



Department of Commerce

Tools for Housing Affordability

FOR WASHINGTON STATE COMMUNITIES

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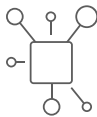
11/2/2019



We strengthen communities



HOUSING / HOMELESSNESS



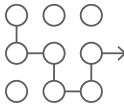
INFRASTRUCTURE



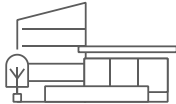
BUSINESS ASSISTANCE



ENERGY



PLANNING



COMMUNITY FACILITIES



CRIME VICTIMS / SAFETY



COMMUNITY SERVICE




Our shared vision for housing

- ✓ Most households have an option in the private market
- ✓ Subsidized housing is available for those who need it
- ✓ Low income households live in high opportunity areas
- ✓ Broad opportunities for homeownership exist
- ✓ Affordable units stay affordable



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Some terminology

Affordable housing: *(New definition in the GMA) Residential housing whose monthly costs, including utilities other than telephone, do not exceed thirty percent of the **monthly income** of a household whose income is:*

- (a) For rental housing, sixty percent of the median household income**
- (b) For owner-occupied housing, eighty percent of the median household income**

Area Median Income (AMI) *adjusted for household size, for the county where the household is located, as reported by the United States Department of Housing and Urban Development (HUD).*

Cost burdened: Households paying more than 30% of their income for housing and utilities.

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What is going on with the housing market?

American Community Survey
Generally, data is at least two years old.

 The private market works for higher income earners

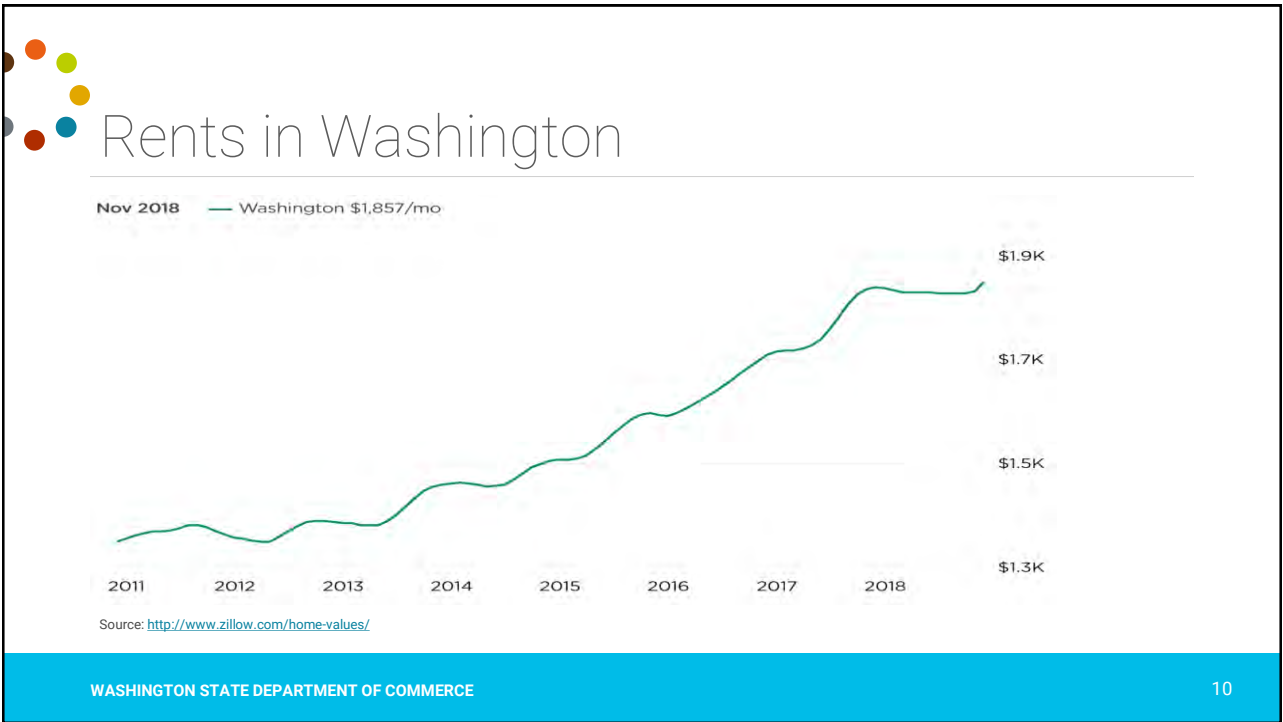
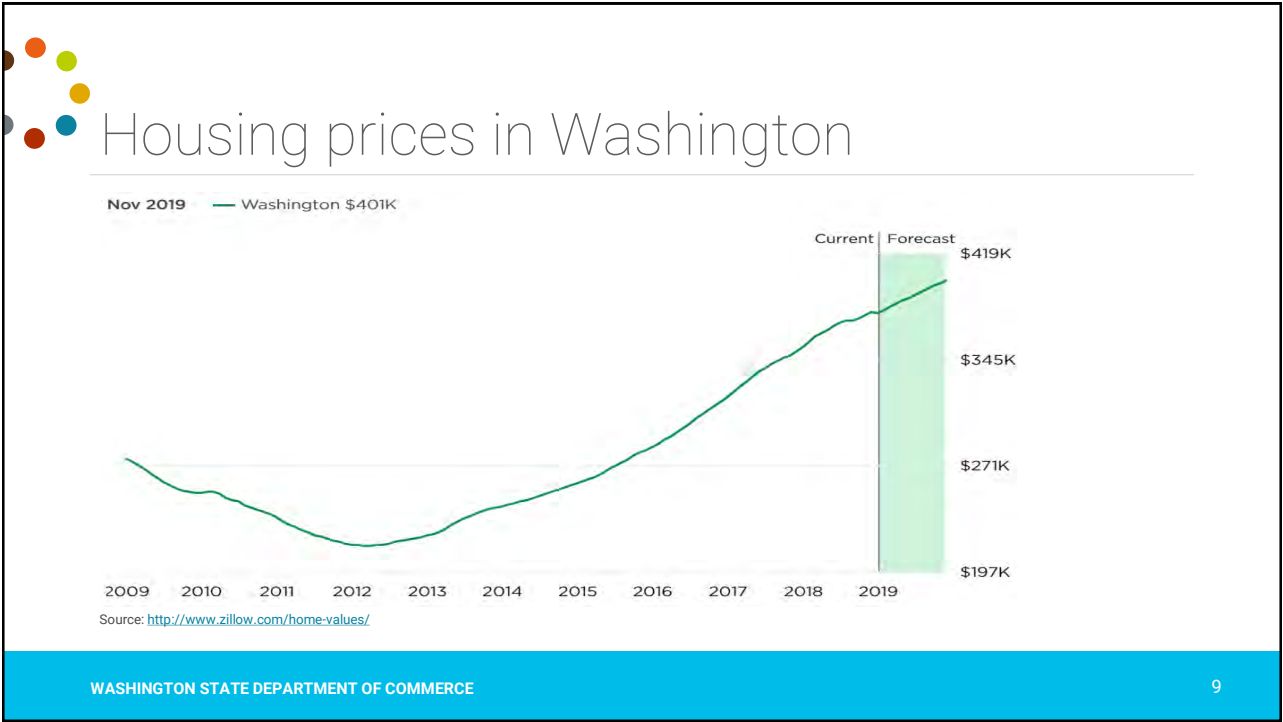
**Middle and higher income
(generally market rate or
assisted home ownership)**

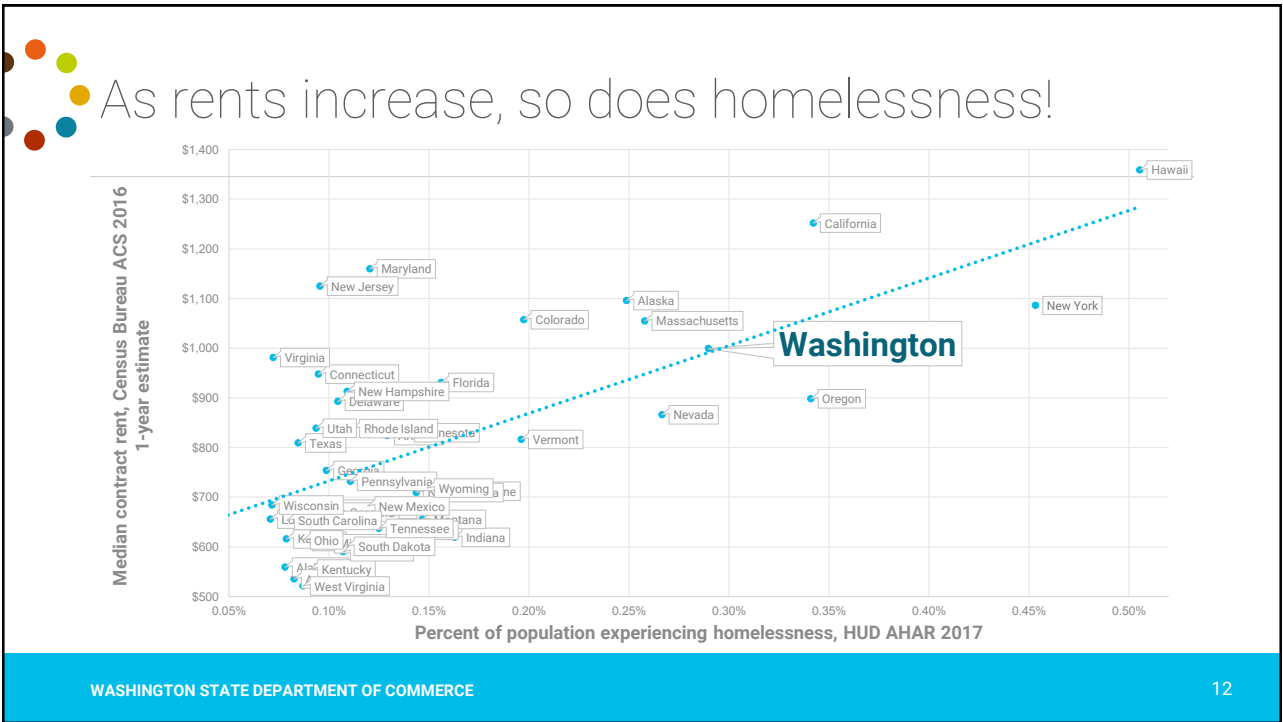
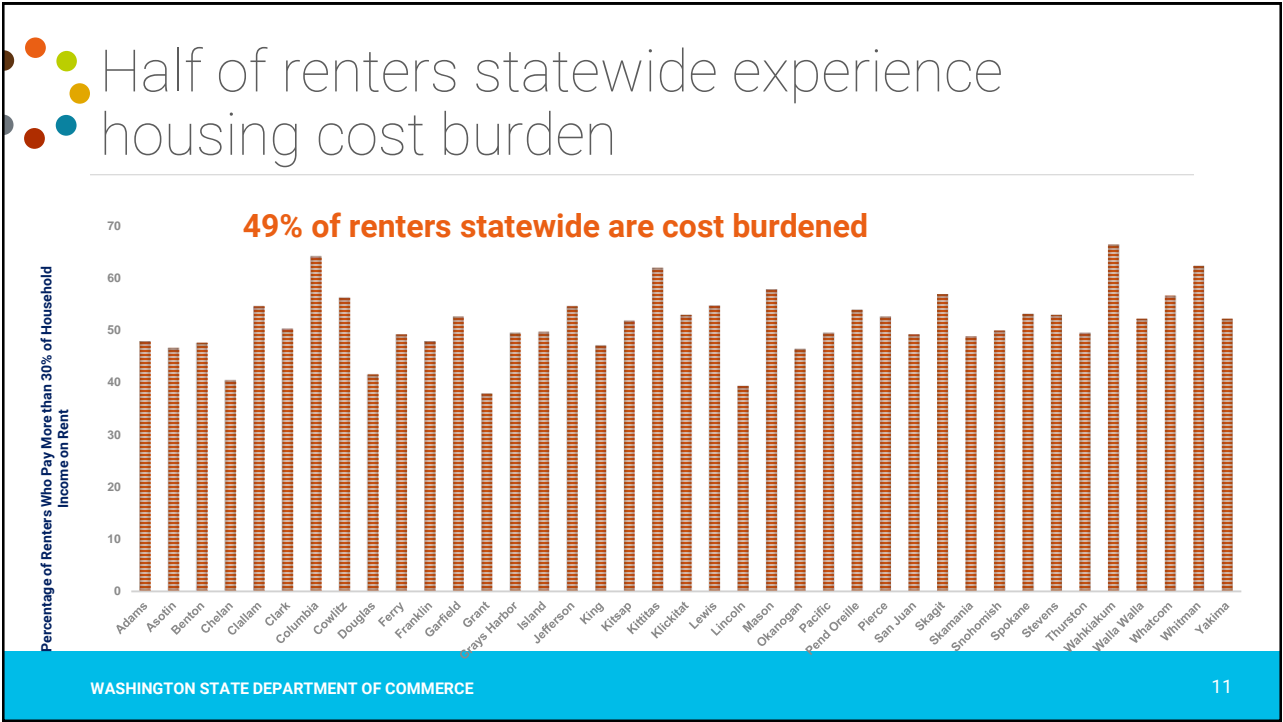
- Traditional loans
- IRS mortgage interest deduction
- Down-payment assistance

Many homes have no mortgage. Few condos for purchase, many high end rentals.

**Low income (often
subsidized rental housing)**

- Rent subsidies (section 8)
- Non-profit / public housing
- Naturally occurring market rate housing (often at risk of redevelopment)





Legal Overview of Housing Requirements in Washington State

Growth Management Act

Growth Management Hearings Board cases

Special consideration for the “poor and infirm”

Growth Management Act housing goal



- Encourage 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**.

RCW 36.70A.030(4)

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- **Affordability for 50 years to 80% AMI for ownership and 50% AMI for rental (adjustable)**
- **Optional or mandatory programs using tools such as:**
 - Density bonuses in UGAs
 - Height/bulk bonuses
 - Fee waivers or exemptions
 - Parking reductions
 - Expedited permitting
 - Inclusionary zoning

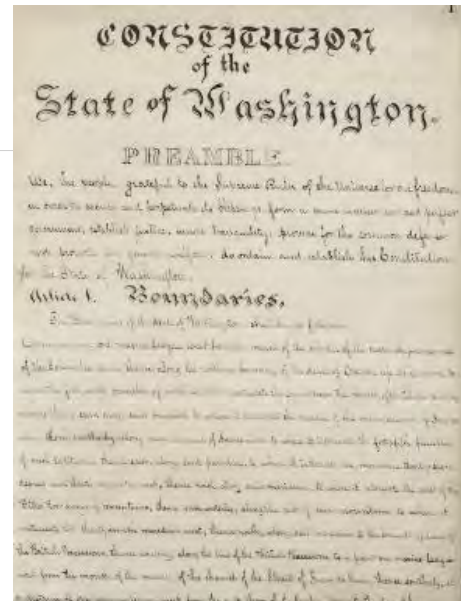


- Redmond
- Kirkland
- Issaquah
- Sammamish
- Seattle
- Monroe
- Newcastle
- Bainbridge Island

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Article 8, Section 7

Washington State Constitution



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Provisions for homeless camps too. . .

Cities issuing “homelessness” or “public health state of emergency” in order to build more housing.

- If homeless encampments are hosted by a church, protected by Federal “**Religious Land Use and Institutionalized Persons Act**” (RLUIPA).
- **ESHB 1956** (2010) authorized religious institutions to host temporary encampments for homeless persons on property owned or controlled by a religious organization.



Resources: Low Income Housing Institute lihi.org

Summary: Cities and counties are obligated to plan for housing

- Regional level is a good strategy.
- Develop strong countywide planning policies.
- Assess housing need, looking at all economic and demographic segments, economy.
- **Evaluate various tools for use at the local level**
- Develop strong housing elements, implemented with effective regulations
- Monitor the housing market



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Tools for Housing Affordability

1. Make it easier and faster to develop.

2. Encourage the development of more affordable forms of housing

3. Help reduce development cost of subsidized housing.

4. Preserve existing affordable housing



11/2/2019



Housing, affordable to lower income segments is primarily small units, in urban areas



URBAN

• Sewer service means smaller units are possible

• Bus service reduces transportation costs

RURAL

• Lots are big , require septic and well

• Travel to rural areas adds to costs

• RCW 36.70A.030(4)

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1. Make it easier, faster, and cheaper to develop housing

Increase housing production


Allow more units

- Increase density, require minimum density, form-based code
- Flexible development standards: (Review street standards, setbacks, open space, for impact on number of dwelling units allowed)
- NEW parking requirements RCW 36.70A.620

Decrease carrying cost of the project

- Invest in infrastructure to support new housing.
- Must allow deferral of impact fees. (RCW 82.02.050(3) (first 20 single family units per developer)





Make the development process easier

Development review


- Reduce number of land use designations and zones.
- Streamline and expedite the development review process.

Subdivision process

- Expand short plats definition to nine lots. RCW 58.17.020(6)
- Delegate final plat approval to planning commission or staff. (RCW 58.17.100)

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Reduce SEPA review & risk

1. Expand **categorical exemptions** to 30 SF or 60 MF (WAC 187-11-800.)
2. A **planned action** is a subarea plan where environmental impacts have been addressed before individual projects are proposed. (RCW 43.21C.440)
3. **Infill exemption** for residential, mixed use or commercial development within an urban growth area. (RCW 43.21C.229)

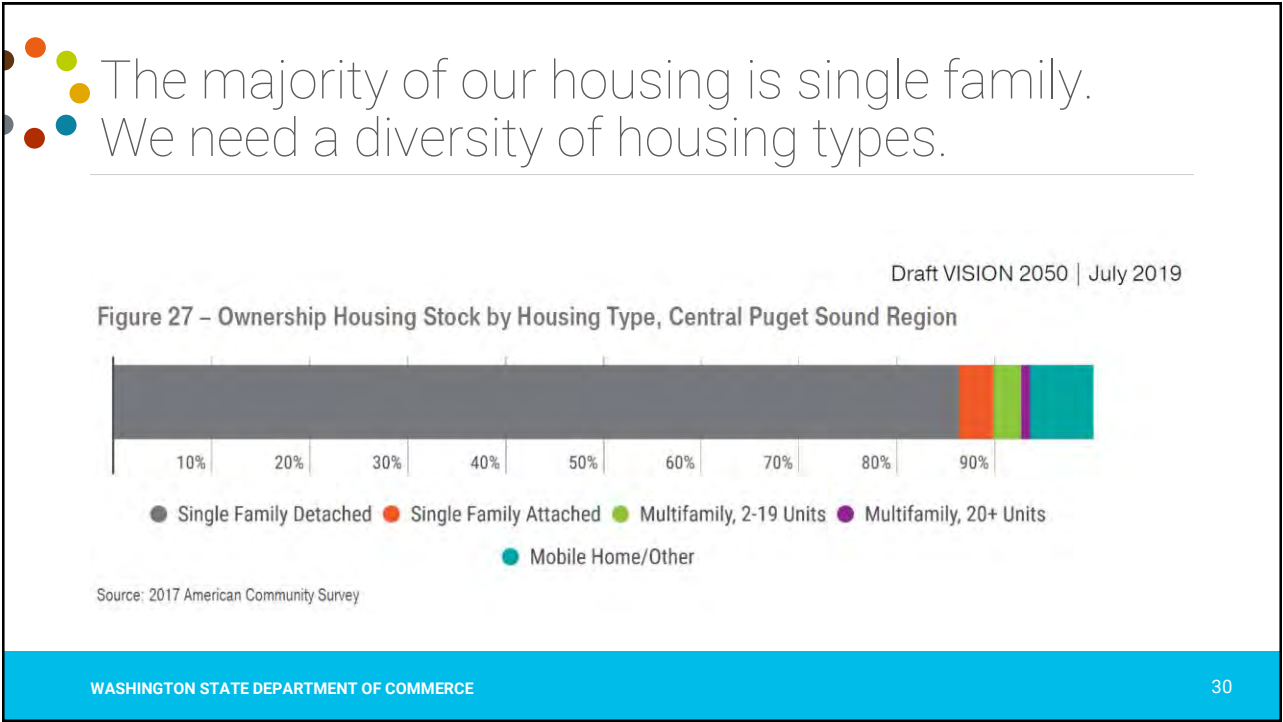
PLANNED ACTIONS

- Mountlake Terrace Town Center
- Shoreline Aurora Square
- Puyallup Downtown
- Edmonds and Everett Highway 99
- Spokane Valley
- Lake Stevens Downtown
- Lakewood Downtown
- Olympia Downtown
- Tumwater Brewery area
- Burien Infill Ordinance

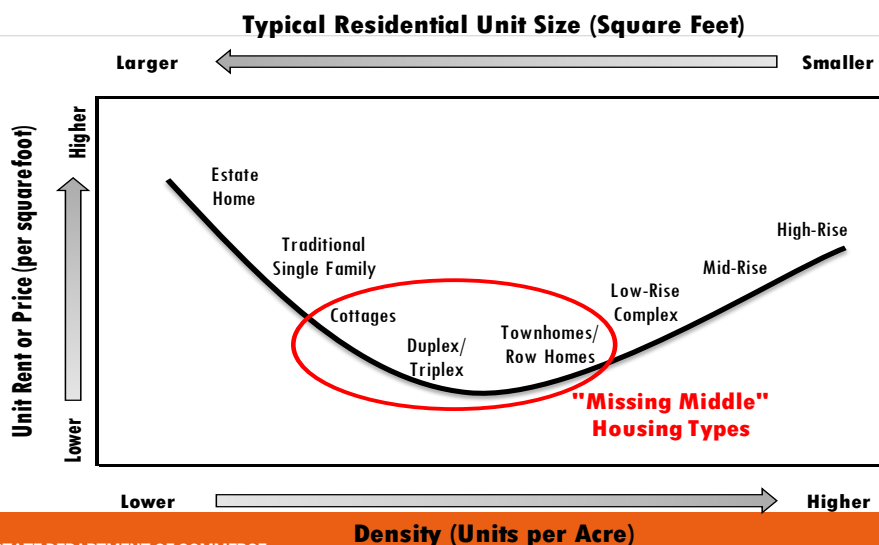
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2. Allow and encourage more affordable forms of housing



Missing middle housing is cheaper to build



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Accessory Dwelling Unit (ADU)

- A small, self-contained residential unit located on the same lot as an existing single family home, may be attached to or detached from the primary home.
- **Issues to consider**
 - Attached, detached
 - Limit on size, height
 - Owner-occupancy requirement
 - Parking
 - Sewer / water connection fees
 - Permit fees (can be tied to affordability)
 - Pre-approved plans?
 - May be difficult to find a lender

Examples of Accessory Dwelling Units (ADUs)
ADUs in blue; main residence in white

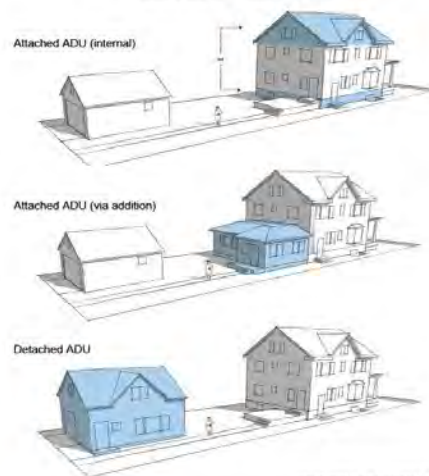


Image credit: City of Saint Paul, MN

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Cottage Housing

Grouping of small single family dwelling unit clustered around a common area, may have shared amenities. Cottage housing allowed by:

- Kirkland
- Federal Way
- Marysville
- Mukilteo
- Port Townsend

- Lakewood
- Langley
- Redmond
- Seattle
- Spokane



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Tiny homes

- Maybe be permitted as “factory built housing” L&I must inspect the structure.
- Appendix Q to International Building Code for regulating “tiny houses”.
- Local government must inspect the siting: “foundation” connection to sewer, water, electric.
- ADU? RV? Single family lot? Cottage? Co-housing?



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Micro-housing: market rate

Residential Suites or “studios”

- Kirkland Arete: rent set at 80% of AMI
- Seattle Apodments
- Redmond “Tudor Manor”
- Private developer
- LEED platinum
- Parking is extra



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Adaptive re-use

Tax credits (Historic and Low Income) to refit a hotel and school

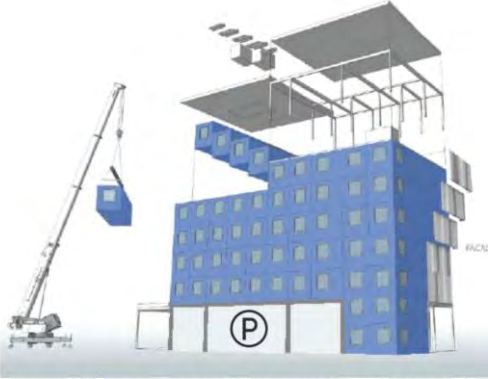
- Ridpath Club Apartments (Spokane)
- Winthrop Hotel (Tacoma)
- Schoolhouse Lofts (Cheney)





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Off-site construction



The buildings can be built over existing parking lots, preserving the spaces below.



Modules constructed off site

- Steady jobs for labor
- Environment controlled
- With scale, could provide significant savings

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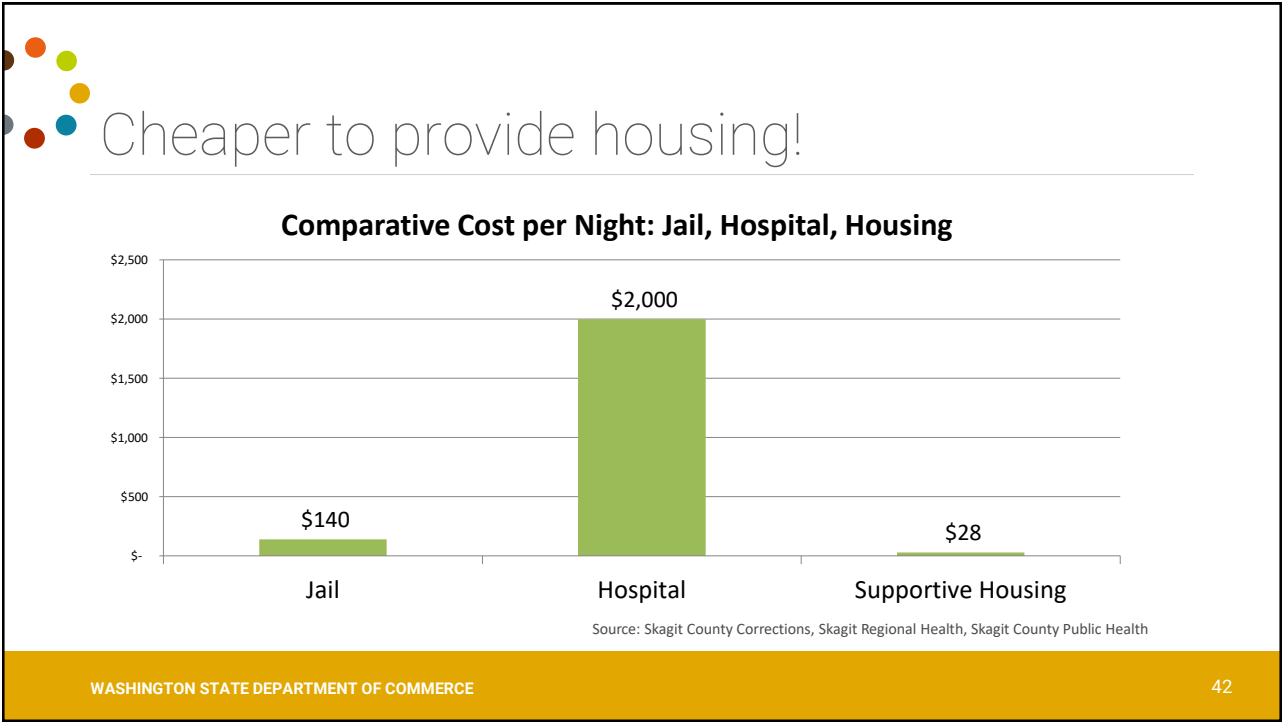
More affordable forms of housing summary


Once more affordable forms of housing are allowed by code, how to incentivize?

- Size-based utility connection, permit, and impact fees?
- Expedited permitting for smaller units?

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3. Consider tools to help subsidized housing





Bonus densities, or require affordable. . .

Local governments authorized to provide bonus densities in exchange for public benefit (such as affordable housing).


- **Bellingham:** 50% bonus density if 100% of units are permanent owner-occupied affordable housing. BMC 20.27.030
- **Marysville:** 1.5 bonus units for each permanently low-income rental unit MMC 22C.090.030
- **Poulsbo:** Max of 25% bonus density if 15% affordable. PMC18.70.070(B)

Local governments require affordable housing

- **Redmond:** Development over 10 units in certain areas must provide affordable and then may build bonus units.
- **Kirkland:** Developments over 4 units in certain zones must provide affordable units.
- **Federal Way:** Multi-family projects over 25 units must provide affordable and then may build bonus units. FWMC 19.110.010

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Fee waivers

Local governments authorized to waive sewer/ water connection fees, impact fees, and permit fees for affordable housing.

- **Ephrata** Water and sewer connection fee waivers (RCW 35.92.380)
- **Puyallup** Waiver of building permit fees
- **Everett** Waiver of planning fees
- **Port Townsend** Offers system-development charge deferrals
- **Kirkland** Includes dimensional standards modification, reduced fees for road and/or park impact, and reduced fees for eligible planning, building, plumbing, mechanical, and electrical permits

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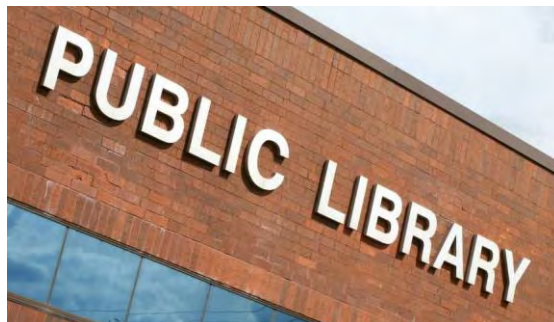
Gift or discount public land

Public agencies (local government or utility) can discount or gift land they own for “public benefit” defined as affordable housing.

- (up to 80% AMI) Must adopt rules to regulate transfer.
- RCW 39.33.015 (2018)

Other ideas for affordable housing

- State or other publicly-owned land
- Churches, service clubs
- Mall transformation
- Derelict buildings, brownfields
- Community facilities



Vote for local housing funds

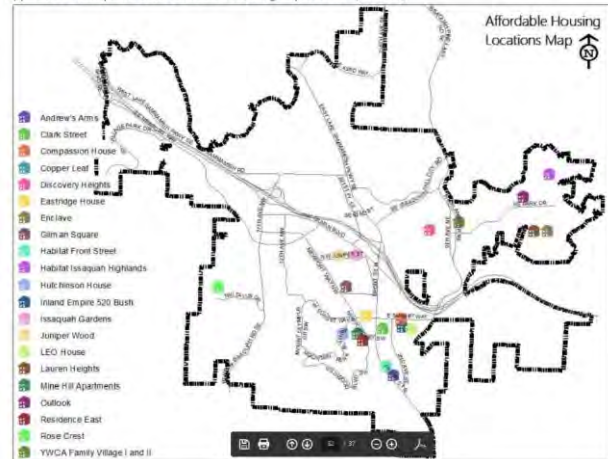
Sales and use tax for affordable housing (up to 0.1% per dollar spent) <60 % AMI RCW 82.14.530 (2015)

- Ellensburg (2017), Olympia (2017)

Affordable housing property tax levy (up to \$0.50 per \$1,000 assessed value) <50 % AMI RCW 84.52.105 (1993)


- Bellingham (2012), Vancouver (2016), Jefferson County (2017), Seattle (multiple)

Appendix C: Issaquah's 2015 Affordable Housing Report Card (continued)



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What's new in 2019?



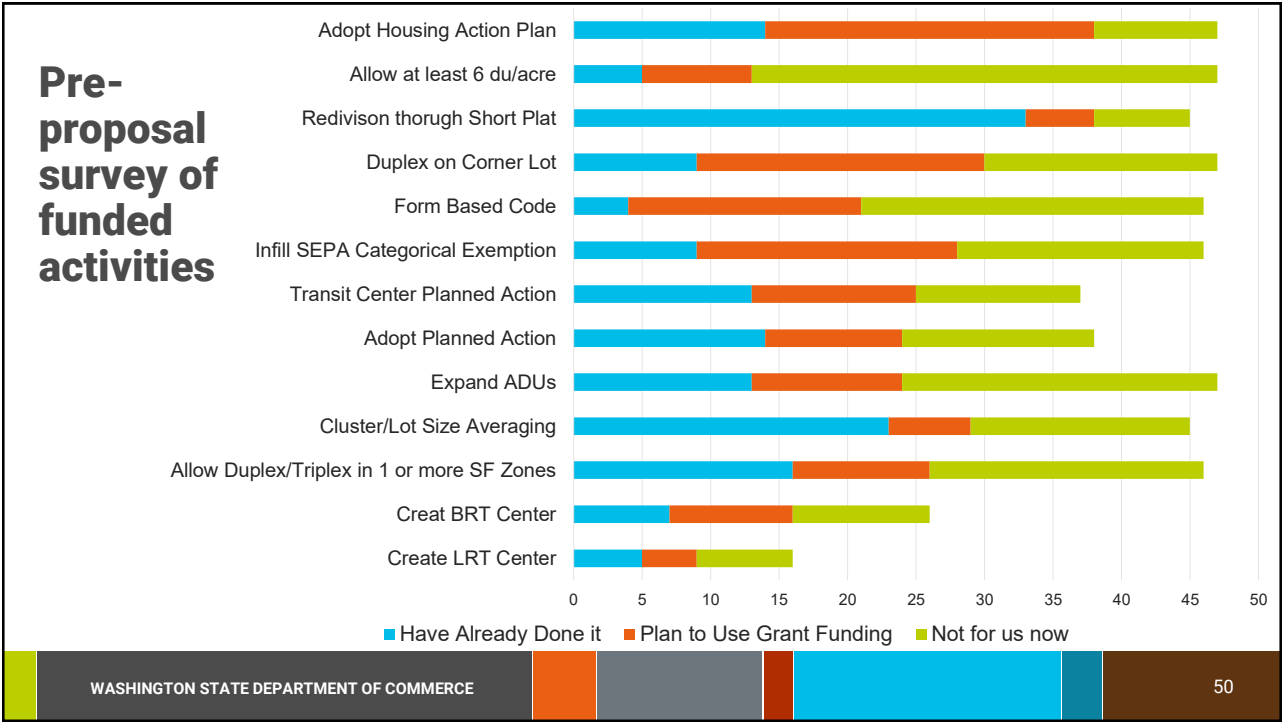
\$5 Million from E2SHB 1923 (laws of 2019)


- Light rail stations to 50 DU/Acre
- Bus rapid transit corridors to 25 DU / acre
- Subarea plan or planned action.
- Adopt a SEPA infill exemption under RCW 43.21C.229 for residential or mixed use
- Form-based code
- Minimum net density of six DU/ acre
- Short Plats up to nine lots
- Authorize at least one duplex, triplex, or courtyard apartment on each SF lot
- Lot size averaging or clustering in SF zones
- Accessory dwelling units (ADUs) on all single-family parcels
- Duplex on each corner lot

OR Develop a Housing action plan

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New things from the 2019 legislature

- **E2SHB 1923:** \$5M for local governments to increase residential building capacity and streamline development, or develop a “housing action plan.”
- **SB 5383:** Allows tiny homes in manufactured home parks
- **SB 1377:** Bonus densities for faith-based affordable housing
- **HB 1219:** More REET2 \$ for housing for GMA counties (till 2026)
- **SHB 1406:** Provides a sales tax reversion for city’s use for affordable housing

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HB 1406: Local sales tax for affordable and supportive housing

- HB 1406 allows cities and counties to keep a portion of the sales tax and use it for local and regional investments in affordable and supportive housing
- Eligible uses: acquisition, rehab, operations and maintenance, construction, (and rent assistance for smaller counties and cities)
- Credit against state sales tax = no tax increase for consumers
 - Rate = 0.0146% or 0.0073%
 - County or City
 - Timing
 - Qualifying local taxes
- Commerce rulemaking by Dec. 2019



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Opportunities and challenges

- Next update to GMA comprehensive plans is 2023-2026
- Shortage of construction workers to build housing, especially in outlying areas
- Our state continues to attract more population, and capital
- Zombie housing vacation rentals take homes off the market
- NIMBY to YIMBY



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Housing affordability resources

COMMERCE.WA.GOV

- Housing Element Guidebooks (*more coming*)

EZVIEW.WA.GOV

- Housing resource web site:
Affordable Housing: Resources for Planning
- Short Course on Housing Affordability (Downloadable)

MRSC.ORG

- Many pages on Affordable Housing

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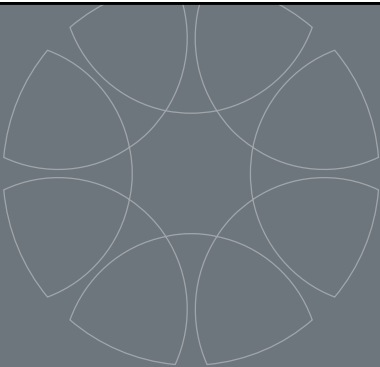
Thank you!

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