

Memo

To: King County Affordable Housing Committee Members
From: Janet Lee, Affordable Housing Planner
McCaela Daffern, Regional Affordable Housing Implementation Manager
cc: Housing Interjurisdictional Team
Date: November 12, 2021
Re: Increase and Diversify Housing Choice and Maximize Affordability Update

Purpose

At the November 17 Affordable Housing Committee (AHC or Committee) meeting, AHC members will briefly discuss and confirm the intended purpose of the challenge letter and based on that shared understanding, provide input on the implementation approach. To aid in that discussion, this report summarizes: 1) past Committee business on this topic, 2) how the concepts were developed, 3) a timeline for next steps, and 4) proposed challenge letter concepts,

Previous Discussions

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.

- July 2021
 - AHC Vice Chair and Bellwether Chief Executive Officer, Susan Boyd, presented a Hierarchy of Affordable Housing Development Needs to maximize affordability and the results of interviews she conducted with her fellow affordable housing developers. She shared the finding that political will and staff capacity remain the most important barriers to tackle.
- September 2021
 - AHC members Alex Brennan, Futurewise Executive Director, and Caia Caldwell, Master Builders Association of King and Snohomish Counties External Relations Manager, built off the Vice Chair's work and presented specific 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.
 - AHC staff, McCaela Daffern, also presented findings from best practices research and recommended a role for the Committee to play in increasing regional collaboration around increasing housing diversity and maximizing affordability.
 - The Committee expressed general support for the three-part approach of a challenge letter, event, and an accountability framework and asked staff to develop a draft option for discussion at the November 2021 AHC meeting.

Proposed Action

Staff worked with the Chair and Vice Chair to identify key concepts for consideration by the Committee, guided by the following priorities:

- The actions should be a Regional Affordable Housing Task Force recommendation and recommended by Futurewise or Master Builders at the last AHC meeting.
- The actions should be a zoning, land use, development regulation, or process strategy that will have the biggest impact in either:
 - maximizing affordability by decreasing costs to build housing affordable to low-income households; or
 - increasing and diversifying housing choice.
- The actions should be most foundational for affordable housing development according to Bellwether's Hierarchy of Affordable Housing Developer Needs.
- Limit the number of actions to focus regional attention.

Based on this guidance, the draft challenge letter concepts (see *Exhibit A*) includes two of the effective strategies presented to the Committee in September:

1. Increase development capacity in specific places
2. Include inclusionary requirements or incentives as part of any upzoning.

Proposed Challenge Letter Approach and Logistics

To focus regional attention on the letter and achieve the highest participation possible, the accompanying distribution approach is reflected in the draft concept:

- *Issuer:* When issuing the AHC recommendation, the challenge would come from individual elected officials rather than Sound Cities Association or member's councils; non-elected members can choose to support the recommendation individually or on behalf of their organization.
- *Target Audience:* Elected officials, advocates, business leaders, and members of the public would be asked to sign on committing to action.
- *Tailored Approach:* Jurisdictions working on comprehensive plan housing element updates would be encouraged to use the letter to craft implementation plans that are most appropriate to their local conditions.
- *Collaborate Regionally:* Those signing on would be invited to identify how the AHC, as a regional body, can support local implementation efforts.

Schedule

This schedule is subject to change based on future AHC work plan and strategic planning discussions. Action to plan a convening or host a first round of signatory report-backs on their plans are not included in this timeline.

Date	Activity
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: Draft Challenge Letter Concept

Initial Framing & Context <p>The 2024 comprehensive plan update cycle represents an opportunity to scale up the region’s response to the housing affordability crisis. The AHC is calling upon jurisdictions to join in an effort to:</p> <ul style="list-style-type: none">• Dramatically and equitably increase development capacity to make room for the additional housing units to meet the need• At the same time, ensure that all new commercial and residential development contributes to create affordable homes by requiring or incentivizing inclusion of affordable housing onsite or contribution to support the development of affordable housing
Request <p>Jurisdictions are asked to implement or further strengthen two land use policies that are the most foundational for affordable housing development and will have the biggest impact in growing housing diversity and affordability for our region.</p> <ul style="list-style-type: none">• Policy 1: Increase development capacity in specific places<ul style="list-style-type: none">○ All jurisdictions are asked to:<ul style="list-style-type: none">▪ Add capacity everywhere by allowing a greater quantity and variety of housing types in what are now single-family zones▪ Add <i>more</i> capacity in areas of high opportunity and areas with historical and current exclusion▪ Add some but relatively <i>less</i> capacity in areas with high displacement risk and pair capacity increases with implementation of anti-displacement strategies• Policy 2: Inclusionary requirements or incentives as part of any upzoning<ul style="list-style-type: none">○ All jurisdictions are asked to:<ul style="list-style-type: none">▪ Base fee structure on third-party market data▪ Include options for on-site performance and fee in-lieu○ Jurisdictions without inclusionary zoning are challenged to evaluate, identify, and execute inclusionary zoning whenever they upzone commercial and residential areas<ul style="list-style-type: none">▪ To the greatest extent possible, programs should be mandatory○ Jurisdictions with inclusionary requirements or incentives are challenged to evaluate, identify, and execute opportunities to increase the program’s effectiveness and report back to the Committee to the AHC. Activities could include:<ul style="list-style-type: none">▪ Evaluating the results of local programs▪ Making their voluntary programs mandatory or do a mix▪ Expanding the reach of their program▪ Recalibrating in-lieu fee structures
Timeline <p>The target audience has four months to join the challenge and be part of a cohort of affordable housing champions</p> <ul style="list-style-type: none">• People or representatives from organizations or jurisdiction who join the challenge are invited to a convening with local community advocates and staff to understand the opportunities in their specific community• Because one size does not fit all, the Committee invites jurisdictions joining the challenge to submit a plan detailing milestones and goals specific to their jurisdiction <p>By December 31, 2022, participating jurisdictions are asked to:</p> <ul style="list-style-type: none">• Submit an update to the Committee on progress made• Identify resources or support they need from the Committee in 2023