

Memo

To: King County Affordable Housing Committee Members
McCaela Daffern, Regional Affordable Housing Implementation Manager, Carson
From: Hartmann, Regional Affordable Housing Planner, and Melissa Aguilar, Regional
Affordable Housing Specialist
cc: Housing Interjurisdictional Team
Date: October 28, 2022
Re: GMPC Motion 21-1 Jurisdictional Housing Needs and Selection of Jurisdictional *by*
Income Level Housing Need Option

Purpose of November 3 AHC Meeting

At the November 3 Affordable Housing Committee (AHC or Committee) meeting, Committee members will:

- learn about Committee member questions and AHC staff answers on jurisdictional *by income level* housing need options and **approve a preferred option**
- learn about draft jurisdictional *special housing* (permanent supportive housing and emergency housing/shelter) needs

In addition to reading this staff report, AHC members are encouraged to review an interactive [jurisdictional housing need options dashboard](#) prior to the meeting. It now includes draft countywide and jurisdictional *special housing* needs allocations that AHC staff developed using a process confirmed by the AHC in September and slightly revised *by income level* allocations based on new data from the Washington State Department of Commerce (Commerce). When accessing the dashboard, close the box if asked for a password; the dashboard is not password protected.

Background

This year, the AHC is developing a recommendation to the Growth Management Planning Council (GMPC) in response to GMPC Motion 21-1 and recent changes to Growth Management Act (GMA) authorized by House Bill 1220, to be transmitted by the end of 2022. Key to this transmittal is a decision by the AHC on a method of allocating countywide housing need projections provided by Commerce to King County jurisdictions. The method will allocate two types of housing needs:

- *By income level*: 0-30, 31-50, 51-80, 81-120, >120 percent area median income (AMI), and
- *Special housing*: emergency housing, emergency shelters, and permanent supportive housing.¹

Per updates to the GMA, jurisdictions are responsible for *planning for and accommodating* housing their share of allocated countywide housing needs. Already well into the preparation period of the comprehensive plan periodic update, it is important that the AHC transmit their recommendation by year end, so that jurisdictions may integrate their allocated shares of housing need into their comprehensive planning work.

At the September 29 AHC meeting, AHC staff briefed Committee members on three jurisdictional *by income level* housing need options and members were asked to select a preferred option. Members did not reach consensus on a preferred option, opting to allow jurisdictions a question-and-answer period about options and to delay selection of a preferred option to November 3. AHC and King County Regional Homelessness Authority (KCRHA) staff also briefed the Committee members on methods for establishing jurisdictional *special* housing needs. Staff informed Committee members that they could provide input on results at the November 3 meeting.

To facilitate decision making about *by income level* housing need options and for updates on *special housing* needs please refer to the following sections of this staff report:

- Considerations for Establishing Jurisdictional Housing Needs: A summary of considerations to guide Committee decision-making, including the key principles for establishing need socialized with the AHC and GMPC in July and Commerce's draft minimum standards for allocating countywide housing needs.

¹ Permanent supportive housing units will be expressed a subset of the 0-30 percent AMI category in the housing need tables. The need for emergency shelters and shelter beds is expressed as one "emergency housing" category.

- Allocating by Income Level Housing Need: A summary of the three options for AHC consideration and possible selection on November 3. For a more in-depth overview, refer to the [September 29 Jurisdictional Housing Needs Staff Report](#).
- September 29 AHC Meeting Summary: A summary of Committee feedback on the options and outcomes of the last AHC meeting.
- Housing Needs Question-and-Answer Period: Staff responses to questions submitted by the AHC or their staff. See Appendix 1 for complete questions and responses.
- Updated Countywide Housing Need Projections: New countywide need projections, including a first look at countywide need projections for permanent supportive housing and emergency housing/shelter. Permanent supportive housing will be allocated using the by income level method selected by the AHC and shown as a subset of the 0-30 percent area median income level.
- Allocating permanent supportive housing and Emergency Housing: New information related to establishing jurisdictional permanent supportive housing and emergency housing needs. AHC staff do not require further AHC direction as only one method was developed.

Establishing Jurisdictional Housing Needs

Considerations for Establishing Jurisdictional Housing Needs

In July and September, AHC staff presented the Committee and GMPC with three key principles to facilitate decision-making on *by income level* need allocation methods. The AHC assessed draft jurisdictional *by income level* housing need options for alignment with these principles. Per these key principles, a selected option will:

1. Increase housing choices for low- and moderate-income households in areas with fewer affordable options currently.
2. Promote a more equitable distribution of housing choices across all jurisdictions.
3. Align with the GMA, Regional Growth Strategy, CPPs, and Commerce's minimum countywide need allocation standards.

Specifically, Commerce's draft minimum standards for allocating countywide housing needs state:

1. The county must select a total housing need projection within the range of the Low, Medium, and High countywide housing needs projections published by Commerce. The selection must be consistent with the selected Office of Financial Management population projection.
2. The selected countywide housing need projection for each income level and special housing needs must be consistently derived from the same Commerce projection series.
3. The sum of all allocated housing needs to local jurisdictions in a county must be equal to or greater than the total countywide housing need projection. This should be true for each income level, permanent supportive housing, and emergency housing.
4. Each jurisdiction's allocation of projected housing needs *by income level* and for permanent supportive housing and emergency housing must be documented in their comprehensive plan housing element.
5. Allocations must be consistent with any relevant countywide planning policies or multicounty planning policies that address housing. This includes any population and housing targets that have already been adopted in these policies.

Allocating by Income Level Housing Need

At the September 29 AHC meeting, Committee members opted to delay selection of a preferred option until the November 3 meeting. Options remain the same and are as follows:

- **Option 1: Focus on New Growth**: Same shares of new housing growth are affordable in every jurisdiction.
- **Option 2: Focus on 2044**: Same percent shares of total housing stock in 2044 are affordable in every jurisdiction.
- **Option 3: Focus on New Growth Adjusted for Local Factors**: Same percent shares of new housing growth are affordable in every jurisdiction and adjusts outputs within each income band by three factors that increase housing choice in places with:
 1. fewer affordable housing options,
 2. fewer income-restricted housing options, and
 3. a greater imbalance of low-wage workers to low-wage jobs housing.

Options 1 and 2 are based on a recommended allocation tool prepared by Commerce. AHC staff developed Option 3 as an alternative to Option 1 and Option 2 that follows Commerce’s suggestion to use an approach developed by Minneapolis’ Metropolitan Council that focuses on new growth, like Option 1, while adjusting for local factors.

For in-depth analysis of long-term implications, refer to the [September 29 Jurisdictional Housing Needs Staff Report](#). Methodological details can be found in the report’s appendix. In addition, Committee members are encouraged to consult the [jurisdictional housing need options dashboard](#) for examples of how the three options allocate countywide housing needs differently between jurisdictions and income levels.

Notes on racial justice, displacement, and homelessness impacts with housing need options

All jurisdictional housing need options increase housing choice throughout the county, benefitting low-income populations who are disproportionately Black, Indigenous, people of color. Every need option also results in increased 0-30 percent AMI housing needs for every jurisdiction, increasing the chance that homeless populations can find somewhere affordable to live in the county. Displacement is of concern with Option 2, since it results in some jurisdictions with an oversupply of units in income bands below 80 percent of AMI. This means jurisdictions would need to plan to lose those units or convert them into another housing type where they have a net need – likely more expensive housing.

September 29 AHC Meeting Summary

September 29 AHC member feedback on jurisdictional *by income level* housing need options included support for and against Options 2 and 3. The Committee did not discuss Option 1. See the [meeting minutes](#) for a detailed summary of comments and Table 1 below for a high-level summary:

Table 1: Affordable Housing Committee Feedback Summary

Overarching Feedback	<ul style="list-style-type: none"> • The Committee should use an anti-displacement, racial justice, and homelessness lens when selecting an option. • There’s a sense of urgency to complete the AHC’s work by year end to keep the CPP amendment process and comprehensive plan updates on track for completion by the state deadline. The quicker decisions are made on planning efforts, the quicker action can take place to solve the housing crisis. • Sounds Cities Association cities would like more time to understand the implications of each option. • Jurisdictions need assurances that they will not be penalized for not realizing all of their housing during the planning period, just that they need the policies and zoning in place to support their housing needs.
Option 2	<ul style="list-style-type: none"> + Aligns with the 2021 CPPs in which future need is allocated across all jurisdictions in a way that ensures all jurisdictions have the same shares of their housing stock affordable to different income levels by the end of the planning period. - Could create a permissive environment for displacement and relies on impractical assumptions for planning and development to achieve equitable state.
Option 3	<ul style="list-style-type: none"> + Improves access to housing for low-wage workers and increases housing choice equitably within the bounds of new growth. + Preferred by the Community Partners Table, who represent communities most affected by the lack of housing choice and disproportionately impacted by housing cost burden. + Recognizes past efforts of jurisdictions who have worked to create more affordable housing. + Establishes increased housing need across all income levels in all jurisdictions. + Most aligned with the three key principles and thoughtfully created. - Some uncertainty and questions around the option. - Results in high 0-30 percent AMI housing needs for a jurisdiction like Bellevue, which has a high growth target, a lack of affordable housing today and few options for low-wage workers to find an affordable home close to where they work. These jurisdictions would face difficulty in planning for and accommodating those needs

To address Committee member concerns and confusion around the presented options, the Committee agreed to delay a decision until the November 3 meeting. In the meantime, the AHC Chair encouraged members to reach out to AHC staff to clarify option methods and implications.

Housing Needs Question-and-Answer Period

After the September 29 AHC meeting, AHC Chair Claudia Balducci emailed Committee members with an invitation to ask questions about jurisdictional housing need options. AHC staff would respond to those questions and include a summary of the questions and answers in the November meeting staff report.

Sammamish, Issaquah, North Bend, and Bellevue staff connected with AHC staff to ask questions. Sammamish staff inquired about September 29 AHC meeting outcomes and Issaquah staff met with AHC staff to better understand the options. Sammamish staff wanted to ensure their comprehensive planning communications accurately described Committee efforts underway. Issaquah staff emphasized the importance of moving forward with a decision on jurisdictional housing needs to stay on track for comprehensive plan updates. AHC staff also met with Bellevue staff several times to address and clarify points of concern.

North Bend staff and AHC member/Bellevue Mayor Lynne Robinson submitted. See Appendix 1 for their questions and AHC staff responses.

Updated Countywide Housing Need Projections

On October 12, Commerce publicly released draft countywide housing need projections *by income level* and draft *special housing* (emergency housing/shelter and permanent supportive housing) need projections (Table 2). These numbers represent the most current need projections from the State and are now reflected in the jurisdictional housing needs options dashboard. Commerce is requesting public comment on draft numbers by November 11. Commerce expects to finalize both projection types in January 2023. In the tables, Commerce groups permanent supportive housing as a subset of the 0-30 percent AMI category and labels these types of need as “permanent housing” and groups emergency housing and emergency shelter in one “emergency housing” category.

Table 2. Draft King County Countywide and Jurisdictional Housing Needs 2019-2044

	Countywide Permanent Housing Needs by Income Level (% of Area Median Income)							Countywide Emergency Housing Needs	
	Total	0-30%		>30-50%	>50-80%	>80-100%	>100-120%		>120%
		Non-PSH	PSH						
Countywide Baseline Housing Supply: 2019 ²	960,951	32,115	6,266	91,505	155,214	181,009	119,133	375,709	5,991
Countywide Net New Housing Needed: 2019-2044	308,677	80,813	48,728	48,220	21,692	14,349	16,274	78,601	57,327
Countywide Total Future Housing Needed: 2044	1,269,628	112,927	54,994	139,725	176,906	195,358	135,408	454,310	63,318

As shared at the September 29 AHC meeting, AHC staff, in collaboration with the HIJT, selected a countywide housing need number equal to that of the County’s current growth target. This approach was supported by Commerce, reduces confusion around which number jurisdictions should plan for and accommodate, respects recently completed work to establish growth targets between King County jurisdictions, and acknowledges that housing growth targets should be an expression of housing need in the future.

Allocating Permanent Supportive Housing and Emergency Housing Need

In addition to selecting a preferred *by income level* allocation option at the November 3 meeting, the AHC will review draft countywide and jurisdictional *special housing* needs. The methods below describe how countywide *special housing* needs are allocated. The Committee confirmed moving forward with these frameworks on September 29.

Unlike emergency housing and shelter, permanent supportive housing is a permanent housing option. In the projections, Commerce presents permanent supportive housing as a subset of 0-30 percent AMI housing. Assuming the same considerations for allocating *by income level* needs apply to PSH, this type of *special housing* need will be allocated using the AHC’s preferred allocation method for *by income level*. Tables H-1 and H-2 in draft CPP amendments show the results using the Option 3 allocation method. Based on the October 12 release of updated countywide need projections from Commerce, the permanent supportive housing projects now include a complete estimate of future total projected needs.

Unlike permanent supportive housing, emergency housing and shelter include temporary accommodations for individuals or families who are homeless or at imminent risk of becoming homeless and includes both overnight accommodations and daytime spaces. Due to their intended design as an interim solution and bridge to a permanent housing option. In the October 12 release of

² Data on baseline housing supply is estimated using 2020 OFM data on total housing units, and 2014-2018 CHAS and 2020 PUMS data on the distribution of units at different income levels.

updated countywide need projections from Commerce, these needs are presented as one combined category consistent with Commerce’s presentation and include a complete estimate of future total projected needs.

At the September 29 AHC meeting, the Committee approved an approach for allocating emergency housing need that would build off and complement work underway by both Commerce and the King County Regional Homelessness Authority (KCRHA) to project emergency housing/shelter needs. KCRHA shared that they are projecting new emergency housing beds needed between 2022 and 2026 for budgeting and planning purposes for each of the KCRHA-defined seven subregions within King County and AHC staff were hoping to use that data to inform the emergency housing allocation. The Committee also approved the following contingency plan in case the information is not available in time for AHC deliberations:

- If KCRHA’s subregional projections are not available in time for the November 3 AHC meeting, AHC still will work with KCRHA to determine an alternative allocation approach (e.g., allocate allocating need in proportion to the jurisdiction’s percent share of planned housing growth countywide or current population) for initial Committee consideration on November 3. At that meeting, KCRHA can share information on when their subregional projections will be available. The AHC can then decide to recommend in December either an allocation method based on KCRHA’s forthcoming subregional projections or move forward with the more straightforward approach based on countywide growth presented to them at that meeting.

On October 20, KCRHA notified AHC staff that their projections may not be ready for AHC decision making this year and recommended proceeding with the contingency plan. As such the emergency housing needs shown in tables H-1 ad H-2 in the draft CPP amendments allocate this need to jurisdictions based on their percent share of planned housing growth countywide.

Next Steps

The AHC needs to meet the following milestones for establishing jurisdictional housing needs.

Date	AHC Milestone	Considerations
Nov 3, 2022	<ul style="list-style-type: none"> • Select a jurisdictional <i>by income level</i> housing need option • Consider jurisdictional <i>emergency housing/shelter need</i> results • Review and provide direction on any CPP amendments needed to articulate the jurisdiction’s share of countywide need for <i>by income level</i> and <i>special housing</i> needs 	<ul style="list-style-type: none"> • Draft CPP amendments reflect jurisdictional <i>by income level</i> housing need Option 3 and <i>emergency housing</i> need allocated based on the percent share of planned countywide housing growth
Dec 9, 2022	<ul style="list-style-type: none"> • Approve final recommended jurisdictional housing needs and CPP amendments 	<ul style="list-style-type: none"> • Draft CPP amendments will reflect the <i>by income level</i> jurisdictional housing needs preferred option selected by the AHC and the <i>and emergency housing</i> need allocation results shared with the AHC in November and updated guidance from Commerce • The GMPC will consider and act on the AHC’s recommendation in 2023

Appendix 1: Written Comments on *by Income Level* Housing Needs Options

Comments from AHC member/Bellevue Mayor Lynne Robinson

Chair Balducci,

Thank you for leadership during this time of housing crises. I am honored to be a part of your Affordable Housing Committee and take seriously the challenges our entire region faces in providing stable housing for all our residents. As you know, I share your urgency in developing adequate housing for our region and particularly for our City. At our last meeting, you provided additional time for cities like Bellevue to weigh in on the affordable housing options proposed by leadership at the KCAHC. Bellevue is strongly committed to regional collaboration and addressing the affordable housing need that we know to be a critical issue. City of Bellevue staff have followed up with County staff to walk through our outstanding concerns, which we would like to highlight for you here.

As you know, through the GMA, Bellevue has committed to creating 35,000 units of housing and 70,000 new jobs by 2044. As a result, the responsibilities to provide the most significant affordable housing in option 3 fall primarily on a few jurisdictions, such as Bellevue, Kirkland and Redmond. We ask for more equitable and achievable goals that all jurisdictions can work towards together.

Our recent affordable housing numbers show that our affordable housing stock has increased, and in all ranges of AMI, since our affordable housing strategy was adopted in 2017. As we continue to implement new incentives and codes, we anticipate this affordable housing stock to grow exponentially. We ask that the KCAHC consider the impacts of the currently proposed preferred option, Option 3, on cities like Bellevue. Option 3 requires that 53% of Bellevue's new housing units be affordable at 0-30% AMI, jumping the city's total units in this category (20% of 2044 units, including today's existing units and new ones built by 2044) and those of cities like Redmond (23% of 2044 units) to a much higher percentage than the County as a whole (13% of 2044 units) or cities like Seattle (13% of 2044 units). This type of housing is important to spread throughout the county so those in need can access it. It is also the most expensive type of housing by far, requiring nearly 100% subsidy. On the other hand, this high 0-30% AMI target for cities like Bellevue means that our 50-80% AMI target is so small that our current programs with no change would surpass this total in around 5 years. Our recently adopted MFTE program has over 700 affordable units recently built, in the pipeline, or expressed in interest by specific projects coming online in the next few years, meaning that program alone would surpass the 50-80% AMI target of 2670 units. Please find attached to this email, additional comments, concerns and questions relating to Option 3. Additionally, Option 3 results in changes to the Countywide Planning policies, and the policy language to support this option 3 has not been presented.

King County Option 2 which is "Fair Share Allocation" results in a more attainable affordable housing target for Bellevue and is therefore Bellevue's preferred option. Option 2 sets all jurisdictions' 2044 target at the same overall proportions of affordability levels, including both existing and new housing production. This option treats all jurisdictions equally and requires those jurisdictions who have historically underproduced affordable housing to make up for that gap in their new housing production, meaning that some jurisdictions may have negative new growth targets in some affordability levels, which could result in conversion of those existing units to more affordable units.

We want to not only collaborate in this effort, but to be a good example of how a city can create policy and partnerships building housing that meets the needs of the region. Equitable expressions of need that reflect the true need in the community are an important first step toward setting the planning stage for all jurisdictions in the county to work together moving forward.

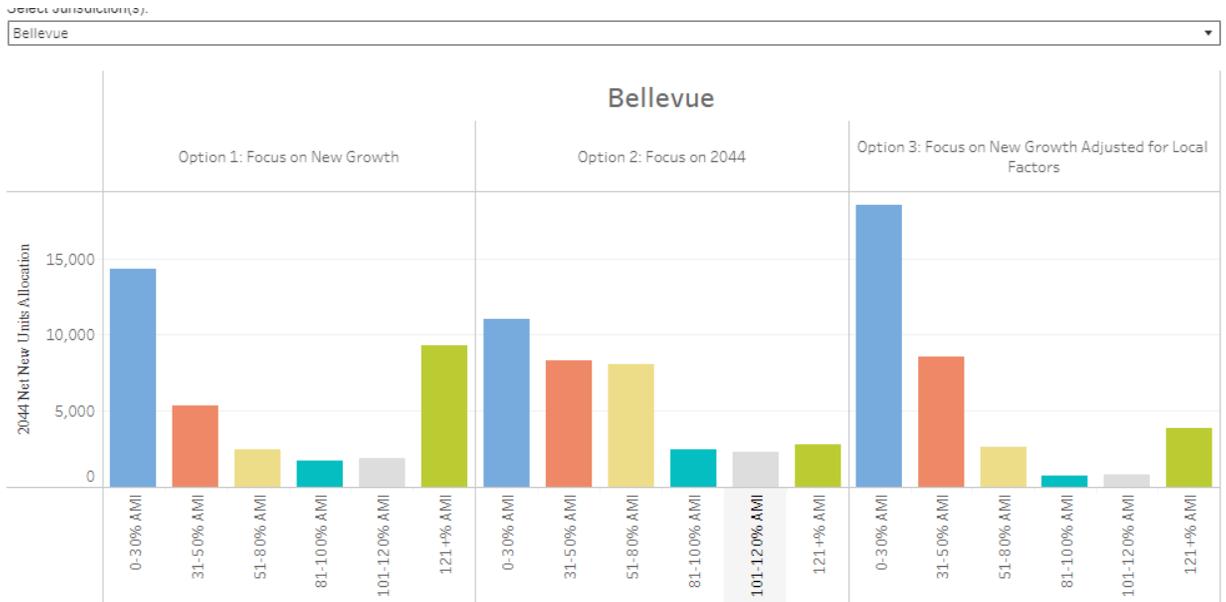
Chair Balducci's Response

Good morning, Mayor Robinson – In response to your email below, I am attaching a document with responses drafted by our King County Housing staff. Please let me know if it would be helpful to have some live conversation about the Q&A to make sure everyone understands the information and rationale behind each of the by-income housing need allocations.

Bellevue Comprehensive Planning Staff Questions and Comments

Question 1: The September staff report indicated that Option 3 most closely aligned with the key principles established by AHC and GMPC including Vision 2050’s growth strategy and the adopted CPP’s which also resulted in increasing housing choices in areas with fewer options currently and promoted an equitable distribution of housing choices across all jurisdictions. *How does Option 3, which only requires jurisdictions with larger growth targets to create a significant amount of affordable housing, meet these principles?*

The chart below which represents Bellevue’s allocation of affordable housing need with all three Options demonstrates a much higher allocation at the 0-30% AMI and is well over 50% of the City’s overall growth target.



AHC Staff Response: Option 3 aligns with key principles because it is the only option that:

1. increases low- and moderate-income housing countywide;
2. promotes a more equitable distribution of housing affordability by distributing growth based on current deficits in housing options; and
3. keeps growth within the bounds of the regional growth strategy and needs allocations provided by the Department of Commerce, while staying aligned with VISION 2050, the CPPs, the Growth Management Act and Commerce’s minimum standards for allocating need.

All options under consideration align with the first key principle by distributing low- and moderate-income housing needs countywide. Yet only Options 2 and 3 explicitly apply an equity lens in their allocation approach.

Option 2 corrects affordability deficits more aggressively than Option 3 by focusing on adjusting current jurisdictional housing supply so that shares of units affordable to each income band are equivalent across cities in King County by 2044. The concern with Option 2, and the reason it was ultimately determined not to align with key principle 3, is that it relies on potentially problematic planning assumptions to achieve this equitable future state. In some scenarios, certain jurisdictions would be required to shrink their housing stock in certain AMI bands. For example, Kent, which currently has 53% of its housing affordable to households below 80% AMI, would be required to lose 9,000 units of housing affordable to households between 30 and 80% AMI. This raises serious concerns because:

1. low-cost jurisdictions asked to shrink the supply of any units affordable to 0-80% would also encourage the displacement of households currently residing in affordable units (see staff response to your third question for more details on this implication) and
2. actions to prevent displacement, like preservation of existing housing units at their current levels of affordability, would require jurisdictions to plan for more growth than their growth targets and misalign with the CPPs and the Regional Growth Strategy (key principle 3).

Option 3 offers a solution to the issues presented by Option 2 by focusing on allocating new growth equitably and not distributing needs based off an ideal 2044 state of equal shares. In so doing, the option keeps needs allocations within bounds of the Regional Growth Strategy and corrects somewhat for deficits in affordable housing availability. The size of a jurisdiction’s individual allocation under Option 3 is thus a result of *both* its accepted growth target and its score on three local factors compared to countywide averages. Within the 0-80% AMI band,

the size of a jurisdiction's 0-30%, 30-50%, and 50%-80% allocations then depends on the difference between the percent of its housing stock currently affordable to that income band and countywide averages. In this way, Option 3 advances a more equitable distribution of housing affordability in the future by allocating more affordable units to where deficits are highest, without relying on impractical planning scenarios like Option 2.

No option currently on the table offers a perfect solution to the challenge of allocating housing units in alignment with key principles; however, given the choice at hand, Option 3 is more aligned with all three principles than other options presented.

Question 2: Included below is a table that summarizes the affordable housing need within the 0-30% AMI level as percentages across a variety of jurisdictions under both options 2 and 3. As is reflected in the table below, Bellevue's percentage allocation at 0-30% AMI is significantly higher than the total affordable housing need in the County at this AMI level without there being a higher overall need identified in Bellevue at this level than in cities like Seattle. *We are requesting that a more attainable target under this AMI level be set for cities like Bellevue, Kirkland and Redmond by more equitably distributing between jurisdictions.*

Total 2044 0-30% AMI Units by Percentage of City

	County Total	Bellevue	Medina	Redmond	Seattle	Kent
Option 2	12.9%	13.0%	12.8%	13.0%	13.0%	12.9%
Option 3	12.9%	20.4%	3.2%	22.6%	13.1%	9.3%

AHC Staff Response: As part of Option 3 development, we focused on methods of equitably distributing new growth throughout the county, while also staying within the bounds of the Regional Growth Strategy and Commerce's minimum standards for allocating countywide need. To stay true to these intentions *and* decrease Bellevue, Kirkland, and Redmond's 0-30% AMI allocations of new growth would mean increasing the 0-30% AMI allocations for other cities that currently have a lower percent of their allocation at 0-30% AMI than Bellevue. Of jurisdictions with a lower percent of their allocation at 0-30% AMI than Bellevue, only four are in East King County – Clyde Hill, Issaquah, Medina, and Mercer Island. As Clyde Hill, Medina, and Mercer Island all have low growth targets (Clyde Hill has 10 units of growth, Medina has 19, and Mercer Island has 1,239), their capacity to take many of Bellevue, Redmond, and Kirkland's 0-30% AMI units is limited, even if 100% of their allocations were at the 0-30% AMI income level.

Because neighboring East County cities are unable to accommodate extra 0-30% needs, most of Bellevue, Kirkland, and Redmond's 0-30% AMI units would have to go to Seattle, to cities in South King County, or to rural King County. Many of these jurisdictions have low growth targets and can't take many more units or are jurisdictions that already have relatively high current amounts of affordable housing, higher shares of units that are income-restricted, or higher shares of low-wage residents who commute into the jurisdictions to work. The local factor weighting process applied as part of Option 3 attempts to equitably distribute new growth by reducing affordable housing allocations in jurisdictions with these characteristics. By increasing these jurisdictions allocations at 0-30% AMI, it would mean less equitably distributing new growth throughout the county.

To speak to your concern about the size of Bellevue's 0-80% allocation, Bellevue scores lower than many cities on the three factors that Option 3 uses to determine affordable housing allocations:

- fewer affordable housing options
- fewer income-restricted housing options
- a greater imbalance of low-wage workers to low-wage jobs

To adjust for these patterns of inequity in housing choice, more of Bellevue's housing growth is dedicated to 0-80% AMI housing than most jurisdictions, particularly Seattle. This is because Seattle scores much better on the three local factors due in large part to their decades old housing levy and substantial and sustained investment in the production and preservation of income-restricted housing. The difference in the three local factors is provided in the table below.

Option 3 Adjustment Factors

	Seattle	Bellevue
Percent of all housing units that are income restricted	9.33%	4.85%
Percent of all housing units that are affordable at or below 80% AMI	27.77%	15.19%
Subregional ratio of low wage jobs to low wage workers	1.533	1.782

Other factors impacting Bellevue’s larger percent share of countywide need at 0-30% include:

- Bellevue has a below county average percent of units affordable at 0-30% AMI. Only 2.9% of their current housing stock is affordable at 0-30% AMI, which is below the county average of 4.0%, and below Seattle’s average of 5.1%. Thus, a greater portion of their 0-80% AMI allocation goes to the 0-30% AMI band than in places like Seattle.
- Bellevue has a high growth target, one that is proportionally much larger than many other unaffordable jurisdictions that lack 0-30% AMI housing. In those other jurisdictions, like Mercer Island for example, their relatively lower growth target leaves less room to accommodate future affordable housing. Because of this, they are taking a relatively small portion of the very large countywide need at 0-30% AMI units (even though almost their entire allocation is in affordable income bands), and thus other jurisdictions across the region with larger growth targets have to step in to take more of that 0-30% share. This leads to increases in all of the jurisdictions with larger growth target caps 0-30% AMI (including both Seattle and Bellevue), but raise Bellevue’s 0-30% AMI percentages when compared to other unaffordable jurisdictions with low growth targets.

All this said, it’s important to look at the full 0-80% AMI housing picture when considering the impacts of Option 3:

Total 0-80% AMI as a percent of housing stock in 2044

	Bellevue	Medina	Redmond	Seattle	Kent	Issaquah
Option 1	32.00%	7.70%	32.90%	35.40%	54.90%	24.90%
Option 2	38.2%	38.2%	38.2%	38.2%	38.20%	38.2%
Option 3	39.50%	8.20%	42.10%	35.40%	51.60%	28.60%

What you see is a few dynamics:

- Kent, which has a current large supply of 31-80% AMI housing, will still have to plan for more affordable housing as a percent of total housing stock than any of the East King County communities
- Growth targets limit the percentages for Medina and Issaquah for Options 1 and 3. Their percentage for Option 2 is only higher because it assumes large scale conversion of existing expensive housing into more affordable and denser units.
- Seattle’s scenarios don’t differ much across the options because they are somewhat in the middle on a number of factors (existing affordability, etc.) and have a large enough growth target to keep planning for future affordability.

Question 3: Bellevue has achieved hundreds of units of affordable housing in the past several years through preserving existing buildings at more affordable levels. *Could this successful strategy be employed to bring some unit conversion/preservation into Option 3?* While not to the large extent required in Option 2, this approach would more equitably spread out the responsibility of providing affordable housing so that jurisdictions with smaller growth targets may also take part to an achievable extent.

AHC Staff Response: One of the pieces of feedback that we heard regarding Option 2, which requires many jurisdictions to convert units to different income bands, is that it actively encourages jurisdictions to plan for displacement of very low- and low-income households in the case they have negative allocations in the 31-50% and 51-80% AMI bands. A potential option we explored to address this is to say that, in jurisdictions with negative allocations at the 31-50% and 51-80% AMI bands, units should be converted to 0-30% AMI housing, since no jurisdiction under Option 2 has a negative 0-30% allocation. However, in many of these jurisdictions (Algona, Auburn, Enumclaw, Federal Way, Kent, Milton, Pacific, SeaTac, and Skykomish), the negative allocations at the 31-50% and 51-80% AMI bands are higher than their 0-30% AMI allocations. Thus, even if they converted all their 31-50% and 51-80% AMI negative allocations to 0-30% AMI units, they would still have additional units left over that would have to be converted to housing affordable at or above 80% AMI. Which means Option 2 promotes displacement, which is not in alignment with the goals and policies in the 2021 CPPs. As this issue affects many jurisdictions, we determined it was not a practical solution in addition to one that is misaligned.

One additional point related to preservation is that all three options assume that current units will be preserved at their current affordability levels (except for income bands with negative allocations in Option 2). This already presents a significant preservation challenge for many jurisdictions that are increasingly seeing 0-80% AMI units rise in price. While some conversion of existing units to lower AMI bands is likely possible, we’ve heard feedback that the large-scale conversion (as many as 8,000 units) required in Option 2 where many jurisdictions are required to convert half or more of their 120+% AMI current units to lower affordability levels is not feasible. In addition, the feasibility of this strategy would depend on the housing types

included in their existing housing stock. A jurisdiction with little to no multifamily housing, as is the case in a number of very expensive jurisdictions, for example, will likely find it very challenging to make conversions work.

Question 4: In looking into the affordable need identified for Option 3 (see chart above with all three options), the high 0-30% AMI need (more than half of the City's 35,000 growth target) results in the 50-80% AMI band being significantly decreased in comparison to options 1 and 2. Bellevue already has an adequate number of MFTE units expected over just the next several years to meet that 20 year 50-80% AMI identified need. *Would maintaining our MFTE program therefore be inconsistent with option 3 because we would surpass our 50-80% AMI identified need? Therefore, we would request that flexibility be provided in instances such as this and an adjustment be made.*

AHC Staff Response: House Bill 1220 and AHC work on developing an accountability system for the CPP Housing Chapter do not focus on penalizing jurisdictions for missing the mark on housing goals. Rather, both focus on ensuring that comprehensive plans lay out actionable steps to *plan for and accommodate* housing needs across the income spectrum. While guidance for these accommodations, both in terms of zoning changes and adequate provisions, are forthcoming from the State, staff don't believe that any affordable housing strategy should necessarily come at the expense of another. Keeping the Multifamily Tax Exemption (MFTE) program in place seems integral to maintaining your current baseline supply of homes affordable in the 50-80% of AMI income band. As the affordability covenants on older MFTE units expire, new units will also be needed to replace this supply.

Another scenario worth considering here is the overall effect that adding newly constructed MFTE units affordable at 50-80% AMI could have on housing need as current units get more expensive. All allocations assume that Bellevue will be able to preserve all currently affordable 50-80% AMI units. If some of those units get less affordable or if MFTE units currently offering affordability at that income band expire during the planning period, new 50-80% AMI MFTE units will be needed to replace them to ensure that Bellevue still reaches its *net* new unit goals at that AMI band. Thus, it is likely that maintaining or even increasing Bellevue's current MFTE program is needed to help address the preservation component of these goals.

Question 5: Bellevue's 80-120% AMI band is also significantly reduced in option 3 which aligns closely with missing middle housing typologies that are central to the CPPs. *Were option 3 adopted, would Bellevue be discouraged from producing missing middle housing?*

AHC Staff Response: Under Option 3, no jurisdiction is discouraged from producing any type of housing outright. In fact, unlike Option 2, all jurisdictions should plan for and accommodate *growth* across all income bands. With allocations from Option 3, Bellevue would be responsible for planning for and accommodating 1,492 units affordable at 80-120% AMI and 3,829 units affordable at 121%+ AMI from, which could be met in whole or in part through a missing middle strategy. At the same time, Bellevue will also be responsible for planning for and accommodating nearly 30,000 units at or below 80% AMI. Bellevue's comprehensive plan and housing element will have to demonstrate plans and accommodations for both types of housing, with an emphasis on accommodations for 80% AMI and below. Furthermore, the comprehensive plan will have to demonstrate sufficient capacity for housing needs at each income level up through 120% AMI. Having excess capacity through a missing middle strategy at those same densities that could be built at market rate can count toward capacity for 121%+.

In addition to focusing on new growth, it is also worth noting that all options assume that jurisdictions act to preserve existing units at current levels of affordability over the planning period. So, while Bellevue has to plan for a small amount of growth between 81-120% AMI (1,492 unit) housing, they are also required to preserve existing their housing supply or replace housing that increases in price in this income band. Thus, despite needing to focus on a low amount of growth, a missing middle strategy to create more diverse housing types, like townhomes, duplexes and triplexes that are affordable to households at 81-120% AMI, could help replace any existing units that are lost in these income bands if/when the jurisdiction's housing supply becomes more expensive.

The CPPs offer strategies that are potentially relevant to both housing preservation and the meeting of needs at lower income levels. Likewise, the comprehensive plan review process and the mid-point check-in, to be recommended to the Growth Management Planning Council by the AHC in late 2022, will outline a support system for jurisdictions to devise strategies for meeting a range of housing needs with AHC staff, both as plans are being adopted and midway through the planning cycle.

North Bend Comprehensive Planning Staff Questions and Comments

Question/Comment 1: We share the concerns brought up by City of Bellevue and others that we are agreeing to do something that is just not even close to feasible. I understand showing the capacity is there, it's spread around, and the need is great but giving such huge numbers to each City that will not happen in reality with no teeth anyways seems like a huge effort waste for us all. All the focus and effort we are putting into this should be instead on getting projects on the ground and creating more housing units everywhere.

Option 2 seems to spread out more evenly the housing for North Bend and doesn't create so much more at the very low and very high ends with lagging in the middle. Option 3 the preferred option it seems creates more housing for us in the 121% AMI which is confusing. I guess our question is what are the long-term implications of Option 2 versus 3? Not just for the current allocation but projecting out for the entire planning period.

AHC Staff Response: To speak to your first comment about meeting jurisdictional housing needs, the countywide need we are allocating to jurisdictions stems from Department of Commerce projections that state law requires jurisdictions use. Because the needs of households at or below 30 percent area median income (AMI) are very large in King County, the number of housing units to be allocated is also very high. Affordable Housing Committee (AHC) staff understand that additional revenue is needed to actually produce the housing needed over the next planning cycle; however, this process is focused on utilizing the planning tools available to ensure there is adequate capacity in place and jurisdictions are identifying incentives and other changes to accommodate projected needs. This, like you said, means thinking intentionally about zoning and making adequate provisions to accommodate needs across the income spectrum.

Density types, housing types, and adequate provisions North Bend will need to adopt to meet housing needs under any option will depend on forthcoming guidance from the Department of Commerce, as well as your own assessment of North Bend's housing market. The Countywide Planning Policies offer preliminary strategies for accommodating housing needs. The AHC-recommended accountability framework, which includes a housing-focused comprehensive plan review process, annual reporting and monitoring, and a midpoint check with possible adjustment, will provide continual opportunities for North Bend staff to identify and implement policy solutions, measure results, assess progress, and adjust as needed.

As for your confusion surrounding Option 3, large allocations to North Bend in the upper AMI bands occur for two reasons:

1. North Bend scores well on two of three local factors (the percent of units affordable to 0-80% AMI households and the low wage jobs import/export ratio), meaning North Bend is allocated fewer units at lower income bands as compared to Option 1 and thus correspondingly more at higher income bands, and
2. North Bend has a large housing growth target—one of the largest in the region when compared to current units—and because of high scores on local factors, the share of the growth target available to higher AMI bands is larger.

In terms of why Option 2 has higher allocations in the 51-120% AMI income bands, you have to look at what is happening in those income bands in other jurisdictions. Under Option 2, cities like Auburn, Renton, and Kent have negative values in some or all of the 51-120% income bands, as they have a “oversupply” of units in some of those bands. These jurisdictions need to plan to reduce the number of units that currently exist in some of those bands. The math related to this makes it then seem like the county has more housing in these bands to allocate because there is the original need provided by Commerce plus the additional units coming from the negative allocations to South King County cities. This means for other jurisdictions like North Bend, the 51-120% allocations are higher as this option implies that needs currently met in South King County would instead be met in other areas by 2044.

Under Option 3, there are no negative values, so the need allocated fits within the countywide need numbers projected by Commerce. Because Commerce projects the greatest need at 0-30% AMI and a large amount of housing not allocated to low- or moderate-income bands (shown as 121%+ AMI), then these needs are the highest in many jurisdictions. The exceptions are expensive jurisdictions which will show very little “need” at 121+% AMI.

Option 3 allocates more overall need at or below 80% AMI to North Bend than Option 2 and more need at the lowest income level, as shown in the chart below.

North Bend by Income Level Housing Needs Allocation Options			
	Option 1	Option 2	Option 3
0-30% AMI net new units needed	714	484	666
31-50% AMI net new units needed	267	116	123
51-80% AMI net new units needed	125	246	213
TOTAL 0-80% AMI	1,106	846	1,002

There are a few comprehensive planning implications between Options 2 and Option 3:

- Under Option 3, North Bend will have to provide capacity and plan for appropriate densities for 156 more units of housing affordable at or below 80% AMI and fewer units of housing affordable to higher income households.
- Under both Options 2 and 3, North Bend will have to make similar adequate provisions to plan for and accommodate this need.
- Under all options, periodic review of how all jurisdictions are doing through the monitoring process will provide North Bend with information on whether the planning approach is effective and provide an opportunity to adjust if needed to more effectively meet the need.
- Under all options, King County and its cities and towns will have an opportunity to do more to align growth targets and housing need allocations during the next planning cycle, which could lead to more or less housing growth in North Bend based on where the region decides to focus efforts in meeting housing needs.