

Memo

To: King County Affordable Housing Committee Members
From: McCaela Daffern, Regional Affordable Housing Implementation Manager
cc: Housing Interjurisdictional Team
Date: September 24, 2021
Re: Increase Housing Choice, Diversity, and Maximize Affordability Update

Purpose

At the September 29 Affordable Housing Committee (AHC or Committee) meeting, Caia Caldwell, External Relations Manager for Master Builders Association of King and Snohomish Counties (MBAKS), and Alex Brennan, Executive Director for Futurewise, will present their recommendations on jurisdictional strategies that increase and diversify housing choice and maximize affordability, especially in areas with access to frequent or high-capacity transit. AHC members will briefly discuss which recommended actions the Committee should prioritize for rapid, widespread implementation and provide preliminary input on a proposed path for building the political will necessary to support implementation. This report summarizes past Committee business on this topic, Futurewise and MBAK's recommendations, staff scoping efforts, a strategy, and a draft short-term implementation timeline.

Background

Earlier this year, the Committee adopted a work plan item to identify and promote jurisdictional strategies (e.g., example effective ordinances) that increase and diversify housing choices and maximize affordability, especially in areas with access to frequent or high-capacity transit. At the July 2021 AHC meeting, AHC Vice Chair Susan Boyd presented a hierarchy of affordable housing development needs to maximize affordability (see Exhibit A). Building off that presentation, AHC Chair Claudia Balducci asked Futurewise and MBAKS to develop a short list of recommended policy actions to increase housing choice and diversity and maximize affordability. Since then, staff have solicited input from different stakeholders to determine how best to move the work plan item forward.

Futurewise and Master Builders' Recommendations

At the September 29 meeting, Futurewise and Master Builders will present their recommended zoning, land use, development regulations, or process strategies that the region should prioritize for widespread implementation that either: 1) maximize affordability by decreasing costs to build housing affordable to low-income households; or 2) increase and diversify housing choice.

Both organizations were guided by the following three principles:

- Build off the [recommendations of the Regional Affordable Housing Task Force](#);¹
- Prioritize strategies that will result in the highest impact towards addressing the affordable housing gap, especially at the lowest income levels; and
- Identify a mix of strategies that are actionable in both the near-term and long term.

¹ Specifically, the goals around increasing housing production (Goal 2), maximizing housing affordability near transit (Goal 3), and increasing housing choice and diversity (Goal 6).

Using this as a guide, Futurewise and/or MBAKS, identified the following strategies (details in *Exhibit B*):

Futurewise

1. Increase development capacity in specific places
2. Implement inclusionary requirements or incentives as part of upzoning
3. Maximize zoning and building code for wood-frame construction
4. Zone for more family, roommate, and congregate housing options
5. Reduce parking and other transportation costs near frequent transit

Master Builders of King and Snohomish Counties

6. Shorten permit review timelines
7. Remove parking minimums
8. Adopt State Environmental Policy Act (SEPA) exemptions
9. Allow fee simple townhomes, plexes, accessory dwelling units, and micro-housing

Scoping Findings

In August and September, AHC staff conducted research and consulted with the AHC Chair and Vice Chair and their staff, Microsoft Philanthropies, Futurewise, MBAKS to discuss how the Committee could most effectively increase and diversify housing choice and maximize affordability. Input from those conversations and research findings are summarized in *Exhibit C*.

As a result of this input, staff propose the following outcome and strategy:

Outcome By 2024, King County jurisdictions have maximized their ability in the near- and long-term to increase housing choice and diversity and maximize affordability through:

- Increased levels of political will and bureaucratic functioning exist in all jurisdictions
- Efficient and coordinated permitting processes that prioritize affordable housing and cost-efficient development are in effect in many jurisdictions
- Affordable housing, development capacity for affordable housing, and diverse housing types are prioritized and maximized to increase housing growth and diversity in all jurisdiction's 2024 comprehensive plans, including in areas with high capacity and frequent transit

Strategy To achieve this outcome, staff propose the Committee implement a three-part strategy to increase and diversify housing choice and maximize affordability. Additional details are in *Exhibit D*.

- Challenge letter to focus regional attention on the most impactful actions;
- Affordable housing convening to cultivate additional affordable housing champions; and
- CPP accountability framework to provide consistent peer and policy pressure.

Timeline

This timeline is subject to change based on AHC work plan and Committee functioning survey results and listening sessions in October. Action to plan a convening or host a first round of signatory report-backs on their plans are not included in this timeline.

<u>Date</u>	<u>Activity</u>
Sept. 29, 2021	AHC briefing on action recommendations from Futurewise and MBAKS and the challenge letter concept
Nov. 17, 2021	AHC discussion of key concepts for inclusion in the challenge letter
Jan. 2022	AHC review of draft challenge letter
March 2022	AHC adoption of challenge letter

Exhibit A: Excerpts from Bellwether Housing's *What Affordable Housing Developers Need*, July 21, 2021 AHC Presentation

BELLWETHER'S HIERARCHY OF AFFORDABLE HOUSING DEVELOPMENT NEEDS



Political Leadership

SUSTAINED FOCUS ON & COMMITMENT TO AFFORDABILITY

VALUE AFFORDABLE HOUSING AS A PUBLIC GOOD

COURAGE

GROUNDED IN REALITY

- How much subsidized housing is really in your community?
- What are the average incomes in your community?
- Where do the people who work in your community live?
- How much does housing in your community cost and how is that changing?
- How would a building like this impact your community?
- Regarding homelessness: who, what, where, why, how?

High-capacity Bureaucracy

STAFFING LEVELS

CROSS-DEPARTMENTAL COMMITMENT & COLLABORATION

SUSTAINED FOCUS ON & COMMITMENT TO AFFORDABILITY

VALUE AFFORDABLE HOUSING AS A PUBLIC GOOD

SUPPORTED BY POLITICAL LEADERSHIP

GROUNDED IN REALITY

Exhibit B. Futurewise and MBAKS Strategies

Table 1: Priority Strategies to Maximize Affordability and Increase and Diversify Housing Choice

	Decrease Costs to Build Housing Affordable to Low-income Households	Increase Housing Choice & Diversity	Implement Now	Advance Through Comprehensive Plan Update
Futurewise				
1. Increase development capacity in specific places		X		X
2. Implement inclusionary requirements or incentives as part of upzoning		X		X
3. Maximize zoning and building code for wood-frame construction	X	X		X
4. Zone for more family, roommate, and congregate housing options		X		X
5. Reduce parking and other transportation costs near frequent transit	X		X	
Master Builders				
6. Shorten permit review timelines	X		X	
7. Remove parking minimums	X		X	
8. Adopt SEPA exemptions	X		X	
9. Allow fee simple townhomes, plexes, accessory dwelling units, micro-housing		X	X	

Exhibit C. Scoping Research and Conversations

The following themes surfaced in summer scoping conversations with the AHC Chair and Vice Chair and their staff, Microsoft Philanthropies, Futurewise, MBAKS and the HIJT:

- Political will remains a key barrier to implementation
- Toolkits and resources exist but are most successfully used by motivated jurisdictions
- Prioritize strategies that are the most necessary/critical, even if they require more time
- A successful approach will result in short-term action and pave the way for successful comprehensive plan updates
- Consider an event to build political support for challenge implementation

This is a summary of highlights from staff best practices research with input from the same groups:

Tactic	Existing Resources	Comments
<p>Toolkits, sample ordinances, prioritized strategies</p>	<p>The Regional Affordable Housing Task Force’s Final Report and Recommendations (2018)² Adopted by Seattle, King County, and Sound Cities in late 2018 and early 2019, this report provides recommended strategies to increase and diversify housing choice and maximize affordability in King County.</p> <p>Puget Sound Regional Council’s Housing Innovations Program³ is a collection of planning resources that local governments can use to promote housing affordability and new housing choices in their communities.</p> <p>Master Builders of King and Snohomish Counties 2019 MBAKS Housing Toolkit Local Planning Measures for Creating More Housing Choices⁴ Serves as a guide for local governments, listing specific code updates and process improvements jurisdictions can take to help provide more diverse, more affordable housing</p> <p>Municipal Research and Services Center of Washington’s (MSRC) Affordable Housing⁵ webpage with links to MRSC’s resources related to affordable housing for households making less than 80 percent of area median income in Washington State, including:</p> <ul style="list-style-type: none"> ○ Techniques and Incentives for Encouraging Affordable 	<p>Local planners are generally aware of these tools and cite the lack of political will as a key implementation problem⁸</p>

² https://kingcounty.gov/depts/community-human-services/housing/~/_media/depts/community-human-services/housing-homelessness-community-development/documents/affordable-housing-committee/RAH_Report_Print_File_Updated_10,-d-,28,-d-,19.ashx?la=en

³ <https://www.psrc.org/hip>

⁴ <https://www.mbaks.com/docs/default-source/documents/advocacy/issue-briefs/mbaks-housing-toolkit.pdf>

⁵ <https://mrsc.org/Home/Explore-Topics/Planning/Housing/Affordable-Housing.aspx>

⁸ From summer 2021 DCHS staff conversations with the Housing Interjurisdictional Team and South King Joint Planners and Developers Group

	<p>Housing⁶ Provides a broad overview of techniques and incentives that may encourage the construction of new affordable housing, such as a density bonus, special zoning, permit streamlining, fee reductions and more</p> <ul style="list-style-type: none"> ○ Types of Affordable Housing⁷ Offers an introduction to different housing types and models that are generally considered affordable, as well as specialized construction approaches that can lower the cost of building new housing 	
Challenge letter	<p>A 2019 mayoral letter of commitment⁹ was successful in driving awareness and regional momentum but has yielded few tangible policy changes on its own</p>	<ul style="list-style-type: none"> • Communicate what makes this challenge letter more likely to gain traction than past efforts • A more focused challenge letter is more likely to be implemented • Challenge should include a nonprofit challenge. What do cities need from nonprofits? • Some of the proposed zoning and land use strategies may be difficult to implement, either technically or politically—and may be hard for elected officials to get excited about
Event	<ul style="list-style-type: none"> • As Microsoft approaches the three-year milestone of its Affordable Housing Initiative, there is an opportunity to report to the public on progress with policy change • An event could be more general with multiple groups to help build/increase public will • Housing Development Consortium is interested in supporting an event 	<ul style="list-style-type: none"> • Elected official education on the strategies would be useful

⁶ <https://mrsc.org/Home/Explore-Topics/Planning/Housing/Affordable-Housing-Techniques-and-Incentives.aspx>

⁷ <https://mrsc.org/Home/Explore-Topics/Planning/Housing/Types-of-Affordable-Housing.aspx>

⁹ <https://news.microsoft.com/wp-content/uploads/prod/sites/552/2019/01/Letters-from-Mayors-011419.pdf>

Exhibit D. Proposed Strategy

Component	Objectives
<p>1. Challenge Letter</p> <ul style="list-style-type: none"> • Sets up framework for success as comprehensive plan updates start in 2022 and serves as an anchor to a three-year plan • Multiple sectors sign on to letter committing to play a part • Letter includes short- and long-term strategies the AHC considers critical for meeting the Committee’s vision • Signatories commit to report back to the Committee on their plan and progress 	<ul style="list-style-type: none"> • Motivate jurisdictions to take immediate steps to implement • Lay groundwork for high-impact 2024 comprehensive plan updates aligned with AHC priorities • Give jurisdictions a short list of where to start • Establish low-impact form of accountability through report-back
<p>2. Affordable Housing Convening</p> <ul style="list-style-type: none"> • Cultivate affordable housing champion network to provide continued support and pressure as comp plan work progresses • More scoping is needed to define audience, other event goals, and co-hosts 	<ul style="list-style-type: none"> • Build network of affordable housing champions during comprehensive plan updates • Celebrate short-term accomplishments and sustain energy and support for controversial comprehensive plan updates
<p>3. CPP Accountability Framework</p> <ul style="list-style-type: none"> • Provide consistent peer pressure and policy pressure 	<ul style="list-style-type: none"> • Evaluate efforts, publicly share results • Follow through on compliance • Follow through on incentives