

A black and white photograph of a residential street. In the foreground, a paved sidewalk leads towards a row of houses. A person is walking away from the camera on the sidewalk. The houses are multi-story with dark roofs and light-colored siding. The street is lined with trees and shrubs. The overall atmosphere is quiet and suburban.

Affordable Housing Options for Washington Cities

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Speaker Introduction – Jae Hill

- Sixteen years of planning experience
- Master of Business Administration, University of Nevada Reno
- Master of Urban & Regional Planning, Cal Poly Pomona
 - Thesis on affordable housing in mountain resort communities
- AICP certified planner
- Related projects
 - South King County (WA) Housing Action Plan policy assessment
 - King County (WA) – cottage housing & ADU regulations
 - Redmond (WA) – oversaw housing programs (MFTE & inclusionary)
 - Sun Valley (ID) – Comp Plan and Employee Housing Plan



Presentation Overview

- Housing Types
- Affordability Concepts
- Trends
- Regulatory Options
- Direct Participation
- Indirect Participation



Apartments

Garden
Flats

Large
Single-
Family

Cottage
Single-
Family

Duplex

Carriage
House

Townhouse



Terminology - General

- HUD – US Dept of Housing and Urban Development
- Housing burden – 30% of monthly income for housing related costs
 - “rule of three”
- Density (units per acre) vs Massing (building dimensions)
 - Example: 10,000 square foot luxury duplex vs 8,000 sf 10-plex
- Affordability covenant – permanent deed restriction
- LFP Median Home Price - \$734,955
 - <https://www.zillow.com/lake-forest-park-wa/home-values/>
- Median Income vs Average Income



Terminology – Median Income

FY 2020 Income Limit Area	Median Family Income	FY 2020 Income Limit Category	Persons in Family							
			1	2	3	4	5	6	7	8
Seattle-Bellevue, WA HUD Metro FMR Area	\$113,300	Very Low (50%) Income Limits (\$)	41,800	47,800	53,750	59,700	64,500	69,300	74,050	78,850
		Extremely Low Income Limits (\$)*	25,100	28,650	32,250	35,800	38,700	41,550	44,400	47,300
		Low (80%) Income Limits (\$)	66,700	76,200	85,750	95,250	102,900	110,500	118,150	125,750

<https://www.huduser.gov/portal/datasets/il/il2020/2020summary.odn>



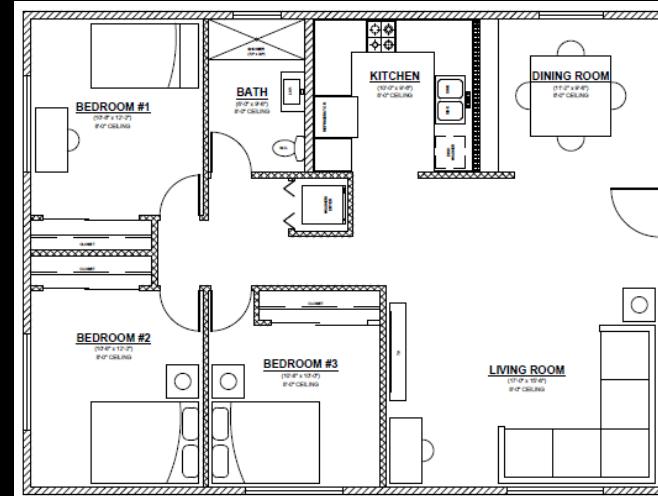
Accessory Dwelling Units

- Dwelling unit (LFPMC 18.08.300)
“single unit providing complete, independent living facilities for one or more persons, not to exceed one family, and which includes permanent provisions for living, sleeping, eating, cooking and sanitation”
- Accessory dwelling unit (18.08.030)
“a dwelling unit subordinate to a single-family dwelling unit which:
 - A. Is located within the single-family dwelling unit; or
 - B. Is located within an accessory building”



Accessory Dwelling Units

- Reasons
 - Multigenerational living
 - Added income
- Various forms
 - Mother-in-law apartment
 - Basement apartment
 - Carriage house
 - Pool house
- Standards
 - Size – fixed floor area or % of main structure
 - Separate or joined utilities
 - Parking on/off-site
- ADU program for best result
 - Renton WA & San Diego CA
 - Pre-approved plans
 - Connect owners with funding



https://www.sandiegocounty.gov/content/sdc/pds/bldg/adu_plans.html



Cottage Housing

- “Small” detached 800-1500sf units
- Typically around a central green space
- May include attached or detached garage
- Condo form of ownership

- Look to: King County, Redmond, Kirkland

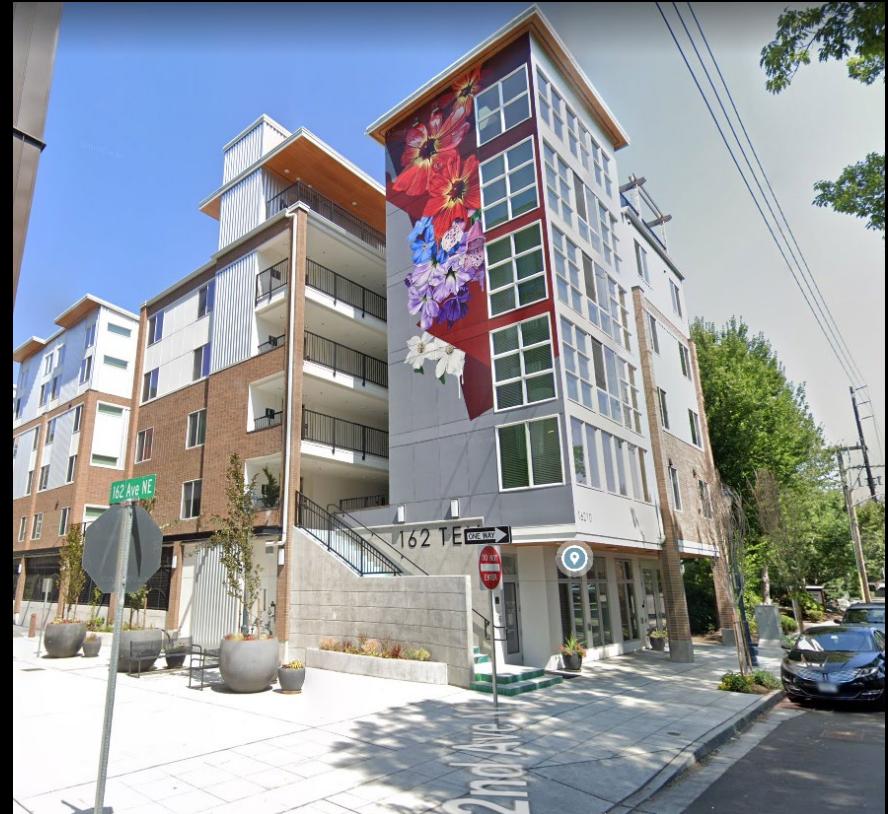


Source: AuburnVillager.com



Housing Trends

- Microhousing
 - Apartment style building with small (ex 200sf) sleeping rooms and shared amenity space
 - Code impacts: technically only one dwelling unit per floor
 - Low overall cost, but high cost per sf
 - “Adult dorms”
- Tiny homes
 - Less than 400sf (HUD definition)
 - Portable or fixed
 - Niche product



162 Ten, Redmond WA
Photo: Google Maps



Missing Middle

- Middle-income
 - 80%AMI-120%AMI
- Middle-sized
 - >800sf, but <2000sf
- Ownership and rental opportunities
- Attached and detached
- 3-4+ Bedrooms



The Villas, Woodinville WA
Photo: Google Maps



Development Trends

- Townhomes
 - New development in Kirkland is \$764k for 1600sf 3bd
 - No longer middle-income
- Condominiums
 - Indemnity laws changed
 - Condo conversions coming
- Prices
 - 4% growth in 2019
 - -1% growth in 2021



Development Trends (cont'd)

- Construction
 - 80% increase in lumber costs this year
 - Labor is difficult to obtain due to COVID, megaprojects.
- Financing
 - Market instability
 - Vacancy rates at 10%
 - Looming eviction crisis
 - Retail/office space = loss
- Cross Laminated Timber



Development Factors

- Certainty = time = money
- Return on investment
 - Competition between projects
 - Market rents
- Cost of externalities
 - Pricing exactions appropriately
 - Parking reductions
 - Fees are relatively small
 - Except for non-profits
- Hard costs
 - Costs for materials and labor, not including land, profit, or financing
 - Can vary subregionally.
 - \$233 in South King
 - \$350 in Redmond
 - “Five-over-two” archetype
 - “Five-over-three” in Totem Lake
 - Transit proximity



Inclusionary – Bonus vs Mandatory

- Units set aside for sale or rent at a certain income level
 - Typically 10% at 80% AMI in this region, where applied.
 - 15% at 70% AMI in Marymoor, increased density in rezone
- Bonus: optional addition of units, with incentive
 - Example: 50-unit development, 10% set-aside = 5 units.
 - 5 bonus units results in 55-unit development.
 - Additional at-market units defray affordable units
- Mandatory: similar strategy, not optional
- Owner/developer manages building, city or housing provider controls covenants & application certification



Regulatory – Multifamily Tax Exemption (MFTE)

- 84.14.010(3)(c) a city or town with a population of at least five thousand located in a county subject to the provisions of RCW 36.70A.215 (Buildable Lands).
- 84.14.020(1)(ii)(A)- Eight years, no affordability **required**
- 84.14.020(1)(ii)(B)- Twelve years, 20% affordability at 80% AMI
- Development must be in a city-designated target area.
- Affordability covenant for life of the project.
- Redmond (RMC 3.38): 8yr, 10%@50%; 12yr, 20%@60%



Regulatory – In-Lieu Fees

- Allows a developer to skip building units on-site, but pay into a fund for future construction.
- Fees can be used later for standalone projects, or to buy units in new projects
- Best used with small projects where additional units aren't feasible
- Pro: generates more funding; efficiency of scale for small projects
- Con: funding atrophies over time; units are better than dollars; may have to return unused monies



Direct Participation

- Direct Payments
- Master Leases
- Surplus Land
- Financing Underwriting
- Development Agreements
 - Define housing as public benefit
- Grants
- Loans
- Fee Waivers

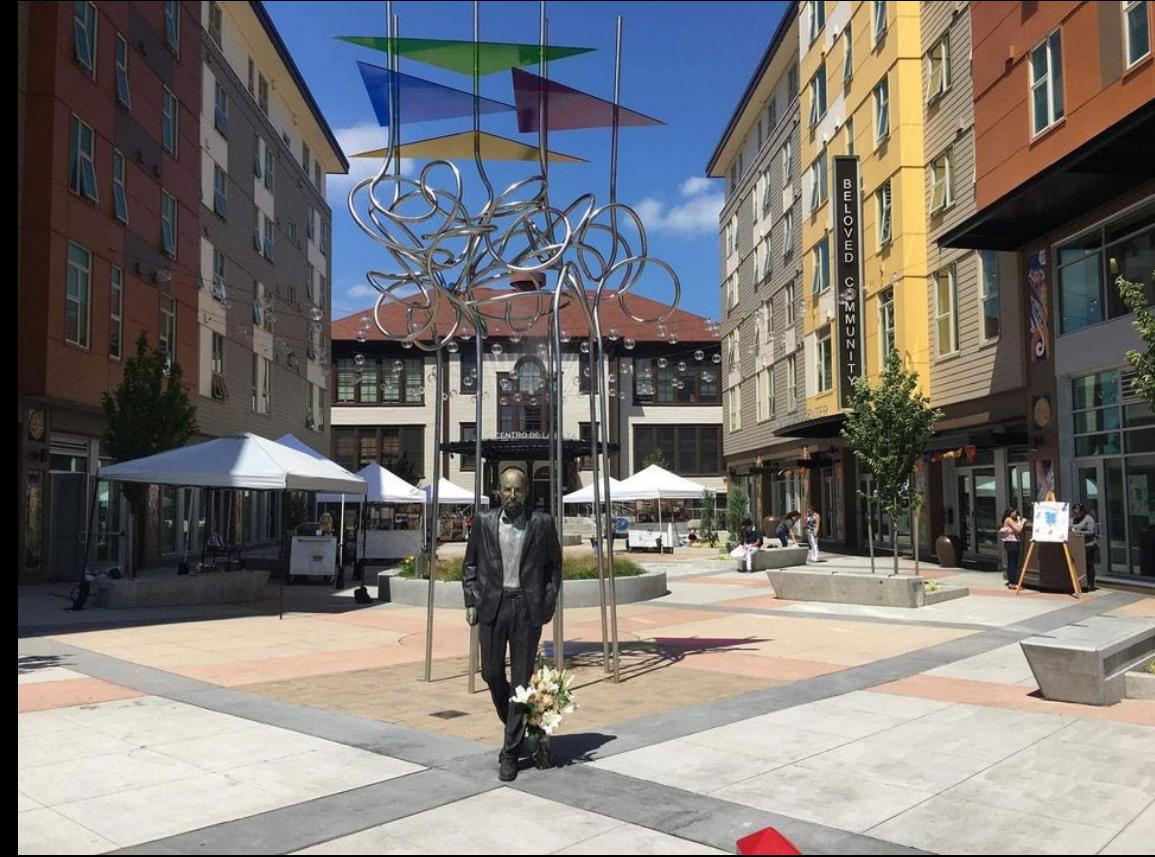


Velocity, 58 units
at South Kirkland P&R
Photo: Imagine Housing



Indirect Participation

- ARCH
 - Member cities contribute proportionally
 - Project locations rotate as desired
 - Satellite management of applications
- KCHA or SHA
- Other non-profit/for-profit providers
 - LIHI, Bellwether, Plymouth, Capitol Hill, Beacon, Imagine, Centro de la Raza



Centro de la Raza –
apartments, office space,
community center, plaza
Photo: Centro de la Raza

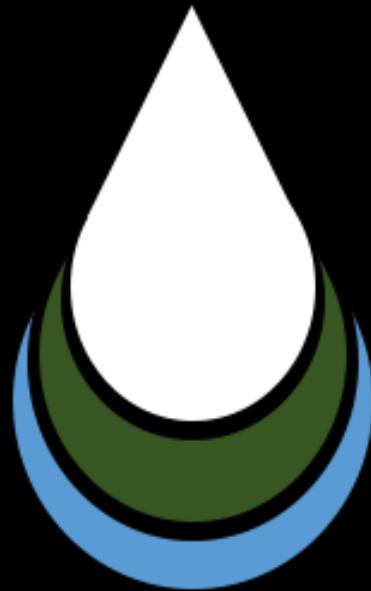


Further Resources

<https://www.theurbanist.org/2017/05/04/visualizing-compatible-density/>

<http://www.archhousing.org/resources/index.html>

<http://mrsc.org/Home/Explore-Topics/Planning/Specific-Planning-Subjects-Plan-Elements/Affordable-Housing-Ordinances-Flexible-Provisions.aspx>



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