

Vashon Rural Town Affordable Housing Special District Overlay Final Evaluation

June 2023



King County

Table of Contents

- I. Executive Summary 3**
- II. Background..... 4**
- III. Report Requirements 6**
 - A. Assess the Efficacy of SO-270 Scope and Standards in Achieving the Overlay's Purpose of Incentivizing Affordable Housing Within the Vashon Rural Town 6
 - B. Recommendations to Retain, Amend or Repeal the Special District Overlay..... 6
 - C. Examination of the Advantages and Disadvantages of the Special District Overlay..... 7
 - D. A Review of the Relationship Between the Parcels that the Special District Overlay Applies To and Potable Water Supply..... 8
 - E. The Public Benefits and Risks of Retaining or Repealing SO-270 8
 - F. The Current Need for Affordable Housing on Vashon-Maury Island, Including for Households with Incomes at or Below Thirty Percent of AMI 9
 - G. Infrastructure Capacity, Including Public Roads and Sewer..... 10
 - H. Potential Impacts to Affordable Housing Funding if SO-270 is Modified or Eliminated ... 11
 - I. Ongoing Permit Applications Using the Special District Overlay and Feedback from Those Permit Applicants on the Efficacy of the Special District Overlay..... 11
 - J. Evaluation of Whether Any Code Changes Are Necessary to Fulfill the Purpose of Special District Overlay-270..... 11
 - K. Information on Other Jurisdiction’s Approaches to Incentivizing Development of Affordable Housing and an Evaluation of Whether Those Approaches Would be Appropriate on Vashon-Maury Island..... 12
- IV. Conclusion 17**
- V. Appendices 17**
 - A. Ordinance 18623, Section 10 17
 - B. K.C.C. 21A.38.270 - Vashon Rural Town Affordable Housing Special District Overlay .. 19
 - C. Map of Vashon Rural Town Affordable Housing Special District Overlay..... 22

I. Executive Summary

The Vashon-Maury Island Community Service Area Subarea Plan (Subarea Plan) was adopted by the King County Council in December 2017.¹ The development of the Subarea Plan included a wide-reaching community engagement program, one result of which was the identification of increasing the amount of housing in the Vashon Rural Town² that is affordable to low-income residents as a key priority.

To address this priority, the Subarea Plan included the Vashon Rural Town Affordable Housing Special District Overlay ("SO-270" or "Overlay"), a voluntary incentive meant to spur the creation of affordable housing within the Rural Town, the mixed-use center of Vashon-Maury Island. The incentive offers density bonuses – the ability to build between one and a half to four times the number of units that would be allowed under existing zoning, depending on the zone in exchange for the provision of housing units affordable for households with incomes at or below 60 percent (for at least half of the units) and 80 percent (for the remainder of the units) of the area median income (AMI), as well as the installation of several water conservation features.

Ordinance 18623, which adopted SO-270, requires a series of written evaluations assessing the efficacy of the scope and standards of the Overlay in incentivizing the development of affordable housing within the Rural Town. This report is the fourth and final evaluation of the Overlay.

This report assesses whether SO-270 is meeting its purpose of increasing the amount of housing that is affordable to low-income households on the island. The assessment considered housing market trends, construction activity nationwide and in the region, and interest in use of the provisions in the Overlay. This analysis found that there are distinct advantages and disadvantages to SO-270 and maintains that there is a need for housing affordable for low-income households on Vashon-Maury Island. However, in the nearly six years since SO-270 was adopted, no projects have utilized its provisions. At this time, there is sufficient data to conclude that the lack of affordable housing development utilizing the provisions is due to the Overlay itself as opposed to larger market forces. Therefore, it is recommended to repeal of the Overlay.

The 2022 update to the Comprehensive Plan included a new inclusionary housing program King County Code (K.C.C.)³ Chapter 21A.48 for application in two urban unincorporated communities. The 2024 Comprehensive Plan proposes expansion of the voluntary provisions of this program to other parts of unincorporated King County. With the recommended repeal of the Overlay, this report also recommends applying the expanded program to the Vashon Rural Town as a more effective way to support the housing goals of the Overlay and the Subarea Plan.

Lastly, the report takes a look at four other jurisdictions that use approaches to incentivize affordable housing. This evaluation found that use of incentives, including density bonuses, to support development of affordable housing is used in these other areas. This supports the recommendation to expand the voluntary inclusionary housing program to Vashon Rural Town.

¹ Ordinance 18623 [\[LINK\]](#)

² The boundary of the Vashon Rural Town is defined in the King County Comprehensive Plan. The Vashon Rural Town is served with more urban-type utilities and amenities than lands outside of the Rural Town, including more intensive multi-family residential, mixed-use, commercial, and industrial land uses.

³ K.C.C. [\[LINK\]](#)

II. Background

Department Overview: The Department of Local Services provides infrastructure and land use planning services to the residents of rural and urban unincorporated King County. The Permitting Division of the Department of Local Services processes, reviews, and issues land use and building permits for unincorporated areas of King County, including Vashon-Maury Island. Any land use application that utilizes SO-270 will be processed, reviewed, and issued by the Permitting Division.

Key Historical Context: In December 2017, the King County Council adopted the Vashon-Maury Island Community Service Area Subarea Plan (Subarea Plan) via Ordinance 18623. The purpose of the Subarea Plan was to update the 1996 Vashon Town Plan,⁴ and to develop long-range strategies informed and defined by the Island’s unique aspirations and values to achieve the community’s vision. The Subarea Plan, which is an element of the King County Comprehensive Plan, was developed with substantial public engagement and includes Island-specific policies, strategies, and action items addressing a broad range of topic areas such as land use, housing, parks, and transportation.

A central theme that emerged throughout the extensive public engagement effort associated with the Subarea Plan in 2016 and 2017 was a desire to “increase the amount of housing in Vashon Rural Town that is affordable to low-income residents.”⁵ There is broad consensus among Puget Sound housing experts that the region is experiencing a housing affordability crisis that also affects Vashon-Maury Island.⁶

Key Current Context: The Vashon Rural Town Affordable Housing Special District Overlay (SO-270) was adopted in December 2017 as a component of the Subarea Plan.⁷ As stated in K.C.C. 21A.38.270, the purpose of SO-270 is to incentivize the creation of affordable housing on certain parcels in the Vashon Rural Town in exchange for the opportunity to build more housing units than would be allowed under existing zoning, also known as a “density bonus.” The Vashon-Maury Community Advisory Group, which served in an advisory capacity during the development of the Subarea Plan, considered alternatives to support delivery of affordable housing. Options explored included rezoning specific parcels for multi-family residential, expanding the Rural Town boundary to add parcels with limited or no wetlands, upzoning parcels that were previously designated as having potential R-12 zoning, and inclusionary zoning tools to mandate that private development include affordable housing in future developments. After considering the options, the Subarea Plan adopted policies that supported increasing affordable housing by using incentives and supporting development of accessory dwelling units.⁸

Per K.C.C. 21A.38.270, any residential or mixed-use development on parcels in SO-270 that comply with the following key standards are eligible for density bonuses. (The full text of SO-270 is in Appendix B):

⁴ Ordinance 12395 [\[LINK\]](#) and 1996 Vashon Town Plan [\[LINK\]](#)

⁵ Vashon-Maury Island Community Service Area Subarea Plan, page 7 [\[LINK\]](#)

⁶ Ibid, page 35

⁷ Section 9 of Ordinance 18623

⁸ Vashon-Maury Island Community Service Area Subarea Plan, page 42 [\[LINK\]](#)

- At least 50 percent of units are affordable at or below 60 percent of AMI, with the remainder affordable at or below 80 percent of AMI.⁹
- Rates for rental units, including the average cost of essential utilities, are set at or less than 30 percent of maximum gross income at each income level. Sales prices for owner-occupied units are set at affordable rates based on income level.
- Affordable rental housing units must remain as affordable housing for a minimum of 30 years. Affordable owner-occupied housing units must remain as affordable housing for a minimum of 50 years.
- Incorporation of at least three water conservation measures, including one outdoor measure.
- Connection to public water and sewer.

SO-270 includes parcels that are zoned R-1, R-4, R-8, R-12, and CB (Community Business). The following table summarizes the maximum density available in each zone:

Zoning	Base Density (dwelling units per acre)	SO-270 Maximum Density (dwelling units per acre)
R-1	1	4
R-4	4	8
R-8	8	18
R-12	12	18
CB ¹⁰	8 ¹¹	8 ¹⁴

This is the fourth and final evaluation of the Overlay.¹² Ordinance 18623, Section 10 outlines that the final evaluation shall be completed within ninety days of the occurrence of one the following, whichever comes first:

- issuance of the first permit necessary for construction that would result in a cumulative total of one hundred twenty affordable housing units within the special district overlay; or
- four years after the effective date of this ordinance.

No permits have been issued to date utilizing SO-270. Due to the COVID-19 pandemic, the timeline for completing the draft final evaluation was delayed beyond four years and 90 days of Ordinance 18623’s effective date – which would have been March 24, 2022. In 2022, the King County Council approved the scope of work for the 2024 Comprehensive Plan to include the final evaluation of the Vashon Rural Town Affordable Housing Special District Overlay.¹³

Report Methodology: This report was produced by Department of Local Services – Permitting Division and includes input from the Housing, Homelessness and Community Development Division of the King County Department of Department of Community and Human Services and the Regional Planning Section of the Office of Performance Strategy and Budget. Data on existing permits was gathered from the Permitting Division’s permit database, with additional

⁹ The 2022 AMI for a family of four in King County is \$134,600 (King County Housing Authority). 80 percent AMI is \$95,300; 60 percent is \$77,640.

¹⁰ mixed use only

¹¹ Development condition VS-P29 limits residential density for mixed use development in the Community Business zone within the Vashon Rural Town to eight units per acre.

¹² Preliminary evaluations were issued in 2018 [\[LINK\]](#), 2019 [\[LINK\]](#), and 2020 [\[LINK\]](#).

¹³ Motion 16142 [\[LINK\]](#)

information about housing affordability from the U.S. Department of Housing and Urban Development's data sets.

III. Report Requirements

This section is organized to align with the requirements for this report outlined in Ordinance 18623, Section 10.

A. Assess the Efficacy of SO-270 Scope and Standards in Achieving the Overlay's Purpose of Incentivizing Affordable Housing Within the Vashon Rural Town

SO-270 has not resulted in the creation of any new affordable housing units in the Rural Town since its adoption in December 2017. Enough time has passed to determine that SO-270 has not met its purpose. It is difficult to determine whether this is due to the inefficacy of the scope and standards of SO-270 or external factors due to the length of time it takes to develop affordable housing units.¹⁴ However, analyzing data on housing market trends and indicators provided by the U.S. Department of Housing and Urban Development shows that from 2017-2022, the market saw an increase in construction of new multifamily and single-family developments nationwide.¹⁵ ¹⁶ The Puget Sound region also experienced an increase in housing units in the period 2011 to 2020.¹⁷

This data suggests that market forces supported development during this period, although it is not clear if this extended to affordable housing projects which involve different funding sources. A pre-application request in 2019 for a 41-unit affordable housing project utilizing SO-270 suggests that at least one affordable housing developer explored SO-270 as a means to create affordable housing units. However, nearly four years have passed since the pre-application request and the project has failed to materialize. At the time of writing, no additional inquiries have been made regarding SO-270. With these facts considered, there is enough evidence to determine that SO-270 does not effectively provide the incentives needed to support affordable housing development in Vashon-Maury Island.

B. Recommendations to Retain, Amend or Repeal the Special District Overlay

This report recommends that the Vashon Rural Town Affordable Housing Overlay be repealed. There is sufficient data to conclude that the lack of affordable housing development utilizing SO-270 is due to the Overlay itself, as opposed to larger market forces. Maintaining SO-270 at this time would not be valuable, as nearly six years have passed since its adoption and no new affordable housing units have been created. Modifications considered that would make SO-270 more attractive to developers would result in regulations too similar to the existing countywide Inclusionary Housing program, which also provides density bonuses for affordable housing development.

¹⁴ A typical market-rate residential development project takes at least two to three years from conception to completion. However, the development of income-restricted affordable housing units, regardless of whether density bonus or other incentive programs are utilized, often requires the coordination of multiple funding sources and the fulfillment of administrative requirements that can add one to three years to the project timeline.

¹⁵ Housing Market Indicators Monthly Update December 2022 [\[LINK\]](#)

¹⁶ There was a brief halt to new construction in the second quarter of 2020 due to the COVID-19 pandemic

¹⁷ Puget Sound Regional Council, Regional Housing Needs Assessment [\[LINK\]](#)

The 2024 Comprehensive Plan proposes expanding the voluntary Inclusionary Housing Program provisions to other parts of unincorporated King County. This proposed change would include developments in the medium and high-density residential zones and commercial zones in urban unincorporated King County and in the Rural Towns of Snoqualmie Pass and Vashon. This updated program would provide a countywide approach to incentivizing affordable housing development in King County and includes provisions that are anticipated to more effectively support the housing goals of the Vashon-Maury Island Subarea Plan than SO-270. Therefore, this program is recommended to replace the repealed Overlay.

C. Examination of the Advantages and Disadvantages of the Special District Overlay

Advantages

- SO-270 applies to parcels that were identified using criteria including potential for development or redevelopment for new housing. This ensures that developers interested in creating affordable housing will be directed to parcels where new development is likely to be successful.
- The bonus density associated with SO-270 is proportionate to each parcel's base zoning. The Subarea Plan includes a vision for Vashon Rural Town and the methodology for calculating the density bonus is intended to result in a scale of future development that is consistent with the vision for land use in Vashon Rural Town.
- All Overlay parcels are within the Vashon Rural Town, which is the focus area for all new multifamily residential development on Vashon-Maury Island, as directed by the Subarea Plan. The Rural Town has the Island's highest density of employment opportunities, transit routes, and other services that support and complement higher-density residential buildings.

Disadvantages

- SO-270 is applicable only to developments that consist entirely of affordable units. This precludes the construction of affordable units in buildings with a mix of market-rate and affordable units from taking advantage of the density bonus, which would most likely exclude any private, market rate developers. Further, the Rural Town is unlikely to see a large influx of subsidized housing given limited affordable housing funds and competition with urban areas that are closer to jobs and services.
- SO-270 has a structure similar to the Inclusionary Housing program but requires compliance with more stringent requirements to qualify for bonuses that provide less additional density.
- SO-270 references specific rates of water usage in its required water conservation features – for example, “install all bathroom faucets with 1.5 gallons per minute or better,” and “install all kitchen faucets not to exceed two gallons per minute.” In the future, more water-efficient features may be available, and the requirements included in SO-270 may represent suboptimal levels of water conservation technology, undercutting the water conservation benefit.
- The need for affordable housing is region-wide. Affordable housing units on Vashon-Maury Island would likely attract interest from around the region, and SO-270 does not guarantee that Island residents would be prioritized for new affordable units.

D. A Review of the Relationship Between the Parcels that the Special District Overlay Applies To and Potable Water Supply

There are 246 parcels subject to SO-270 and they are all located within Water District 19's service area. The majority of the parcels subject to SO-270 are within 200 feet of an existing water main. However, this does not imply automatic approval of a domestic water supply service. The number of water units assigned to a given parcel will dictate how many units are buildable on each site. A Certificate of Water Availability will only be issued after District review and a determination of serviceability is completed for an individual parcel. A development will only be able to construct as many units as the number of water units assigned to the parcel allows, regardless of the potential density if provisions under SO-270 are used.

E. The Public Benefits and Risks of Retaining or Repealing SO-270

Analysis of Overlay identified the following public benefits and risks of its retention or repeal:

Public Benefits of Retaining SO-270

The primary public benefit of retaining SO-270 is to maintain an additional incentive program to provide affordable housing on Vashon-Maury Island. SO-270 provides more options available for affordable housing developers to consider in addition to the Inclusionary Housing program.

Public Risks of Retaining SO-270

This report identifies no significant risks in retaining SO-270. The low historic level of building permit activity in Vashon Rural Town coupled with Water District 19's ongoing moratorium on new potable water connections are expected to decrease the risk of the incentive causing unmanageable growth. A small risk does exist that a developer will have interest in building affordable housing units in Vashon Rural Town, consider SO-270's requirements too stringent, and invest elsewhere. However, affordable housing may still be built within Vashon Rural Town without the use of SO-270.

Public Benefits of Repealing SO-270

SO-270 is a voluntary incentive, which means the presence of the Overlay does not diminish the development potential of any parcel compared to its value prior to SO-270's adoption. However, repealing SO-270 and relying on the Inclusionary Housing program would improve regulatory clarity and consistency by having one unincorporated-wide approach for incentivizing affordable housing. The Inclusionary Housing program is also less stringent than SO-270, which has the potential for creating more affordable housing than would otherwise be built on the Island.

Additionally, SO-270 requires that 100 percent of the units are affordable and is prescriptive on the proportion of units that must be allocated for households at two different income levels relative to area median income. While the inclusionary housing provisions also allocate the proportion of units that must be affordable by household income levels relative to AMI, a broader range and mix of incomes can be considered. This provides flexibility for developers when considering return on investment on a project. In addition, as a proportion of units in a development may be market rate under the inclusionary housing provisions, there is likely a broader set of developers that may use the program compared with those that build 100 percent affordable developments.

Public Risks of Repealing SO-270

Repealing SO-270 would present a risk to the public only in the case that the feasibility of a proposed affordable housing development in the Rural Town is solely dependent on the specific bonus densities provided by SO-270. However, the requirements in SO-270 are so high, that it is unlikely that such a project exists. Therefore, there is limited public risk associated with repealing SO-270.

F. The Current Need for Affordable Housing on Vashon-Maury Island, Including for Households with Incomes at or Below Thirty Percent of AMI

Data indicate that approximately 16 percent of households on Vashon-Maury Island have a household income at or below 30 percent of AMI, including 32 percent of renter households.¹⁸

In 2019, an estimated 28 percent of Islanders experienced a housing cost burden (paying more than 30 percent of income for housing costs), including 51 percent of renters and 74 percent of renters with a household income at or below 30 percent of AMI.¹⁹ As of July 2019, according to King County Department of Community and Human Services, more than 250 people are on waiting lists for one of the 130 units in affordable housing developments on Vashon-Maury Island. In December 2022, construction began on a 40-unit affordable housing project called Island Center Homes which will bring the total to 170 units. The development, led by affordable housing developer Vashon Household, is the first new affordable housing project on the Island since 2017. Anecdotal information indicates that some people interested in affordable housing may not put their name on a waiting list due to the long wait time.

Compounding this issue is the paucity of rental housing on Vashon-Maury Island - only 17 percent of the total number of housing units on Vashon are renter-occupied, compared with 44 percent across King County as a whole. Nearly 90 percent of housing units on the Island are detached single-family structures.²⁰

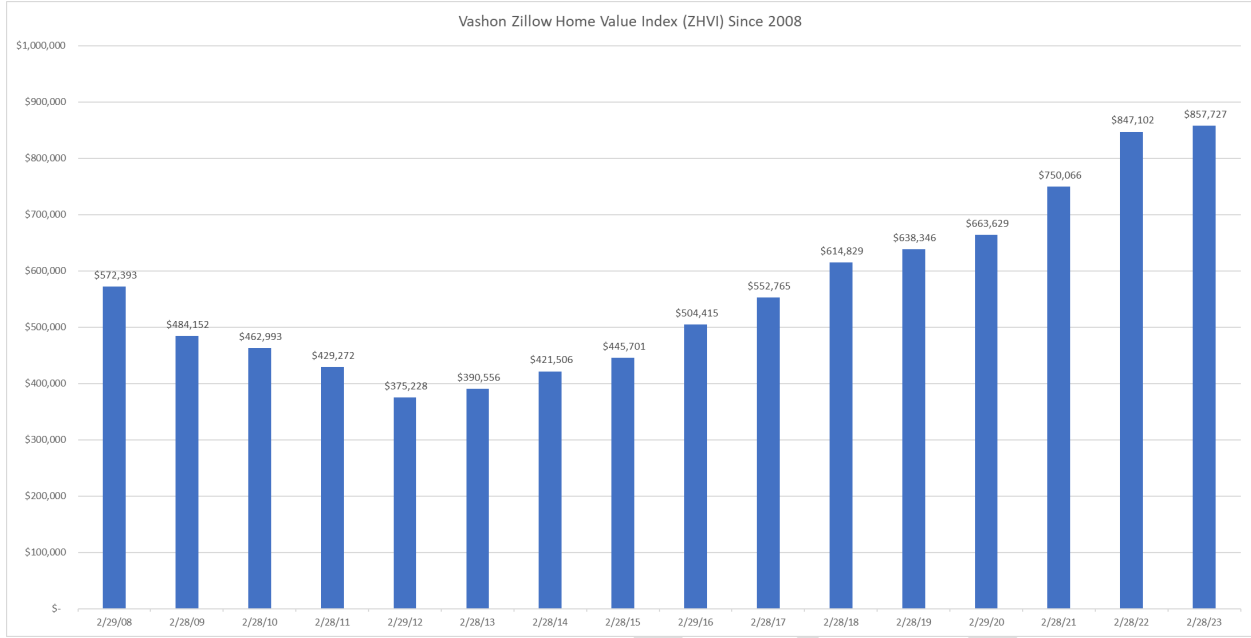
The following graph shows that house values on Vashon-Maury Island have shown a 40 percent increase over a five-year period and a 120 percent increase over a ten-year period.²¹

¹⁸ U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy [LINK](#)

¹⁹ As of the writing of this report, 2019 is the latest year for which HUD Comprehensive Housing Affordability Strategy data was available.

²⁰ US Census American Community Survey 2021 5-yr data (2017-2021)

²¹ : "Housing Data, ZHVI All Homes (SFR, Condo/Co-op) Time Series, Smoothed, Seasonally Adjusted(\$). Zillow. (2023, February 10). Retrieved April 17, 2023 [LINK](#)



G. Infrastructure Capacity, Including Public Roads and Sewer

Vashon-Maury Island’s road system is entirely rural and is characterized by low traffic volumes and congestion levels, with occasional spikes in traffic occurring during island festivals and when scheduled inbound ferry traffic arrives. There is currently no active traffic volume monitoring on Vashon Island because traffic volumes remain low relative to road capacities and intersection levels of service standards. All new development proposals within unincorporated King County are assessed according to the King County Transportation Concurrency Management Program to ensure that sufficient public facilities are in place to carry the traffic associated with a proposed development. Because traffic volumes are generally low on the Island, adverse impacts on transportation infrastructure caused by future development utilizing SO-270 are not expected.

The Vashon Treatment Plant serves a population of about 1,100 and treats approximately 150,000 gallons of wastewater per day and is designed to treat higher levels of flow.²²

Vashon Sewer District operates the sewage collection system in Vashon Rural Town that discharges to the County’s Vashon Treatment Plant. New connections to sewer in the County’s regional sewer system pay a capacity charge fee of \$72.50 per residential customer equivalent per month for 15 years to the County in addition to a monthly sewer fee and any charges from the local sewer agency. This fee is billed to the property owner. Adding new connections would increase the current customer base and service demands on the District’s infrastructure. Per King County Code, new rent-restricted housing in multifamily structures in which at least 51 percent of units are affordable at 80 percent of AMI with affordability protections for at least 40 years are eligible for a capacity charge discount of 50 percent in most cases.²³ This factor could reduce barriers to the construction of affordable housing for developments that meet these criteria.

²² King County Wastewater Treatment Division [\[LINK\]](#)

²³ K.C.C. 28.84.050.O.3.b

H. Potential Impacts to Affordable Housing Funding if SO-270 is Modified or Eliminated

By incentivizing the construction of housing that is 100 percent affordable (and thus unlikely to be a private, market rate developer), SO-270 increases the potential pool of applicants for existing sources of public funding of affordable housing developments. Modifications making SO-270 more attractive to developers may increase competition for existing sources of affordable housing funding, while making SO-270 less attractive could have the opposite effect. Eliminating SO-270 altogether could reduce the competition for existing affordable housing funding.

I. Ongoing Permit Applications Using the Special District Overlay and Feedback from Those Permit Applicants on the Efficacy of the Special District Overlay

The following data summarize the inquiries, applications, and permits related to SO-270 that the Permitting Division of the Department of Local Services has processed between the adoption of SO-270 in December 2017 and May 2023:

- **Overlay Application Inquiries at Permitting Division** (e.g., phone calls or e-mails asking for information about the Overlay since its approval in 2017): One walk-in customer.
- **Overlay-Related Pre-Application Meeting:** One pre-application request²⁴ submitted (PREA19-0139; pre-application meeting completed on August 29, 2019). Applicants proposed utilizing SO-270 to construct a 41-dwelling unit workforce housing development on parcel 2923039148, currently zoned R-4 (Urban Residential, four dwelling units per acre). In their pre-application questions, applicants asked whether SO-270 waives the conditional use permit requirement for exceeding base density. Applicant did not submit a permit application.
- **Overlay-Related Applications Filed:** None.
- **Overlay-Related Permits Issued by Permitting Division:** None.

Because no permit applications were submitted, no feedback on the efficacy of SO-270 from permit applicants is available.

J. Evaluation of Whether Any Code Changes Are Necessary to Fulfill the Purpose of Special District Overlay-270

Per K.C.C. 21A.38.270, the purpose of SO-270 is “to provide an optional incentive that will lead to an increase in the supply of affordable housing within the Vashon Rural Town.” In the nearly six years that it has been available, SO-270 has not been used to create new affordable housing units.

²⁴ Pre-application meeting requests are not considered permit applications.

Analyzing data on housing market trends and indicators provided by the U.S. Department of Housing and Urban Development shows that from 2017-2022, the market saw an increase in construction of new multifamily and single-family developments nationwide.²⁵ ²⁶ The Puget Sound region also experienced an increase in housing units in the period 2011 to 2020.²⁷

This data suggests that market forces supported development during this period, although it is not clear if this extended to affordable housing projects. The filing of a pre-application request for a 41-unit affordable housing project utilizing SO-270 suggests that at least one affordable housing developer considered the provisions in the Overlay worth exploring. However, nearly four years have passed since the pre-application request and the project did not move forward, providing further indication that SO-270 itself does not provide the necessary incentives to support affordable housing development.

In 2022, King County adopted an Inclusionary Housing Program (K.C.C. Chapter 21A.48) for use in the Skyway-West Hill and North Highline subareas.²⁸ The program includes mandatory and voluntary provisions that offer density bonuses and other regulatory flexibilities (such as increases in building heights and reductions in requirements for parking) in exchange for providing on-site affordable units as part of a market-rate residential or mixed-use development projects. Additional incentives are provided when all units in a development meet affordability criteria.

The 2024 Comprehensive Plan proposes expanding the voluntary Inclusionary Housing Program provisions to other parts of unincorporated King County. This proposed change would include developments in the medium and high-density residential zones and commercial zones in urban unincorporated King County and in the Rural Towns of Snoqualmie Pass and Vashon. This updated program would provide a countywide approach to incentivizing affordable housing development in King County and includes provisions that are anticipated to more effectively support the housing goals of the Vashon-Maury Island Subarea Plan than SO-270. Therefore, this program is recommended to replace the Overlay.

Amendments to expand the Inclusionary Housing program, along with recommended amendments to other property-specific zoning conditions in the Rural Town as part of the 2024 Comprehensive Plan, would allow moderately higher densities than could be achieved under the Overlay. With this increased allowed density, developers may be more inclined to consider using the program and building affordable housing units. The recommended allowed maximum densities in the Rural Town under the Inclusionary Housing program would still be significantly lower than those that apply to similar zones in urban unincorporated King County; this is to acknowledge the scale of existing development in and rural nature of the Rural Town.

K. Information on Other Jurisdiction’s Approaches to Incentivizing Development of Affordable Housing and an Evaluation of Whether Those Approaches Would be Appropriate on Vashon-Maury Island

This section contains findings from approaches to incentivizing affordable housing that are outside King County. It reviews affordable housing codes, development regulations, and incentives from two Washington State jurisdictions (San Juan County and the City of Oak

²⁵ HUD, Housing Market Indicators Monthly Update December 2022 [\[LINK\]](#)

²⁶ There was a brief halt to new construction in the second quarter of 2020 due to the COVID-19 pandemic

²⁷ Puget Sound Regional Council, Regional Housing Needs Assessment

²⁸ Ordinance 19555 [\[LINK\]](#)

Harbor) and two out-of-state jurisdictions (the City of Ashland, Oregon and the City of Sebastopol, California) and their potential applicability to Vashon-Maury Island. The selection criteria for review included the following:

- Jurisdiction state – Although land use and housing is regulated primarily at the local level, certain state laws, such as inclusionary zoning enabling statutes and mandatory housing elements in Comprehensive Plans, can influence local affordable housing development incentives. In the event state statutes were found to influence the design or performance of local housing incentives, either positively or negatively, two jurisdictions were sought outside of Washington State. The two Washington State jurisdictions were selected to compare and contrast different in-state approaches to zoning incentives using the same enabling legislative structure. San Juan County was selected so that at least one county government other than King County was in the comparison pool.
- Size – As of 2021, Vashon-Maury Island had a year-round population of approximately 11,000 people.²⁹ Communities with 2021 populations of no more than 25,000 were identified as being comparable due to the Vashon-Maury Island's traditionally large summer population influx and to reflect the Island's unique position as a small, rural area within a major metropolitan county.
- Demographic, market, and/or socio-economic characteristic(s) similar to Vashon-Maury Island – Higher than average household incomes and home values, close proximity to employment centers experiencing moderate to high population growth, jurisdictions who self-identify as having rural or small-town character and influences, and an expanding regional economy were other factors used in the selection process.

Using the above criteria, this report evaluates four jurisdictions that have some comparability with attributes of Vashon-Maury Island. Methods of researching the jurisdictions' ordinances and housing policies included analysis of local development regulation and housing chapters of comprehensive plans, phone calls with planners and/or housing staff, and e-mail correspondence. Written and staff resources from the Municipal Research and Services Center (MRSC) in Seattle and A Regional Coalition for Housing (ARCH) in Bellevue were also utilized.

The affordable housing incentives in the jurisdictions analyzed for this report had a nominal impact on the number of affordable units actually constructed. There are many factors that influence the efficacy of affordable housing incentives, including location (e.g., urban, suburban, or rural), existing inventory, permitting timeframes, and other residential development regulations.

San Juan County, WA

- i) Population: 18,557³⁰
- ii) Incentive Type/Strategy: Density Bonus; Real Estate Excise Tax; Housing Fund; Expedited Review
- iii) Features of affordable housing incentives/strategy:
 - (1) Developers can receive a density bonus of up to 35 percent if they provide affordable housing units in their projects. The County customizes their incentives

²⁹ American Community Survey (ACS) 2021 5-year data [\[LINK\]](#)

³⁰ ACS 2021 5-year data

- by offering different levels of density bonus based on the geographic area and existing development character. (San Juan County Code (SJCC) 18.30.200 through 18.30.300)³¹
- (2) Official zoning map identifies several activity centers/hamlets where base density can be exceeded for projects providing at least 25 percent of the total units as affordable units. (SJCC 18.30.200.D)
 - (3) In Olga Hamlet, a maximum of 15 affordable housing bonus units may be developed throughout the entire designated area (versus calculating the density bonus on a per parcel basis). (18.30.247)
 - (4) An Affordable Housing Trust Fund administered by the San Juan County Housing Bank, which is a program in the Community Development Department. (San Juan County Ordinance No. 3-2006)
 - (5) In 2018, the Real Estate Excise Tax was passed to tax the sale or transfer of real estate to fund public service and infrastructure projects, including affordable housing, in San Juan County.³²
- iv) Applicability to Vashon-Maury Island:
- (1) The San Juan County Housing Trust Fund and the Real Estate Excise Tax are countywide programs. King County has equivalent initiatives.
 - (2) The activity centers/hamlets on San Juan Island share similar characteristics to the small communities of Burton and Dockton on Vashon-Maury Island. There has been community interest in allowing increased density and services in these neighborhoods. However, increased density in these places would not be consistent with the Comprehensive Plan.

City of Oak Harbor, WA

- i) Population: 12,181³³
- ii) Incentive Type/Strategy: Density Bonus; Fee Waivers
- iii) Features of affordable housing incentives/strategy:
 - (1) In Planned Residential Developments (PRD), for each affordable unit provided, five additional market-rate units are allowed, up to 30 percent of base density. (City of Oak Harbor Municipal Code (OHMC) 19.31.090)³⁴
 - (2) PRD applicants have the option to include 10 percent or more of the total units in a project as affordable units to meet one of the mandatory PRD elements. (PRD's offer applicants regulatory flexibility in return for providing higher quality site and design features to encourage more complete and sustainable neighborhoods.) (OHMC 19.31.170)
 - (3) Oak Harbor's Development Service Department is required to grant certain fee waivers for low-income housing, upon notification to the mayor. The amount of the waiver is a percentage proportionate to the amount of the project that is low-income. (E.g., if project is 20 percent low-income housing, 20 percent of the total fee would be waived). (OHMC 3.64.501(3))
- iv) Applicability to Vashon-Maury Island:

³¹ San Juan County Municipal Code [\[LINK\]](#)

³² Proposition No. 1 [\[LINK\]](#)

³³ ACS 2021 5-year data

³⁴ City of Oak Harbor Municipal Code [\[LINK\]](#)

- (1) The King County Code exempts affordable housing projects from school impact fees.
- (2) Comprehensive Plan policy H-131 encourages expediting permit review for affordable housing projects, but does not have a fee waiver program that compares to the City of Oak Harbor’s automatic fee reduction. This could be a service that the County may wish to consider. However, the County’s Permitting Division revenues are derived almost exclusively from permit fees, not General Fund money. The staff time, inspections, and other permitting expenses necessary to process affordable housing applications are equivalent to staff time for processing residential permit applications for market rate projects (if not more, due to time to review additional development requirements for affordable housing incentives, such as for review of applicability of provisions in the SO-270). If automatic fee waivers were instituted for affordable housing applications and a substitute revenue source is not identified to fund application processing, plan reviews, and related costs, there is potential to compromise the Permitting Division’s service delivery.

City of Ashland, OR

- i) Population: 24,690³⁵
- ii) Incentive Type/Strategy: Density Bonus; Inclusionary Zoning; Housing Fund;
- iii) Features of affordable housing incentives/strategy:
 - (1) Where there are residential annexations proposed, the City requires that 15 or 33 percent of new units are to be affordable, depending on the affordability level. If the units are for very low-income households (at 60 percent of AMI) then 15 percent of the units are required. If the units are workforce housing (affordable to households earning the AMI) then 33 percent of the units are required. Developers can fulfill their affordable housing requirement by providing units on-site, off-site, or by contributing to an affordable housing fund. (City of Ashland Municipal Code (AMC) Chapter 18.5.8)³⁶
 - (2) Developments receive a density bonus of two units for each affordable housing unit provided. The maximum bonus is 35 percent. (AMC 18.2.5.080)
 - (3) The City of Ashland’s Affordable Housing Trust Fund provides a source of revenue to support ongoing funding for housing projects or programs that address the housing needs of residents. (City of Ashland Ordinance 2966)³⁷
- iv) Applicability to Vashon-Maury Island:
 - (1) In the context of a county government as compared to a city, the mandatory inclusionary housing requirements associated with annexations would not be applicable, as Vashon-Maury Island is not in any city’s potential annexation area.
 - (2) The City of Ashland’s approach to supporting affordable housing primarily includes providing financial subsidies and federal grants to promote affordable housing services and development. This approach does not directly encourage construction of new units. As with other funding programs, this approach may not be feasible for a single, rural, unincorporated subarea of King County like Vashon-Maury Island. In addition, the federal grants are available to any

³⁵ ACS 2021 5-year data

³⁶ City of Ashland Land Use Code [\[LINK\]](#)

³⁷ City of Ashland Ordinance 2966 [\[LINK\]](#)

qualifying jurisdiction. The King County Housing Authority and Department of Community and Human Services provide similar services at a larger scale than the services provided in the City of Ashland.

*City of Sebastopol, CA*³⁸

- i) Population: 7,448³⁹
- ii) Incentive Type/Strategy: Density Bonus; Housing Fund; Parking Reductions; Expedited Review; Inclusionary Zoning
- iii) Features of affordable housing incentives/strategy
 - (1) The City's inclusionary zoning ordinance requires that new residential developments with five or more units set aside 15 percent of the units for affordable housing. Developers can also choose to pay an in-lieu fee or provide off-site affordable housing units, subject to certain conditions. The inclusionary zoning requirement applies to all residential developments within the city, with certain exceptions for very low-density developments and certain affordable housing projects. (City of Sebastopol Municipal Code (SMC) 17.250.00)⁴⁰
 - (2) The Affordable Housing Linkage Fee Program for Nonresidential Development is a housing fund which provides revenue for affordable housing programs to people living with very low- and low-incomes. (SMC 3.64.00)
 - (3) The City's density bonus code comes from the California State Density Bonus law which allows up to 35 percent bonus depending on factors such as the level of affordability offered, and total units provided. Parking reductions and expedited review are also included.
- iv) Applicability to Vashon-Maury Island:
 - (1) The Affordable Housing Linkage Fee Program is a housing fund which is not used for construction of new housing projects. Instead, it is used support programs and activities to expand housing opportunities to people living with low-incomes. As such, it provides limited benefit in supporting new development. The program is funded by fees imposed on developers of nonresidential projects. Vashon-Maury Island has limited nonresidential development, making any potential fees earned through such a program in this community nominal. Additional fees required for nonresidential projects may also deter further development.
 - (2) Most of the new affordable housing construction over the past five years in the City of Sebastopol has come from state laws such as State of California Senate Bill 35 or the State of California Density Bonus law.⁴¹ ⁴² Senate Bill 35 fast tracks affordable housing projects and removes certain discretionary reviews of permits from local jurisdictions.⁴³ These statewide laws may not be feasible or

³⁸ In addition to the incentives offered in local government ordinances, the State of California provides bonus density incentives to affordable housing developers. This is a meaningful distinction to note when making comparisons to Washington State jurisdictions where such additional state incentives do not apply.

³⁹ ACS 2021 5-year data

⁴⁰ City of Sebastopol Municipal Code [\[LINK\]](#)

⁴¹ Per 7/13/22 phone conversation with John Jay, Associate Planner for City of Sebastopol

⁴² City of Sebastopol 2023 Housing Element [\[LINK\]](#)

⁴³ SB 35 [\[LINK\]](#)

appropriate to adopt for a single, rural, unincorporated subarea of King County, like Vashon-Maury Island.

IV. Conclusion

There is sufficient data to conclude that the lack of affordable housing development is due to SO-270 itself as opposed to larger market forces. No affordable housing units have been created in the nearly six years since its adoption, which may indicate that it is unlikely to be used in the future. For this reason, this report recommends that the Vashon Rural Town Affordable Housing Overlay be repealed. Proposed provisions in an expanded Inclusionary Housing Program, included as part of the 2024 Comprehensive Plan, provides a countywide approach to incentivizing affordable housing development in King County. This report recommends applying the voluntary provisions of the Inclusionary Housing program to Vashon Rural Town, which will support the goals of the Subarea Plan to increase affordable housing on the Island. If adopted, existing monitoring requirements of the program will identify whether there is interest in application of the provisions, it results in delivery of affordable units, and there are changes needed to the program to improve its efficacy.

This draft final evaluation report is required to be posted for a minimum 45-day public comment period, which will occur from June 1 to July 15, 2023. A final report will be transmitted to the Council with the Executive Recommended 2024 Comprehensive Plan, along with a motion accepting the report and proposed code changes implementing the recommendations in this report.

V. Appendices

A. Ordinance 18623, Section 10

A. A written evaluation of the special district overlay, as adopted in section 9 of this ordinance, shall be conducted by the executive to assess the efficacy of its scope and standards in achieving the overlay's purpose of incentivizing affordable housing within the Vashon Rural Town, and shall include recommendations to retain, amend or repeal the special district overlay. The evaluation shall examine the advantages and disadvantages of the special district overlay, including a review of the relationship between the parcels that the special district overlay applies to and potable water supply. Other factors the evaluation shall consider include, but are not limited to: the public benefits and risks of retaining or repealing the special district overlay; the current need for affordable housing on Vashon-Maury Island, including for households with incomes at or below thirty percent of area median income; infrastructure capacity, including public roads and sewer; and potential impacts to affordable housing funding if the special district overlay is modified or eliminated.

B. The evaluation shall include annual reports and a final report:

1. The executive shall conduct preliminary evaluations that include the information in subsection A. of this section, as well as the following information:

- a. a list and evaluation of ongoing permit applications using the special district overlay, and feedback from those permit applicants on the efficacy of the special district overlay;
- b. evaluation of whether any code changes are necessary to further the purpose of

the special district overlay; and

c. for the first annual report and the final report, information of other jurisdictions approaches to incentivizing development of affordable housing, and evaluation of whether those approaches would be appropriate to Vashon-Maury Island.

d. The executive shall file three preliminary evaluation reports, and either a motion accepting each report or an ordinance proposing necessary code changes to further the purposes of the special district overlay. These reports shall be filed annually no later than December 31, 2018, December 31, 2019, and December 31, 2020, in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff, the policy staff director and the lead staff for the transportation, economy and environment committee, or its successor. When the trigger for a final evaluation under subsection B.2.a. occurs, any subsequent annual reports shall not be required; and

2. A draft final evaluation shall be completed within ninety days of the occurrence of one the following, whichever comes first:

a. issuance of the first permit necessary for construction that would result in a cumulative total of one hundred twenty affordable housing units within the special district overlay; or

b. four years after the effective date of this ordinance.

C. The department shall produce a draft final evaluation including the information required in this section.

D. The department shall include a public comment period for the department's draft evaluation described in subsection A. of this section. The public comment period shall be at least forty-five days from the date of publication in the Vashon-Maury Island newspaper of record. As part of this public comment period, the department shall:

1. Publish notice of the draft evaluation's availability in the Vashon-Maury Island newspaper of record that includes locations where the draft evaluation is available;

2. Request comments of the King County water district 19 and the Vashon sewer district;

3. Request comments from any developer that has applied for approval under the special district overlay provisions;

4. Provide a copy at the local library;

5. Provide an electronic copy on the department's website; and

6. Send electronic notice to the clerk of the council, who shall retain the original email and provide an electronic copy to all councilmembers, the council chief of staff, the policy staff director and the lead staff for the transportation, economy and environment committee, or its successor.

E. After the public comment period has ended, the department shall prepare a final evaluation of the special district overlay, incorporating or responding to the comments received. Within sixty days of the end of the public comment period, the executive shall file a final evaluation report, a motion accepting the report, and an ordinance that implements any proposed changes to the special district overlay, in the form of a paper original and an electronic copy with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff, the policy staff director and the lead staff for the transportation, economy and environment committee, or its successor.

B. K.C.C. 21A.38.270 - Vashon Rural Town Affordable Housing Special District Overlay

A. The purpose of the affordable housing special district overlay is to provide an optional incentive that will lead to an increase in the supply of affordable housing within the Vashon Rural Town. This special district overlay shall only apply on a voluntary basis to the parcels shown in Map Amendment #3 in Attachment B of Ordinance 18623. Use of the special district overlay is voluntary and these eligible parcels retain all existing development and land use rights and may exercise those without using this special district overlay.

B. The special district overlay is eligible to be used by any residential or mixed use development that complies with the following standards:

1. A minimum of fifty percent of the units in each development shall be affordable to households with incomes at or below sixty percent of area median income, and the remainder of the units in each development shall be affordable to households with incomes up to a maximum of eighty percent of area median income;

2.a. Rents of rental units, including both rent and the average cost of essential utilities, shall be set at no greater than thirty percent of the maximum gross income for the applicable income level; or

b. The sales price of owner occupied units shall be set so that they are affordable for income and asset qualified home buyers at the applicable income level. Prices shall be restricted based on typical underwriting ratios and other lending standards;

3. The development is located on an eligible parcel as shown in Map Amendment #3 in Attachment B to Ordinance 18623; and

4. The development adheres to all special district overlay standards listed in subsection C. of this section.

C. All development shall comply with all applicable King County development regulations, including K.C.C. Title 9, K.C.C. Title 13, K.C.C. Title 14, K.C.C. Title 16, K.C.C. Title 17, K.C.C. Title 19A, K.C.C. Title 20, K.C.C. Title 21A, K.C.C. Title 23, K.C.C. Title 27 and K.C.C. Title 27A, except as follows:

1. The maximum density shall be as follows:

a. any parcel zoned R-1 may develop up to a maximum density of four dwelling units per acre;

b. any parcel zoned R-4 may develop up to a maximum density of eight dwelling units per acre;

c. any parcel zoned R-8 or R-12 may develop up to a maximum density of eighteen dwelling units per acre;

d. any mixed use development in the Community Business (CB) zone that contains a residential component may develop up to a maximum density of eighteen dwelling units per acre;

2. To reduce the impacts of a new development on potable water supplies, the development shall incorporate at least three of the following water conservation measures, and that only one of the outdoor measures from subsection C.3.a. through h. of this section may be counted toward the minimum requirement:

a. mulch landscape beds with two inches organic mulch;

b. use grass type requiring less irrigation and minimal maintenance;

c. use Xeriscape landscape techniques on seventy-five percent or more of site landscaped area;

d. landscape with plants appropriate for site topography and soil types, emphasizing use of plants with low watering requirements, which means they are drought tolerant;

e. install subsurface or drip systems for irrigation with timers;

- f. install a rainwater collection system, such as a cistern, that reduces water consumption for irrigation by fifty percent annually;
 - g. provide one-hundred percent of landscaping water use with captured precipitation or reused water purified without the use of chemicals;
 - h. install smart scheduling technology. This strategy counts for a maximum reduction of thirty percent provided all landscape water use is controlled by a soil moisture sensor control system or a weather-based irrigation control system;
 - i. reduce total indoor and outdoor water consumption by at least twenty-five percent over standard practices;
 - j. provide water submetering for each unit or entire building where central hot water systems are used;
 - k. install all bathroom faucets with 1.5 gallons per minute or better;
 - l. install all showerheads not to exceed 1.75 gallons per minute;
 - m. install all kitchen faucets not to exceed two gallons per minute;
 - n. install high efficiency toilets not to exceed 1.28 gallons per flush or 1.6/1.1 for dual flush;
 - o. install no-cartridge waterless urinals or 1/8 gallon urinals and high efficiency toilets as noted above in all common areas; or
 - p. install point-source, on-demand or recirculation pump hot water systems, where appropriate;
- 3. All new units must connect to public water and public sewer;
 - 4. Affordable housing units shall remain as affordable housing for a minimum of fifty years for ownership affordable housing units and for a minimum of thirty years for rental affordable housing units, starting from the date of final certificate of occupancy for the development;
 - 5. Developments shall be landscaped as follows:
 - a. when seventy-five percent or more of the units in the development consists of townhouses or apartments, the development shall provide perimeter landscaping and tree retention in accordance with K.C.C. chapter 21A.16 for townhouse or apartment projects;
 - b. when less than seventy-five percent of the units in the development consists of townhouses or apartments, the development shall provide landscaping and tree retention in accordance with K.C.C. chapter 21A.16 for townhouses or apartments on the portion or portions of the development containing the units, but if buildings containing the units are more than one hundred feet from the development's perimeter, the required landscaping may be reduced by fifty percent; and
 - c. all other portions of the development shall provide landscaping or retain trees in accordance with K.C.C. chapter 21A.16;
 - 6. Developments shall provide one off-street parking space per unit. The director may require additional parking, up to the maximum standards for attached dwelling units, which may be provided in common parking areas. Off-street parking may be reduced below one per unit, with the approval of the director, with submission of a site-specific parking study that demonstrates that parking demand is met; and
 - 7. All developments shall provide on-site recreation space at a minimum of fifty percent of the levels required in K.C.C. chapter 21A.14.
- D. Use of the incentive in this section requires an affordable housing covenant recorded against the property as a condition of issuance of any construction permit or recording of a subdivision.
- E. The department is authorized to enforce the requirements of this section, including those pertaining to sale and rental affordability and other requirements of the covenant, through judicial action or administrative action under Title 23.

F. A preapplication meeting shall be required for developments using the special district overlay in this section.

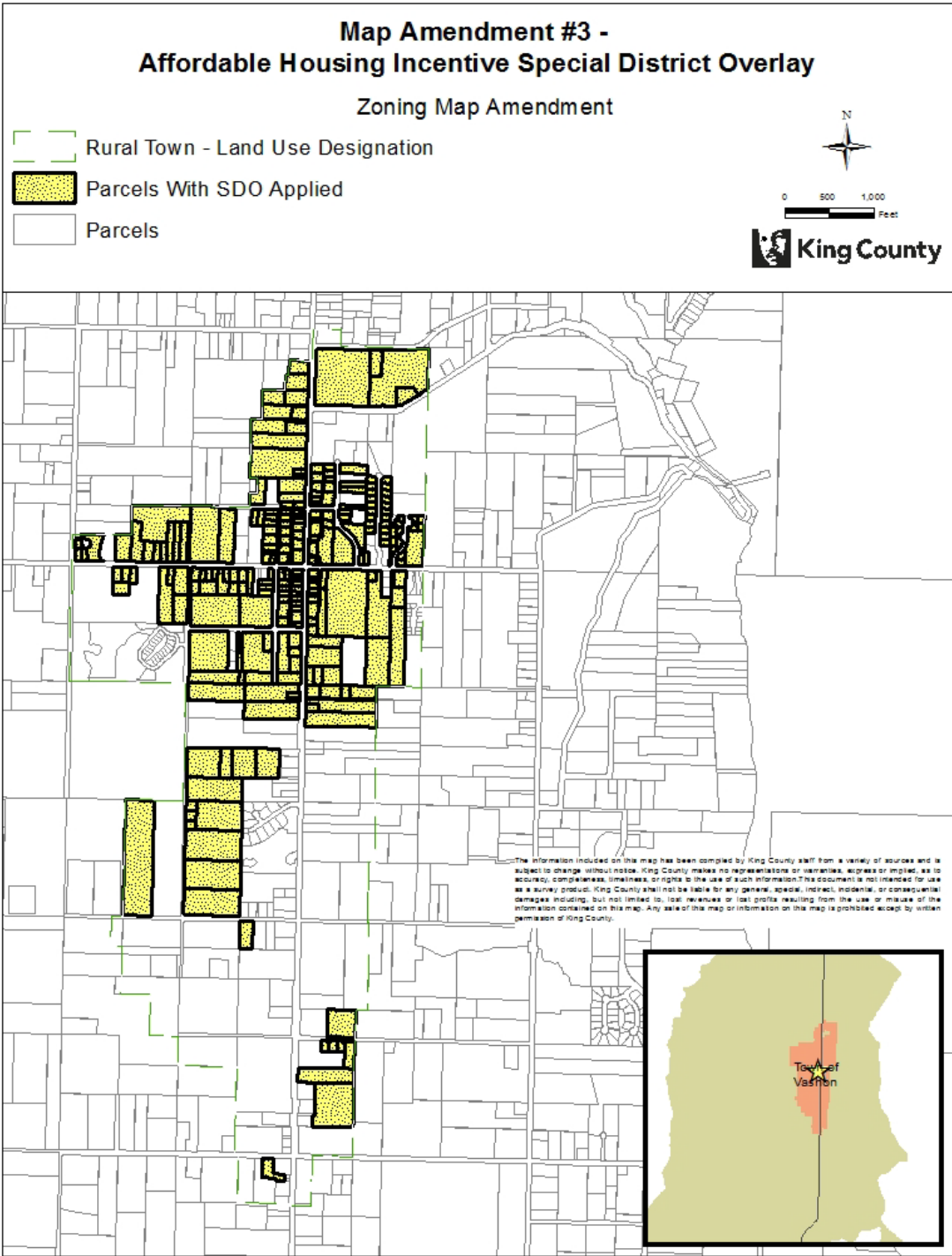
G. As part of the preapplication process and before filing an application with the department, the applicant shall hold at least one community meeting in accordance with K.C.C. 20.20.035. In addition to the requirements of K.C.C. 20.20.035, the applicant shall:

1. Include in the mailed notice:
 - a. the name of the affordable housing developer;
 - b. the total number of planned dwelling units;
 - c. preliminary architectural renderings of buildings;
 - d. preliminary site plan;
 - e. the dates, times and locations of community informational meetings about the development;
 - f. contact information including names and phone numbers for the developer or applicant;
- and
- g. a county contact person or agency;
2. Conduct the meeting or meetings in a location accessible to the public at least thirty days before the anticipated date of application. The purpose of the meeting is to provide neighboring property owners and residents with information regarding the proposed development and to answer questions regarding the proposed development; and
3. Prepare and install a four-foot notice board that must be placed in a conspicuous location on the property proposed for development. The board shall be installed no later than the date the mailed notice for the community meeting is sent and shall remain in place until the development application is abandoned or when the permit is issued.

H. An application for a development under the special district overlay in this section shall be considered complete when the information required under K.C.C. 20.20.040, as well as the following information and studies have been submitted and are adequate to review the proposal:

1. A proposed development plan and draft covenant that includes:
 - a. the number of dwelling units that are part of the development;
 - b. a description of the affordability levels for the units;
 - c. the duration of the affordability of the units;
 - d. the number of off-street parking spaces, and documentation of the director's decision on any requests to reduce the number of spaces;
 - e. the requirements and process for income limits and income verification, in accordance with federal, state and county standards;
 - f. the specific water and energy conservation measures proposed;
 - g. the consequence of any failure to satisfy the requirements of the covenant, which consequences shall include, but not be limited to, specific performance and disgorgement of any revenue that resulted from a rental or sale price that exceed that allowed by the covenant; and
 - h. an acknowledgement that King County can enforce the covenant through a judicial action or K.C.C. Title 23; and
2. Any necessary information identified through the preapplication process.

C. Map of Vashon Rural Town Affordable Housing Special District Overlay⁴⁴



⁴⁴ Ordinance 18623, Attachment B, Map Amendment 3