voucher for many years because of closed or lengthy waitlists.
- **Administrative complexity increases costs.** Subsidized housing developments must be managed throughout the regulatory period, which can be as long as 40 years, and the administration of such projects is extremely complex, requiring specialized legal expertise to get contracts in place and to maintain compliance.
- **Additional capital investment is needed to maintain the current subsidized housing stock.** Subsidized housing units are required to maintain affordability only through the end of the regulatory period required by funders at the time of the initial capital investment. Many projects in Washington State are nearing the end of such regulatory periods. Without significant capital investments for maintenance, these projects can be lost to the private market due to feasibility concerns.
- **Geographic market differences.** Two levels of tax credits are available: one at 9 percent of depreciable basis, competitively allocated; the other at 4 percent of depreciable basis. The 4 percent option comes with state bond financing, capped and allocated by a

³⁴ Washington State Affordable Housing Portfolio Study, Department of Commerce and Washington State Housing Finance Commission, 2005.

³⁵ By 2020, at least 50 percent of previous projects will reach 20 years of age, which means subsidies for Section 8 projects are “coming due”. In turn, there will be increased demand on tax credits and NOPAL dollars that need to be renewed.

state agency, which is generally not a competitive program. The 9 percent Housing Tax Credit program works across the state due to its deep subsidy. The Tax Exempt Bond (4 percent) Housing Tax Credit program works best without additional public subsidies at the top end of the affordability spectrum on the west side of the state and in other metropolitan areas such as Spokane and the Tri-cities. When lower cost housing is desired, additional subsidies are needed.

- **Uncaptured benefits.** Public housing cannot benefit from use of appreciation and value like private investments can. The public does benefit from investment in housing (as a part of the public infrastructure), but the “positive externalities” are not quantified. Cap and trade mechanisms could be used for affordable housing.
- **Financial market changes.** As a result of the Great Recession, the Federal Reserve pursued a low interest rate monetary policy, which resulted in unprecedented low short-term and long-term interest rates. Recently, the Federal Reserve has started to raise interest rates. This means construction financing will cost more (adding to development costs); it also means developments will not be able to support as much long-term financing. Both of these factors increase the need for public subsidy for public housing projects. Similarly, the amount of equity generated by the Low-Income Housing Tax Credits (LIHTCs) has been at an all-time high. The specter of lower corporate tax rates through "tax reform" has chilled this market by 10-20 percent. In addition, some tax reform proposals seek to eliminate the LIHTC completely. Again, these trends have an increase the need for local and state funding for affordable housing.
- **Public policy imperatives and demand for subsidy.** As homelessness has increased in absolute numbers and complexity, and as the need for housing affordable to stable households at the lowest income levels has become more acute, state and local housing policy has responded by prioritizing these projects. However, homelessness projects, or those serving households earning 30 percent of area median income (AMI) can support no traditional private debt, and can support only modest debt at 50 percent AMI. This increases the per unit demand on local and state sources of funding for affordable housing.

C. Recommendations Relating the Funding and Finance

The following are the key recommendations that HART developed to address these barriers.

1. **Provide stable and dependable funding for affordable housing.**
 - a. Stabilize the Housing Trust Fund budget at \$200 million per biennium to allow for more predictable planning and development of low-income housing investments.
 - b. Make permanent and increase the document recording fees that address homelessness.

- c. Fund the Public Works Assistance Account and consider whether it could fund infrastructure to support affordable housing.
- d. Provide resources to help maintain existing housing, or incentives for landlords to maintain older, existing housing.
- e. Increase the initial allocation of bond cap to the housing category to 75 percent by lowering initial Student Loan, Small Issue and Remainder categories.³⁶
- f. Encourage cities to pass local housing levies, incentivized at the state level.

2. Encourage public agencies to consider underutilized public property as an opportunity for affordable housing. Affordable housing developers find it difficult to identify and purchase properties, whereas gifts, sale at a reduced price, or long-term leases of underutilized, publicly owned property help to stabilize and reduce the cost of a project. Inventories may be conducted by a variety of public agencies including state, county, city, transit agency, port or other agencies.

D. Areas for Further Research

The following are topics that HART identified for further research by other taskforces, boards, or agencies.

- If housing were framed as community “infrastructure”, what additional funding sources might become available? Is it possible to create a market for the benefits of affordable housing?
- Are there opportunities to add apartment units when developing publicly funded facilities such as day care centers, libraries, senior centers, community and recreation centers? How can residential development be considered in private developments, for example, over retail in urban areas?
- How can the state support and encourage employer-assisted housing, particularly for large urban employers?

³⁶ Housing currently receives 45 percent at the beginning of the year, but in recent years has used almost twice that amount. Increasing the initial allocation to the housing category would recognize this trend but would leave sufficient bond cap for the other most frequently used categories, exempt facilities and industrial revenue bonds.

Moving Forward

The final recommendation coming out of the HART process is to continue working with the recommendations and areas for further research identified in this report

1. Continue this work into the future by finding opportunities to collaborate with existing work groups and projects to carry these ideas forward.

Over the next few years, many people and groups in Washington will continue to work on housing affordability. These efforts may vary across local governments and across housing agencies, and some are contingent on legislated policy and funding. By strategically working together, and using the momentum provided by the current crisis of affordability, the recommendations in this report may be moved forward. While some elements of the work are already underway, others may require new policies or partnerships to move forward.

Actions Already Underway

Local governments are working on the problem. New sophisticated data tools are providing more detailed housing needs assessments. They help communities understand the current housing market, and identify which strategies might be most successful to help the market provide housing that matches the needs of current and future residents.

Washington's Affordable Housing Advisory Board has identified several policy priorities for 2017 that have synergy with HART recommendations. One priority is to improve opportunities to site more affordable housing throughout the state. This can be done by:

- 1) Promoting a comprehensive assessment of processes for measuring the buildable land supply;
- 2) Facilitating the use of under-utilized public or tax-exempt property for affordable housing development;
- 3) Looking for efficiencies and cost cutting in the areas of permitting and impact fees for affordable housing projects; and
- 4) Preserving the Housing Trust Fund (HTF) portfolio.

A second priority is to support policies that stabilize funding for housing and homeless programs, including the Housing Trust Fund and document-recording fees.

Finally, AHAB wants to support local efforts to incentivize affordable housing and preserve existing inventory through supporting local options for real estate excise taxes, source of income discrimination legislation, more opportunities to utilize property tax exemptions, and incentivizing condominium development.

Commerce is addressing housing affordability as a strategic priority within the agency. The agency is taking a broad look at all programs, and how administrative choices within these programs could support housing affordability.

Roadmap to Washington’s Future. The Ruckelshaus Center is starting a detailed study of the Growth Management Act and related statutes, which will very likely have a housing component. Regional “vision” workshops are planned, along with interest groups interviews, and university-assisted research. The expected outcomes include best practices, advice for state agencies, and areas where further study is needed. Partners provided basic funding to get the project started. Additional funding is requested from the legislature in the 2017 session.³⁷

The Master Builders Association of King and Snohomish County is planning to propose regulatory changes in the 2018 legislative session.

Legislature-Dependent Actions

Continue HART-like work. Funding is proposed in some versions of state budgets for Commerce to continue the work of HART, implement the recommendations in this report, and explore areas for further research.

Grants to local governments to implement infill and affordable housing strategies, and to monitor and assess affordable housing trends statewide. Such funds are already in proposed state budgets to fund these activities.

New state guidance on buildable land “review and evaluation” program (proposed in SB5254 in 2017 session).

Joint Legislative Audit Review Committee (JLARC) Study Proposed. In some versions of state budgets, funds are allocated to compare the costs of publicly subsidized housing with market rate projects.

³⁷ <http://ruckelshauscenter.wsu.edu/a-roadmap-to-washingtons-future/>

Appendix A: Letter from Governor Inslee

Appendix B: HART Charter

Appendix C: List of Publications Considered

Appendix D: Full List of Recommendations

JAY INSLEE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 902-4111 • www.governor.wa.gov

January 16, 2017

M.A. Leonard, Chair
Affordable Housing Advisory Board
Department of Commerce
1011 Plum Street SE
Olympia, WA 98504

Dear Chair Leonard:

Thank you for the recommendations from the Affordable Housing Advisory Board (AHAB) on strategies to address homelessness and the affordable housing crisis in our state. I have incorporated several of the AHAB's requests in my proposed 2017-2019 budget.

In order to make meaningful progress on this issue, we require a more thorough analysis of the root causes affecting the lack of affordable housing in our state. Within the next 60 days, I am asking you to convene a work group within the Affordable Housing Advisory Board (AHAB) along with necessary subject matters experts from outside the organization to examine our existing systems that contribute to our housing stock. Please examine how the zoning and planning, permitting, development and financing, and construction processes can be improved to open increased opportunities for additional housing. Define where barriers exist and provide recommendations on how to remove these barriers. If you have other areas of consideration that will provide further insight and recommendations on how to increase the affordable housing stock in the state, please include that in the workgroup's efforts. An initial letter of findings and recommendation should be submitted to the Department of Commerce and my office by June 1, 2017.

Recognizing this work will require more regular meetings for AHAB and external partners in order to produce findings and recommendations, consult with the Department of Commerce should it be necessary for additional support.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jay Inslee".

Jay Inslee
Governor





Housing Affordability Response Team (HART) Charter

Background

On January 16, 2017 Washington State Gov. Jay Inslee sent a letter to the state's Affordable Housing Advisory Board (AHAB), requesting that a work group be formed to address the following issues:

- Examine root causes affecting the lack of affordable housing in Washington.
- Examine how zoning and planning, permitting, development and financing, and construction processes can be improved to open increased opportunities for additional housing.
- Define where barriers exist and provide recommendations on how to remove barriers.
- Explore other areas of consideration that provide further insight.

As a result of this letter, AHAB formed the Housing Affordability Response Team (HART). The governor requested an initial letter of findings and recommendations from AHAB by June 1, 2017.

Problem Statement

Rental and purchase housing is unaffordable or unavailable for many income segments.

Purpose Statement

Based on the governor's letter, the HART Executive Committee developed this purpose statement:

HART will lay the technical groundwork for future legislative and regulatory proposals that will responsibly increase the supply of housing at every economic level.

Areas for Consideration and Non-Consideration

HART will address the following issues insofar as they affect housing supply across Washington State:

- **Land use** (e.g., permitting, zoning, land use regulations, the Housing Element of the Growth Management Act, buildable lands, etc.);
- **Finance and funding** (e.g., *high-level* recommendations on statewide financing tools, the relationship between funding supportive services and the supply of housing, etc.)
- **Construction** (e.g., construction regulations, stormwater regulations, etc.)
- **Other** (e.g., prevailing wages, environmental reviews, etc.)

While recognizing the interdependence of many housing-related issues and given the short timeframe of this assignment, HART will not focus on the following:

- **Local government issues** (e.g., local rezoning in specific jurisdictions)
- **Federal government issues** (e.g., Housing and Urban Development (HUD) support)
- **Political strategies** (e.g., *how* to advance certain recommendations through the legislature)

To prepare to discuss these issues, HART members will have access to an EZ View website¹ with relevant documents and reports. In addition, subject matter experts will attend some of HART's meetings to provide additional insight.

Outcomes

Using the 2006 Affordable Housing Task Force work as a starting point, HART will develop the following deliverables for AHAB's review:

- Recommendations for an initial letter to the governor on June 1, 2017, which may include legislative recommendations for the 2018 state legislative session.
- Areas needing more study in the coming months.
- Areas for additional outreach and education efforts to a broader audience.

Roles and Responsibilities

Below are the roles and responsibilities associated with HART:

- The Affordable Housing Advisory Board (AHAB) advises the Department of Commerce on housing and housing-related issues. HART is a workgroup of AHAB, and AHAB will approve HART's recommendations.
- The HART Executive Committee will make all final decisions regarding meeting content, objectives, and goals for HART. See Attachment A for a list of Executive Committee members.
- The HART Chair will be Peter Orser from the Runstad Center for Real Estate Studies. The Chair will work with the Executive Committee to set meeting agendas and help run the meetings.
- The HART Core Team will be composed of a range of stakeholders from the housing sector. The Core Team will develop recommendations and areas for further research for AHAB's consideration. Core Team member responsibilities include:
 - Attending all the meetings if possible.
 - Assigning an alternate if unable to attend all meetings.
 - Making a commitment to between-meeting work, which may include editing draft documents, conducting research, sending reference materials, etc.
 - Voting on recommendations to AHAB during the fifth HART meeting.See Attachment A for a list of HART Core Team members.
- HART alternates will be assigned to represent HART Core Team members who cannot attend. HART alternates are welcome to attend all HART meetings, but alternates will be asked to sit in the public gallery if their primary Core Team members attend. Alternates can vote only on final HART recommendations if their primary Core Team members are absent.
- Subject matter experts will be invited to HART meetings on an as-needed basis to provide information to inform HART's recommendations and identification of areas for further research. Subject matter experts are allowed to sit at the table and provide their ideas during meetings.

¹ https://www.ezview.wa.gov/site/alias_1961/37020/default.aspx.

However, subject matter experts will not be allowed to vote on HART's recommendations during the May 5, 2017 meeting.

- Members of the public are welcome to attend HART meetings. There will be two opportunities for public comments, once at the beginning of the meeting, and once at the end of the meeting. Members of the public will be asked to sit in a public gallery section to observe meetings. Members of the public will not be allowed to vote on HART's recommendations during the voting meeting. Members of the public can also submit written comments that will be summarized at the start of each HART meeting.
- The Washington Department of Commerce will provide a note taker.
- A neutral² facilitator will be Sophie Glass from Triangle Associates. The facilitator will:
 - Help create equitable meeting environments by addressing power dynamics and other factors that might prevent all members from speaking up and being heard.
 - Encourage committee members to move toward their meeting objectives by asking questions and reframing issues.
 - Provide summaries of the wall charts and list of outcomes and next steps from each meeting.
 - Support the Department of Commerce in developing the final report.

HART members may provide any feedback about the facilitator to the Department of Commerce or directly to the facilitator.

Discussion Guidelines

The HART Executive Committee and Core Team will adhere to the following discussion guidelines:

- Listen when others are speaking.
- Seek to understand before seeking to be understood.
- Let the facilitator know if you feel like another participant is behaving disrespectfully or preventing you from speaking up.
- Focus on constructive problem-solving, not personalities.
- It's okay to disagree.

Making Recommendations

HART members (or their alternates) will be involved with making recommendations for AHAB to consider. At the end of each of the first four meetings, HART members will propose recommendations that they will vote on during their fifth meeting. These recommendations may be new or build off the 2006 recommendations. While developing potential recommendations, HART members will identify any subject areas that require further study before bringing the recommendation to a vote.

² In this context, the term "neutral" means that the facilitator does not have a stake in the *outcomes* of this committee and is focused on ensuring a *fair process*.

During HART's fifth meeting, HART members (or their alternates if needed) will vote on which recommendations to provide to AHAB. Recommendations will be those supported by the majority of the group, but will not be consensus-based. For the record, any individual may request to have their name identified associated with their vote or provide a written statement of support or opposition to be included as an appendix to HART's recommendations to AHAB.

Meetings

- The HART Executive Committee will meet in person at the start of the HART process and then meet as necessary to guide the process.
- The HART Core Team will meet five times between March and May 2017.
- HART Core Team members will be invited to observe a special AHAB meeting in May 2017.
- Agendas and materials will be sent to HART members in advance of meetings.
- The facilitator will review the Department of Commerce's short summaries of each meeting; HART members will review these summaries at their subsequent meetings.

Stakeholder and Public Engagement

To reach a wider range of stakeholders beyond HART's membership alone, HART will conduct the following outreach to stakeholders across Washington State:

- Gather responses to HART's list of recommendations on how to "responsibly increase the supply of housing at every economic level." HART will use this feedback to guide selection of the final recommendations.

If any stakeholder or member of the public would like to provide comments or feedback on the HART process, they may do so by contacting Anne Fritzel with the Washington Department of Commerce (anne.fritzel@commerce.wa.gov or 360.725.3064).

Media

If approached by a media outlet, HART members will speak on behalf of themselves and not on behalf of HART as a whole. HART members will refer detailed media inquiries to Penny Thomas with the Department of Commerce (Penny.Thomas@commerce.wa.gov or 206.256.6101).

Open Public Meetings

As a subcommittee of a governor-appointed board, HART meetings are subject to the Open Public Meetings Act³. This means that all discussion involving a quorum of members must take place within the context of an open public meeting. Emails to all members of the committee from staff are permitted,

³ For more information on Open Public Meetings please refer to <http://mrsc.org/Home/Explore-Topics/Legal/Open-Government/Open-Public-Meetings-Act.aspx> and/or this 27-minute video on the Open Public Meetings Act: <https://youtu.be/2YzyuOWmPrU>

however “reply-all” responses may be considered a meeting. HART’s agendas and materials will be available via HART’s website: https://www.ezview.wa.gov/site/alias_1961/37020/default.aspx.

Attachment A: HART Core Team Members

Name	Affiliation
Peter Orser (HART Chair)*	Runstad Center for Real Estate Studies
Nick Harper	Master Builders of Snohomish King Counties
Tess Colby	Washington State Association of Counties
Svenja Gudell	Zillow, Chief Economist
Kim Herman (<i>Rich Swicker, alternate</i>)	Housing Finance Commission
M.A. Leonard (AHAB Chair)*	Enterprise
Mark McCaskill	Commerce, Growth Management Services
Jeanette McKague	Washington Association of Realtors
Rachael Myers	Housing Alliance
Chris Pegg*	SW Washington Housing Developer
Paul Purcell	Beacon Development Group
Tony To	Homesite
Paul Trautman*	City of Spokane
Steve Walker (<i>Carl Shroeder, alternate</i>)	Association of Washington Cities
Bryce Yaden (<i>Chris Wierzbicki, alternate</i>)	Futurewise

* HART EXECUTIVE COMMITTEE MEMBERS

Department of Commerce Staff:

Diane Klontz	Assistant Director for Community Services and Housing*
Anne Fritzel (HART Coordinator)*	Growth Management
Emily Grossman (AHAB Staff)*	Housing Policy

Appendix C: List of Publications Considered

The Cost of Housing

[The Affordable Housing Crisis in Los Angeles: An Employer Perspective](#), LA Business Council Institute, March 2017
[California's High Housing Costs: Causes and Consequences](#), LAO, 2015
[Bending the Cost Curve- Solutions to Expand the Supply of Affordable Rentals](#), Urban Land Institute, 2014
[California Affordable Housing Cost Study](#), Cal HFA, 2014
[Return on Investment in Supportive Housing](#), Minnesota, 2012
[Cost of Homelessness: Cost Analysis of Permanent Supportive Housing](#), Maine, 2007
[2006 Affordable Housing Task Force Report](#), AHAB, 2006

Housing Planning

[Homelessness and Housing Toolkit](#), MRSC, 2017
[Understanding the Small and Medium Multifamily Housing Stock](#), Enterprise, USC Prices, 2017
[Incentivizing Condominium Development in Washington State](#), WCRER, 2016
[White House Housing Development Toolkit](#), 2016
[Housing Tools Matrix](#), Puget Sound Regional Council

Infrastructure

[Building the Economy: Infrastructure Needs in Washington](#) AWB and partners, 2017
[Infrastructure Financing: A Guide for Local Government Managers](#), ICMA, 2017
[Tax Increment Financing in Washington](#), MRSC, November 2016
[Latercomer Agreements 1](#), MRSC, 2013 legislation
[Latercomer Agreements 2](#), MRSC, 2015 legislation
[Washington's Infrastructure Needs, Washington Research Council 2005](#)
[Special Purpose Districts in Washington State](#), MSRC, 2003

Permitting and Construction

[SEPA Handout on Planned Actions](#), Department of Ecology
[Prevailing Wage Policy Memorandum](#), L&I, 2012
[Housing Attainability: Finding a Path Forward for Housing](#), Master Builders of King and Snohomish County, 2017
[Incentivizing Condominium Development in Washington State: A Market and Legal Analysis](#), WCRER, 2016

Housing Affordability Response Team (HART)

Draft Recommendations 4-20-2017

In January 2017, Governor Inslee requested that a task force be formed to conduct "a more thorough analysis of the root causes affecting the lack of affordable housing in our state." He asked that this task force "examine our existing systems that contribute to our housing stocks...and define where barriers exist and provide recommendations on how to remove these barriers." As a result of the Governor's request, the Department of Commerce formed the "Housing Affordability Response Team" (HART) as a work group of the Affordable Housing Advisory Board (AHAB).

From March 7 - April 27, 2017, HART was to discuss barriers and opportunities related to responsibly increasing the supply of housing at all economic levels. Using prior work in 2006, 2013, and the 2017 meetings, HART developed more than 80 recommendations organized by (a) Land Use Planning (b) Regulations and Fees; (c); Funding and Finance; and (d) Other. This is the list of draft recommendations for review by HART members in preparation for their April 27 meeting. ***Bolded recommendations were selected by majority voting to include in the HART report.*** Some became outright recommendations, some were grouped and some were not yet ready for implementation, and were included as areas for further research.

Contents

LAND USE PLANNING	2
GMA Planning Requirements.....	2
Funding for Housing Planning and Buildable Lands Assessments	3
Technical Assistance for Land Use Planning	4
REGULATIONS AND FEES.....	5
Impact Fees	5
SEPA Amendments.....	5
Permit Processing.....	6
Utility Agreements	7
Prevailing Wages.....	7
FINANCE AND FUNDING	8
Grant and Loan Funds for Affordable Housing	8
Property Tax Exemptions	10
Funding for Housing from New or Reallocated Taxes	11
Tax Increment Financing	12
Underutilized Public Property for Housing	13
OTHER ISSUES	13
Data Needs / Technical Assistance	13
Building Supply Chain.....	14
Continue this work with Stakeholders.....	14

LAND USE PLANNING

GMA Planning Requirements

Recommendation	Source	Comment
1. Identify a way that cities/ counties can be <u>held accountable to plan for and encourage the development of their share of the region's housing units, and their share of affordable housing.</u>	2013 Idea	The GMA (RCW 36.70A.070(2)(d)) requires that the Housing Element <i>make adequate provisions for existing and projected needs of all economic segments of the community.</i> RECOMMENDED
2. Clarify how cities /counties planning under the GMA should plan to accommodate growth targets and monitor progress over time.	2017 HART	The GMA (RCW 36.70A.070(2)(a)) requires that the Housing Element include an inventory and analysis of existing and projected housing needs and identifies the number of housing units necessary to manage projected growth.
3. Make RCW 36.70A.540 <u>required</u> instead of at local choice. (This statute authorizes GMA cities and counties to enact affordable housing incentive programs)	HART 2017	Local governments would be required to adopt some components of an affordable housing program. This appears to be already required by the housing element. RCW 36.70A.070(2)(d) <i>make adequate provisions for existing and projected needs of all economic segments of the community</i>
4. <u>Require</u> locally approved development to attain a minimum density, to make most efficient use of designated urban land.	2017 HART	"Requiring" would require an amendment to the GMA; there are currently no "brightlines" for densities in the GMA. (Another recommendation would <u>encourage</u> minimum densities.)
5. Require local governments to analyze existing demographics in the housing element and maintain demographic balance as development occurs to minimize displacement.	2017 HART	Help local governments understand local demographics (even at a neighborhood level), to watch for gentrification /displacement.
6. Reduce the Growth Management Act plan update interval so that local jurisdictions can implement their prior work.	2017 HART	The interval is currently every 8 years on a 20-year plan. Land capacity analysis is needed before each update.
7. Standardize Buildable Lands requirements so that it is easier to do the analysis and compare information across jurisdictions. Use GIS and other modern tools to provide better information.	2017 HART	Would require same approach by all 6 buildable lands counties: King, Pierce, Snohomish, Kitsap, Thurston and Clark. RECOMMENDED

<i>8. Reduce land capacity analysis review requirements in smaller areas (slower growing cities), to focus on larger, high-growth cities. Focus on forms and tools to make analysis easier, and share best practices</i>	2017 HART	
--	--------------	--

Funding for Housing Planning and Buildable Lands Assessments

<i>9. Provide state funding specifically for development of housing elements.</i>	HART 2017	
<i>10. Provide incentives to local governments to meet affordable housing goals in GMA plans.</i>	HART 2017	Incentive funding could be used for staff work to add more specific affordable housing goals to countywide planning policies, add goals to city county plans, or adopt specific tools. Cities and counties could focus on annual housing analysis reports, updating progress and identifying trends that can be addressed through finer-grained changes to their development regulations, fees, etc
<i>11. Provide resources for local governments to develop and update GMA plans, and other plans that facilitate development, such as economic development and capital facilities elements.</i>	HART 2017	RECOMMENDED
<i>12. Provide dedicated and sufficient funding to the "Buildable Lands" counties to develop and produce the Buildable Lands Reports already required by statute to have more certainty in the results, such as for conversion potential.</i>	AHAB 2006	RECOMMENDED
<i>13. Provide dedicated and sufficient funding to "Buildable Lands" counties to develop <u>new information on land capacity for development</u>. Reports should include information that enhances the description of the development potential of land, e.g., analysis that identifies land suitable for development, such as land that is currently available with current infrastructure and land that is potentially available with funded infrastructure.</i>	AHAB 2006	See Bill 5254 (laws of 2017) RECOMMENDED

<i>14. Provide resources to improve county assessor's data to help provide better information for the 23 GMA, but non-buildable lands counties.</i>	HART 2017	Research how modern GIS can be used to improve information on buildability and redevelopment potential of parcels.
<i>15. Fund the Planning and Environmental Review Fund (PERF) to provide grants as a way to encourage local governments to do up-front environmental planning on an area-wide basis.</i>	AHAB 2006	PERF grant and local program already established in RCW 36.70A.490
<i>16. Provide funding for a revolving loan fund to expand the use of up-front SEPA (and NEPA) review for the development of designated areas inside urban growth areas.</i>	HART 2013	PERF grant and local program already established in RCW 36.70A.490

Technical Assistance for Land Use Planning

17. Provide education for the development community, elected officials, planners and the public on how to address affordable housing issues.	AHAB 2006	Provide education on housing tools and how finance, marketing, regulations, community entitlements work. Could include professional workshops, community workshops, technical assistance or other guidance. RECOMMENDED
18. Provide state level support to local government to address NIMBY issues.	2017 HART	Provide focused technical assistance for local governments as they work through housing issues, to support local government adoption of affordable housing measures. RECOMMENDED
19. Identify how to encourage cities to up-zone within their borders and reform their development regulations to achieve minimum net urban densities and accommodate new growth.	2013 Idea	RECOMMENDED
<i>20. Provide information on best practices for design standards and review processes statewide.</i>	AHAB 2006	This was implemented, but the web site was taken down, as Commerce did not have the on-going resources to keep it up to date.
21. Provide state funding for plans and zoning that require or encourage a diversity of housing choices and types – e.g., minimum densities, bonus densities for affordable housing, cottage housing, accessory dwelling units (ADUs), and mixed-used development.	AHAB 2006	RECOMMENDED

REGULATIONS AND FEES

Impact Fees

<i>22. Require local governments to charge impact fees on a per-square-foot basis for multi-family housing development.</i>	AHAB 2013	Change RCW 82.02 Impact fees charged on a per-unit basis may have the unintended consequence of encouraging larger, more costly units, especially in the context of multi-family development.
<i>23. Eliminate the "replacement rule" that requires counties and cities to pay the remaining 20% from public funds for low-income housing impact fee exemptions (RCW 82.02.060(2))</i>	AHAB 2006	The impact fee statute was amended to allow local governments to waive 80 percent of Impact fees for affordable housing projects (30-80% AMI), but the remaining 20 percent still must be paid from public funds. RCW 82.02.060
<i>24. If <u>not</u> getting impact fee exemptions, affordable housing projects should be allowed to defer impact fee payment until the certificate of occupancy.</i>	HART 2017	ALREADY ALLOWED: RCW 82.02.050 requires any city or county imposing impact fees to allow deferral of fees until final inspection, certificate of occupancy or first sale of the property.

SEPA Amendments

<i>25. Explore a categorical exemption for projects in areas within urban growth areas that are designated by local jurisdictions and are generally characterized by a mix of uses, higher density and access to public services, including transit, if the jurisdiction has done an adequate environmental impact statement (EIS) for the designated area. (for greenfield areas).</i>	AHAB 2006	ALREADY ALLOWED: SEPA allows GMA counties and cities to establish categorical exemptions for "...new residential or mixed-use development proposed to fill in an urban growth area designated according to RCW 36.70A.110, where current density and intensity of use in the area is lower than called for in the goals and policies of the applicable comprehensive plan." (RCW 43.21C.229, 2003) An EIS must have been completed for the plan.
<i>26. Expand SEPA exemptions to apply to subdivisions where an EIS has already been done.</i>	HART 2017	ALREADY ALLOWED: RCW 43.21C.240, enacted in 2010 (ESHB 2538) allows SEPA review that leads to up-front development conditions and mitigation requirements. For 10 years after an EIS is completed, projects consistent with the comprehensive plan element or subarea plan and development regulations do not require additional SEPA review and are not subject to administrative or judicial appeals under SEPA. Cities are allowed to recover a portion of the costs of the non-project EIS by assessing developer fees.

<i>27. Explore alternatives to Environmental Impact Statements (EISs) for planned action areas or categorical exemption areas.</i>	HART 2017	
--	--------------	--

Permit Processing

<i>28. Work toward greater consistency across jurisdictions in project application review and approval timelines. Define "complete application" for a development permit at the statewide level.</i>	HART 2017	RCW 36.70B.060 addresses the permit process. RCW 36.70B.090 did include timelines, but this section expired in 2000. RCW 36.70B.070 covers the "determination of completeness" for local project review.
<i>29. Provide incentives and a timeline for local governments to simplify and standardize local development standards and regulations.</i>	AHAB 2006	The Regulatory Reform Act, adopted in 1995, required every city and county to adopt standard timelines and clear procedures for permit review. There are no requirements for standardizing road standards, zoning, etc.
<i>30. Provide a waiver for the 28-day period for the determination of completeness if there is a preliminary meeting.</i>	HART 2017	Revisions to RCW 36.70B.070. Some stakeholders commented that a preliminary meeting may not be sufficient to ensure a complete application, and they may still need a period for determining completeness, though could explore making it a shorter period.
<i>31. Change the final plat approval process for subdivisions in RCW 58.17 from a legislative approval process to one that is administrative.</i>	HART 2017	ADOPTED IN 2017 SB 5674 was passed in the 2017 legislative session, amending RCW 58.17 to allow this.
<i>32. Allow for subdivision of attached units (unit lot subdivision) to allow for fee-simple ownership instead of condo ownership, which is difficult to finance. This is specifically for detached and attached housing units in multifamily zones.</i>	HART 2017	Many Puget Sound jurisdictions already have fee simple code provisions. Some HART members noted a need to check into coverage restrictions and how mortgages will work. RECOMMENDED
<i>33. Encourage local governments to adopt a "basic program" so that one development plan type could be approved in multiple places within a single jurisdiction, and minor changes to the plan can be easily permitted under the basic plan.</i>	HART 2017	Multiple permits and conditional use permits take a lot of time to go through the process. State-supported "e-permit" program would help with this, or some kind of pilot program for certain types of affordable housing types. RECOMMENDED

Utility Agreements

34. <i>Provide funding for affordable housing to cover the up-front cost of utility extensions and hook-up fees. Spread the cost of the fees. 1) Have the developer pay something up front, 2) finance the balance through a loan fund, and 3) repay through latecomer agreements.</i>	HART 2017	Research whether existing statute allows this kind of scheme.
35. <i>Require latecomer agreements to be mandatory for all infrastructure investments, including roads and utility districts (expanding the requirement for construction of water and sewer facilities to other infrastructure for a 20- year period per HB 1717 (laws of 2013 - 2014)).</i>	AHAB 2013	<p>A latecomer fee is a fee charged by a municipality, either as a separate fee or as part of a connection fee for providing access to a municipal system. The fee is charged to other property owners who connect to or use a facility that was constructed or improved pursuant to a contract between a municipality and a property owner.</p> <p>A 20-year late-comer agreement is an option in certain instances and not mandatory. However, latecomer agreements may not be efficient in all circumstances; administrative costs for managing them may exceed the benefit in some situations</p>

Prevailing Wages

36. <i>Review 5-story rule that triggers commercial prevailing wage rates for whole buildings.</i>	AHAB 2006	The prevailing wage issue is considered very important for the development of affordable housing. The height determination was intended to differentiate between wood frame and steel frame buildings, but wood can now go taller. The residential rate should follow.
37. <i>Have Commerce work with L&I to investigate the impact of commercial prevailing wages created by <u>de minimus</u> commercial components in affordable housing projects.</i>	HART 2017	If federally funded, a housing project could also have to comply with federal prevailing wage law, which differs from state prevailing wage.

Other

38. <i>Require all cities to allow accessory dwelling units (ADUs) Granny flats, mother-in-law apartments, etc..</i>	AHAB 2006	Currently only cities above 20,000 are required to allow ADUs, though many smaller cities allow them.
--	-----------	---

39. Require cities/counties to quantify the impact on the supply and price of market rate housing from new regulations.	HART 2017	
--	--------------	--

FINANCE AND FUNDING

Grant and Loan Funds for Affordable Housing

40. Make permanent and increase document recording fees.	HART 2017	RECOMMENDED
41. Stabilize the Housing Trust Fund budget to allow for more accurate planning and development for affordable housing	HART 2017	RECOMMENDED
42. Fund the Public Works Assistance Account and be sure that the criteria reflect housing affordability. Consider whether this fund could fund infrastructure to support affordable housing.	HART 2017	RECOMMENDED
43. Create a revolving loan fund for preservation, in order to leverage other funds, such as weatherization.	HART 2017	<p>The legislature passed ESB5647 (2017-2018) , which creates within Commerce the Low-Income Home Rehabilitation Revolving Loan Program for rural property owners.</p> <p>HB 1980 (2017-2018) was to create a low-income home rehabilitation revolving loan fund within Commerce for rural homeowners. (did not pass)</p>
44. Provide resources to assist in maintaining existing housing, or incentives for landlords to maintain older, existing housing.	HART 2017	<p>One proposal is to provide a property tax exemption for a significant number of years to incentivize owners/landlords to preserve older, existing rental housing.</p> <p>RECOMMENDED</p>

<i>45. Increase the initial allocation of bond cap to the housing category to 75% by lowering initial Student Loan, Small Issue and Remainder categories.</i>	HART 2017	Housing currently has a right to 45 percent at the beginning of the year, and by the end of the year has used most of it, as there is an uptake in the other categories.
<i>46. Add a prohibition on capital dollars, unless meeting a threshold for providing affordable housing. (Locally determined goals)</i>	HART 2017	Would have to be out of compliance to use existing GMA limitations. Would be difficult to determine the threshold. May require that certain policies are in place, to allow funding.
<i>47. In reviewing local government applications for state grants and loans (e.g., Public Works Trust Fund (PWTF), Transportation Improvement Board (TIB), Community Economic Revitalization Board (CERB), Job Development Fund), the State of Washington should award bonus points to applications that clearly address state housing goals.</i>	AHAB 2006	
<i>48. Encourage cities to pass local housing levies, incentivize at the state level by matching a percentage of local funds with state funds for the same purpose, or give priority to Housing Trust Fund (HTF) dollars that meet other HTF criteria.</i>	AHAB 2006	RECOMMENDED
<i>49. Create a Growth Management Infrastructure Account to fund projects in which the proponents will clearly address state housing goals.</i>	AHAB 2006	
<i>50. Provide funding for Housing land trusts.</i>	HART Stakeholder	
<i>51. Increase funding for brownfields redevelopment and explore ways to reduce burdens of environmental review process</i>	HART Stakeholder	
<i>52. Pursue Private Public Partnerships to secure and build more affordable housing by utilizing tax increment redevelopment bonds or other similar mechanisms</i>	HART Stakeholder	

Property Tax Exemptions

53. Extend multifamily housing property tax exemption time for projects that include more affordable housing than currently required.	HART 2017	RCW 84.14 authorizes cities to provide property owners a tax exemption on residential portions of buildings for up to 12 years in return for designating at least 20% of the units for affordable housing. RECOMMENDED
54. Preservation tax exemption, builds off the MFTE to preserve existing stock.	HART	84.14 currently allows the tax exemption for conversion and rehabilitation of properties. RECOMMENDED
55. Allow cities to use the MFTE abatement for affordable housing development on small lots and low-density conversions--for example for several dwelling units from a single lot. Tax averaging across all the units.	HART 2017	This would allow affordable housing developers and owners to not pay property taxes on smaller developments as an incentive to invest in smaller projects, which are not as easy to develop and cost more per unit than larger developments. RCW 84.14
56. Expand MFTE abatement to larger projects that convert a single family lot to multiple units for less than 60% AMI.	HART 2017	This would be an abatement for converting single-family building lots to development of an affordable multifamily project. RCW 84.14
57. Provide a partial property tax exemption for affordable rental or for sale units for households at 80% of median income or less (per RCW 84.36.560).	AHAB 2006	HART changed from 50% to 80% or less of area median income for sales units.
58. Provide a “holding time” property tax exemption for property purchased for the purpose of developing affordable housing (no tax between purchase and development).	HART 2017	HB 1532 and HB 5143 (2017-18) proposed to exempt non-profit homeownership development from state and local taxes, for Community Land Trusts. These bills did not pass 2017 session
59. Allow cities to retain the state’s 20% of the taxes collected during the abatement period (on the incremental increase in value of land and non-housing improvements) for use with ADU and flex-lot programs.	AHAB 2006	

60. <i>Authorize a voter-approved local option regular property tax using the unused portion of the state regular property tax levy within a specified county or city. The funding may be used for purposes for which Growth Management Act (GMA) impact fees are currently imposed, such as firefighting facilities, roads and parks. This funding source would replace GMA impact fees in counties and cities where it is levied.</i>	AHAB 2006	
61. <i>Offer property tax relief to homeowners when they rent a portion of their home.</i>	AHAB 2006	Such space could accomplish the same goals as ADUs, without requiring new construction (faster, cheaper!). This increase in rental space capacity would appeal to military service members, students and others. Additionally, the income could help some households remain in place, rather than having to move away from the community after selling (because of sharply rising prices on "downsizer" properties).

Funding for Housing from New or Reallocated Taxes

62. <i>REET tax or surcharge, based on the hold period, to discourage "flipping", and use the funds for affordable housing.</i>	HART 2017	REET 1 RCW 82.46.015 authorizes all cities and counties to levy a 0.25% real estate excise tax to apply to a broad variety of capital projects. REET 2 RCW 82.46.035 authorizes GMA cities and counties to levy a second 0.25% REET for a limited list of capital projects.
63. <i>REET 3, 0.25% additional tax on real estate authorized for the purpose of affordable housing.</i>	HART 2017	REET 3 is authorized by RCW 82.46.070 "Additional excise tax—Acquisition and maintenance of conservation areas." This recommendation could expand the authorization for the purpose of affordable housing.
64. <i>Sin Taxes: In recognition that stable housing is a major contributor to stable communities, a portion of marijuana, sweetened beverage taxes, or lottery proceeds should be directed to the development and preservation of affordable housing and ending homelessness.</i>	HART 2017	
65. <i>Reallocate a portion of the state sales tax on construction activity to local jurisdictions (where collected) to use for infrastructure projects that increase capacity necessary to accommodate growth and provide affordable housing opportunities. Reallocation could be based on: -Anything above the rolling 10-year average of collections;</i>	AHAB 2006	

<i>-Collections above the projected revenues in the revenue forecast; or a fixed fraction/share that captures a rise in revenue.</i>		
<i>66. Authorize a sales tax exemption on building materials and services for affordable housing.</i>	HART 2017	
<i>67. Consider a cap and trade /carbon tax to fund affordable housing and transit oriented development, similar to the California program.</i>	HART 2017	
<i>68. Authorize a voter-approved local option regular property tax using the unused portion of the state regular property tax levy within a specified county or city. The funding may be used for purposes for which GMA impact fees are currently imposed, such as firefighting facilities, roads and parks.</i>	AHAB 2006	This funding source would replace GMA impact fees in counties and cities where it is levied.
<i>659. Extend councilmanic sales tax for affordable housing to all counties.</i>	HART 2017	Proposed in HB 1797 (2017-2018) Cities and counties authorized to: <ul style="list-style-type: none"> • Use councilmanic authority to impose affordable housing sales tax • Use REET taxes to support affordable housing.
<i>70. Authorize the development of affordable housing tax credits at the local level. For example, social impact bond, environmental credit, transfer of development rights.</i>	HART 2017	Already in place for farmworker housing, yielding 10% more units.

Tax Increment Financing

71. Update Washington State's tax increment financing (TIF) legislation so that it is more effective.	HART 2017	TIF was found to be unconstitutional in Washington. However a similar tool (Community Revitalization Financing, RCW 39.89) should be reviewed for potential use. RECOMMENDED
--	-----------	--

Underutilized Public Property for Housing

72. <i>Provide guidance or encouragement to help cities identify locations that could be useful for affordable housing.</i>	HART 2017	
73. <i>Require public agencies to consider underutilized public property as an opportunity for affordable housing (at a reduced price) if a city is not meeting its affordable housing target</i>	HART 2017	See MRSC's Sale of Surplus City or Town Property for Guidance RECOMMENDED
74. <i>Research and identify a tool to allow cities and counties to dispose of public land in an efficient way.</i>	HART 2017	<ul style="list-style-type: none"> • RCW 39.33 provides a method for the sale, exchange, transfer, or lease of public property. • RCW 36.35.150(c) allows county tax –title property disposal for affordable housing • RCW 43.83.400 and 43.83.410 allow transfers of property to nonprofits benefitting disabled individuals and providing social and health services.

OTHER ISSUES

Data Needs / Technical Assistance

75. <i>Provide tools to understand the impact of jobs on housing and travel, and improve jobs housing balance through economic development strategies.</i>	HART 2017	Understand how people are travelling, where they live and where they work. Identify locations where jobs/housing balance could be adjusted to reduce travel and improve housing choice.
76. <i>Provide tools at the local level to help understand economics, demographics, to understand the types of housing that will be needed within the planning period.</i>	HART 2017	Provide data for local governments that help local planners understand current housing market and what may be needed in the future. This is required in the housing element; providing it statewide or regionally would make this analysis easier.
77. <i>Research and identify what is needed to increase the development of larger multifamily affordable housing units in more expensive markets.</i>	HART 2017	It is difficult to find apartments to house larger families with many children, or multigenerational families. RECOMMENDED
78. <i>Ask the citizens of Washington to vote on a constitutional amendments which would allow public jurisdictions to donate, sell, or lease surplus property to a non-profit or public entity for the development of affordable housing meeting certain qualifications.</i>	HART 2017	

Building Supply Chain

79. Invest more money in vocational training to train builders, and other skilled construction labor.	HART 2017	Research the programs that exist and the number of people trained for building trades. RECOMMENDED
<i>80. Explore ways to facilitate more construction of manufactured and modular wood homes in Washington as a way to provide affordable housing.</i>	HART 2017	Research is needed.
<i>81. Pursue a statewide economic development marketing strategy to recruit more builders into Washington State in order to provide economic competition to existing builders and drive down the cost through market competition.</i>	HART Stakeholder	Focus on recruiting builders who specialize in housing types that are under represented by current builders such as: town homes, row houses, low rise multifamily, condos, accessory dwelling units, etc.

Continue this work with Stakeholders

82. The Task Force recommends that a longer-term process be convened in which key stakeholders further explore issues related to the impacts of land availability and capacity on the affordability of housing, and recommend strategies for ensuring a sufficient supply of buildable land is available to achieve affordable housing goals. Some of the recommendations should also address issues of land capacity and availability in eastern Washington and rural communities, even though they are not buildable lands reporting counties.	AHAB 2006	RECOMMENDED
<i>83. Continue this work, learn across sectors, and identify actionable steps.</i>	HART 2017	