

Panel #4

Opportunities Around Us



What affordable workforce housing pursuits
are occurring around us?



City of Port Orchard

**Case Study in Affordable Housing
January 3, 2019**

Nicholas Bond, AICP | Community Development Director, City of Port Orchard

Port Orchard – Quick Facts

- Located in Kitsap County
- Population: 14,160 (OFM 2018)
- Land Area: 10 square miles
- Growth via annexation and new development
- Connection to Bremerton via Foot Ferry +/- 10 minutes
- Connection to Seattle via Bremerton (Fast Ferry) 45 minutes
- Median Family Income (4): \$82,600
- Affordable Housing Rent (4): \$1,652-\$2,478 per month including utilities
- Current Market Rate Apartment Rent: \$1,000-\$1695 1br-3br



Challenges

- Vacancy rate fell to 3% in 2015, driving up housing costs
- The market responded, but didn't produce much diversity in housing types; 2018 vacancy rates near 5%
- Development has been almost exclusively greenfield auto-oriented projects including:
 - Garden apartments
 - Large single-family residential homes – 3,500-4,500 square feet 4 bed+
 - Current zoning code shaped by maximum density limits
- No downtown projects near Foot Ferry
- No new townhomes, duplexes, condos, mixed-use buildings, backyard cottages, or four-plexes
- While there's plenty of affordable housing, there is a lack of low-income housing
- Downtown is burning

Opportunities

- City acquisition of downtown property – 2015
- RCW 84.14 Multifamily Tax Exemption – 2016
- City Council / Planning Commission field trip – 2017
- Mixed Use Pilot Program (MUPP) – 2017
- Opportunity Zones – 2017
- Replaced Design Review Board with Administrative Review Design Standards – 2018
- Form Based Zoning Code – anticipated 2019
- TDR Program (1-story 5,000 square feet height bonus per development right purchased) – anticipated 2019

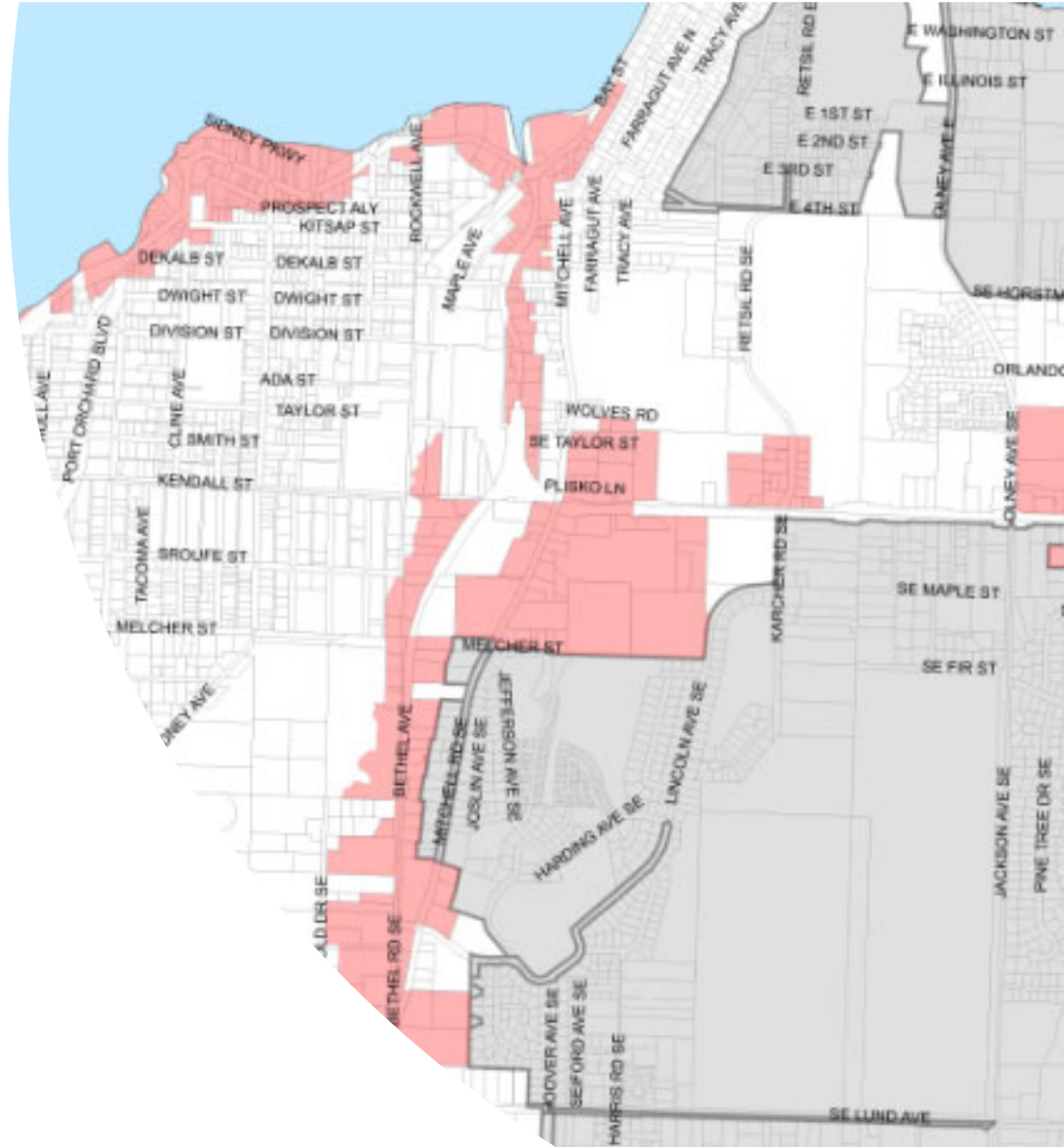
City Purchases Burned Downtown Building (2015)

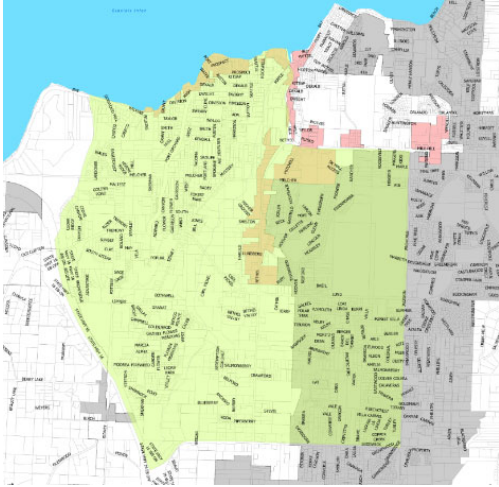
- City conducts feasibility study of site and finds problems:
 - Zone allows 55-feet in height and 100% lot coverage, but only 12 residential units on a 12,000 square foot lot
 - Requires design review board approval, but has no written architectural standards
 - Requires onsite parking (presumably underground) at \$30,000-\$60,000 per parking stall
- City adopts MUPP and solicits proposals to purchase and develop the site
 - No density limits
 - Parking requirement reduced to 0.5 stalls per residential unit, allows offsite parking
 - Transit oriented – 2 blocks from ferry



Multi-Family Tax Exemption (RCW 84.14)

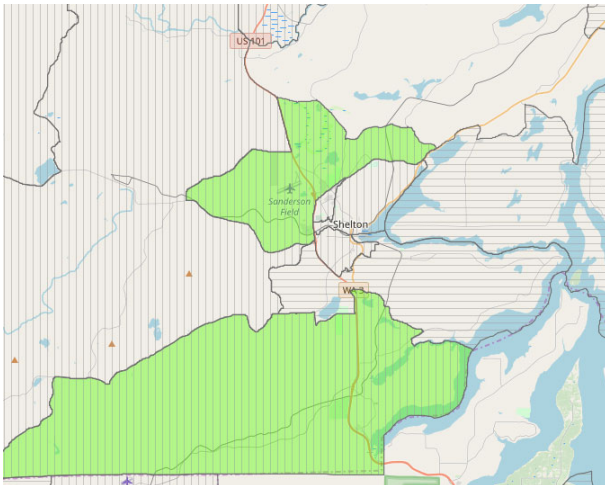
- Ordinance adopted in 2016
- City offers 8- or 12-year property tax abatement (12-year with required affordable housing)
- Currently fine tuning 12-year abatement policy
 - Existing ordinance requires 20% of units to be affordable to households between 80-120% median income
 - But – market rate rents qualify as affordable housing
 - Looking at Seattle example that requires:
 - Small efficiency units: 40% of median income
 - Studios: 65% median income
 - 1 bedroom: 75% median income
 - 2 bedroom: 85% median income
 - 3+ bedroom: 95% median income
- City's tax exemption map currently focuses on areas of redevelopment but may expand to all locally designated urban centers



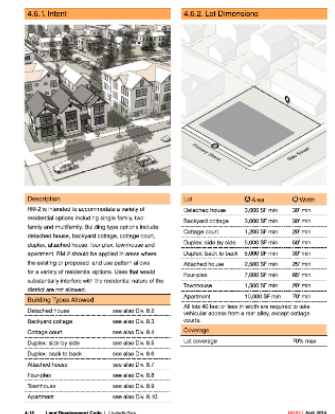
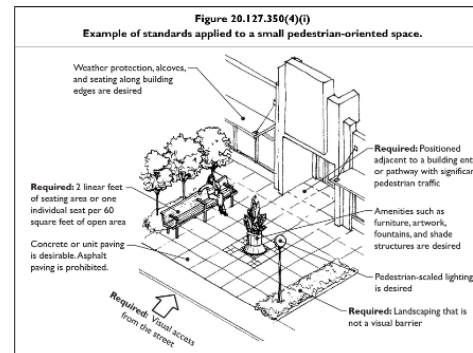


Opportunity Zones

- Program created as part of 2017 Tax Cuts and Jobs Act (Federal)
- Port Orchard has 2 of 3 designated opportunity zones in Kitsap County
- Defer and discharge capital gains tax liabilities
- Raise capital in distressed areas



- Form Based Code (currently under review):
 - Seeking to create diversity in housing types
 - Teton Valley Model Code – developed through a HUD grant
 - Regulates by building type (detached house, apartment building, four-plex, duplex, townhome, etc.
- Design Guidelines (prepared with assistance from consultant; adopted March 2018):
 - Predictable – clear language and illustrations
 - Design Review Board process optional



Port Orchard Affordable Housing Recap

- Many tools available – Port Orchard is layering available incentives
- Port Orchard is aiming to:
 - Increase housing supply and diversity
 - Focus new affordable housing near transit and services
 - Provide predictability to developers
 - Encourage transit-oriented downtown development
 - Evaluate opportunities to encourage the creation of housing affordable to households earning less than 80% of the median household income.

The New York Times
**Minneapolis, Tackling Housing Crisis and
Equity, Votes to End Single-Family Zoning**



Stand at her home in the Lowry Hill neighborhood in Minneapolis on Wednesday. She is part of Neighbors for More Neighbors, which is pushing for greater housing density in the city.
man for The New York Times

Downtown Redevelopment Proposal

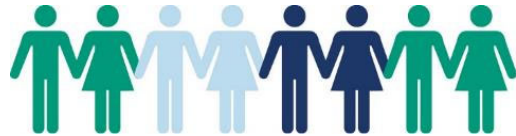
- Utilizes:
 - Opportunity Zones
 - Multifamily Tax Exemption
 - Mixed-Use Pilot Program
- Includes proposed Community Center partially funded by Kitsap Public Facilities District
- 200+ housing units; 60,000 sq. ft. commercial office and retail; 20,000 sq. ft. Community Center; 300+ parking stalls







Lacey's Affordable Housing Strategy





Lacey Housing Market

Type of Unit	Rental Price	Income Needed
One-Bedroom	\$1,000	\$40,000 - single renter
Two-Bedroom	\$1,475	\$29,000 - shared by 2 people \$58,000 - single renter
*The income figure is based on 30% of gross monthly income used to cover housing cost.		



What's Driving Up Prices?

- Homebuilding is getting more expensive
- Housing supply is low
- Buyers are coming from more expensive markets
- Income lagging way behind housing prices



Homebuilding Costs Rising

- Shortage of skilled workers
- Cost of building materials has risen
- Developed land has become scarcer
- Local zoning, land use regulations, fees

Source: Joint Center for Housing Studies of Harvard University

Buyers Coming From More Expensive Areas

	Total Households In-Migration	Members of Households	Central Puget Sound	Beyond Central Puget Sound
Totals	7,468	14,711	3,200	1,425
Percentage	100%	100%	43%	19%

**In-Migration to Thurston County:
62% from More Expensive Areas 2015-2016**

Source <https://www.irs.gov/statistics/soi-tax-stats-migration-data-2015-2016>



Income Lagging Behind Housing Prices

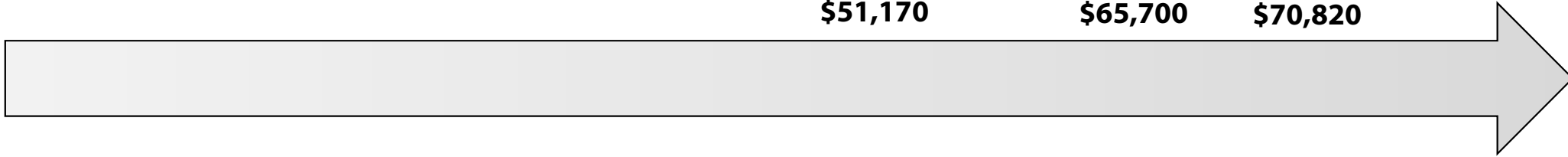
HOUSING PRICES TO INCOME COMPARISON Thurston County, WA

	2000	2016	% Increase
Median Housing Price	\$160,606	\$283,272	76%
Median Income	\$48,457	\$63,286	31%
House/Income %	331%	448%	35%



CITY OF **LACEY**

Retail Clerk \$24,620	Laborer, freight, stock mover \$31,940	Office Clerk \$33,170	Plumber \$51,170	Teacher \$65,700	Nurse \$70,820
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Retail Clerk
\$24,620

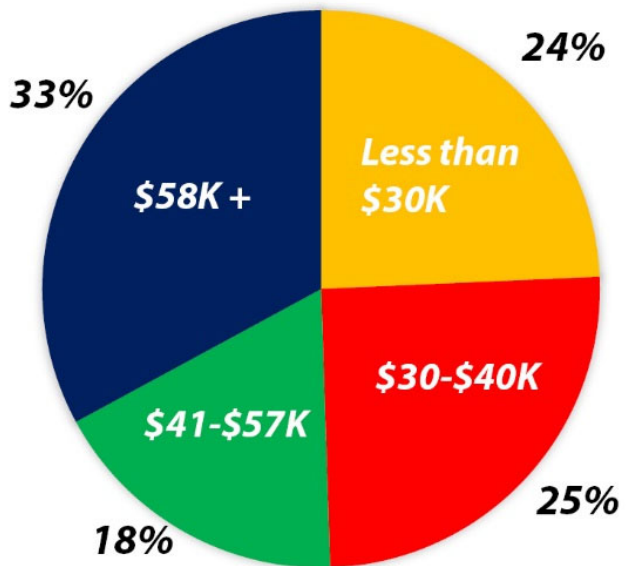
**Laborer,
freight,
stock mover**
\$31,940

Office Clerk
\$33,170

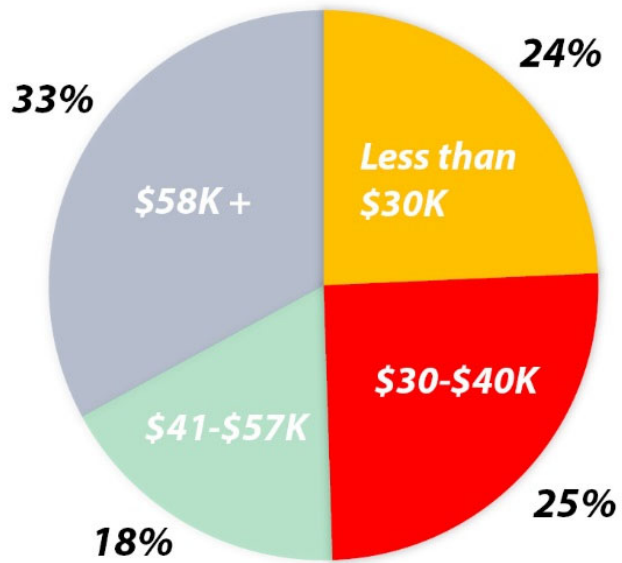
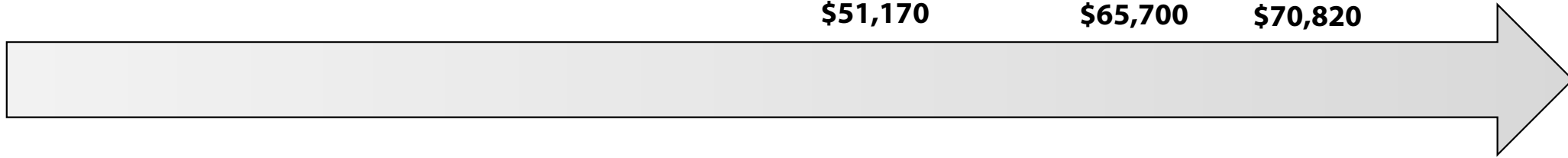
Plumber
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Teacher
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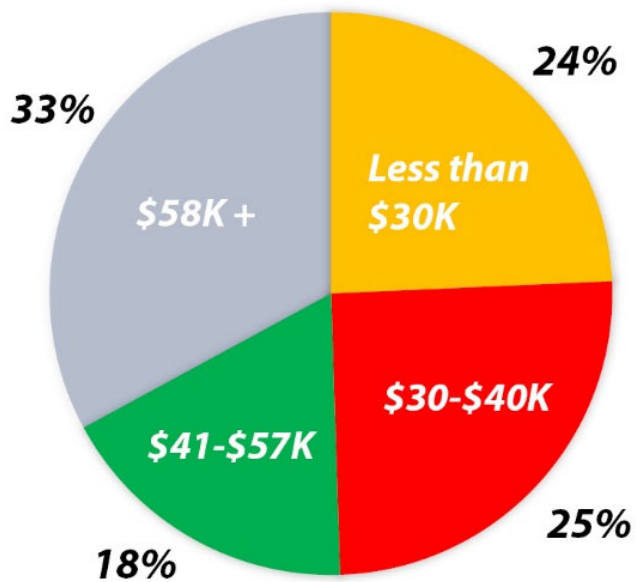
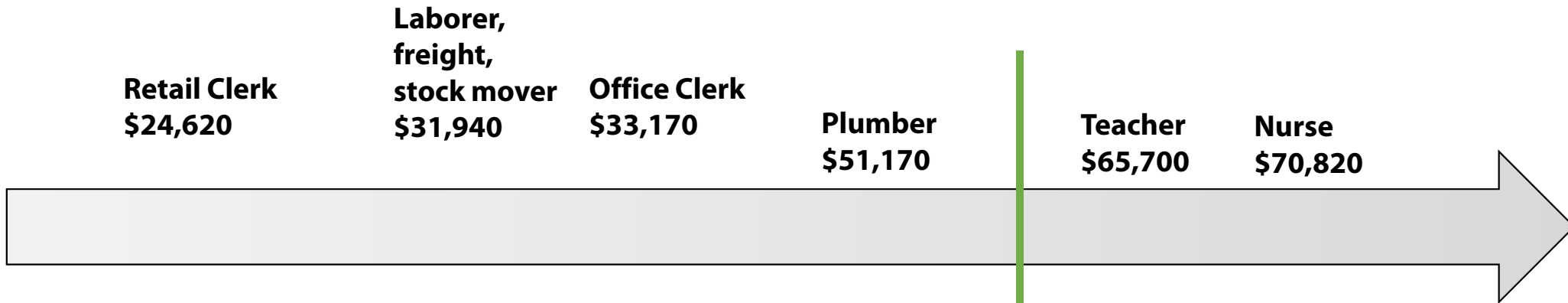
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Approximately half of all single household earners cannot afford a one-bedroom apartment (\$1,000)



Approximately half of all single household earners cannot afford a one-bedroom apartment (\$1,000)

Approximately two-thirds cannot afford a two-bedroom apartment alone (\$1,475)



Household Size in Lacey

Most households in Lacey consist of 1-2 people which influences current and future housing needs. Thurston Regional Planning Council reports the following statistics about Lacey households:

- 63% - 1 or 2 people
- 20% - Married couple with children
- 17% - Single parent with children



What Can the City Do?

- City doesn't build housing, but can support more housing development in a number of ways
- City has a number of programs already in place, but looking at options to do more



CITY OF LACEY AFFORDABLE HOUSING STRATEGY



NOVEMBER 15, 2018



AFFORDABLE HOUSING STRATEGY Factsheet

November 15, 2018

Lacey is in the midst of an affordable-housing crisis.

According to the Washington State Department of Commerce, an estimated 14,000 Thurston County households are cost burdened as renters and an additional 19,000 as owners. That means nearly 1 in 3 Thurston County households spend more than the recommended 30 percent of their income on housing. Although the media typically portrays "affordable housing" as a Seattle or King County issue, Thurston County is also experiencing a supply and demand issue. Our population is increasing at a higher rate than the housing supply. However, that is only part of the story. Lacey-area wages have not increased at the same pace as housing costs (see table on right).



HOUSING PRICES TO INCOME COMPARISON Thurston County, WA

	2000	2016	% Increase
Median Housing Price	\$160,606	\$283,272	76%
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WHAT IS AFFORDABLE HOUSING?

Affordability is relative. However, the rule of thumb is housing costs should account for no more than 30 percent of your income.

The region provides a limited supply of subsidized housing to help residents stay within the suggested 30 percent housing-cost limit. Access to this subsidized housing is tied to the amount of money you or your family earns relative to what is known as the Area Median Income, or AMI. (In 2016, Lacey's household AMI was \$63,286.)

LOW-INCOME CATEGORIES

Earnings % of AMI*	Income Range	Income Category
50-80%	\$31,643 - \$50,629	Low
30-50%	\$18,986 - \$31,643	Very Low
less than 30%	less than \$18,986	Extremely Low

*AMI = Area Median Income
Lacey's 2016 Household AMI = \$63,286

Anyone who falls into one of three Low-Income categories qualifies for public housing through the Housing Authority, or other non-profit housing programs (see table on left).

Rule of Thumb: Housing costs should account for no more than 30 percent of your income.



6 Overarching Policies

1. Help People Stay in Affordable Housing
2. Create a Variety of Housing Choices
3. Create More Affordable Housing
4. Unlock Housing Supply by Making it Easier to Build
5. Prioritize State, County, and Local Funding for Affordable Housing
6. Support Homeless Services Regionally



13 Potential Actions

POLICY

ANALYSIS

ACTION

Incentives and restrictions that work together

Council will prioritize

13 Potential Actions in These Areas

- Reduce fees, tax exemptions in more areas
- Zoning changes
- Create new revenue source for housing
- Permit streamlining
- Protective covenants and deed restrictions

Support Economic Development

- Housing policies and actions paired with Economic Development Strategy will provide greater opportunity
- Attract higher paying jobs to community
- Ensures people can live and work in Lacey

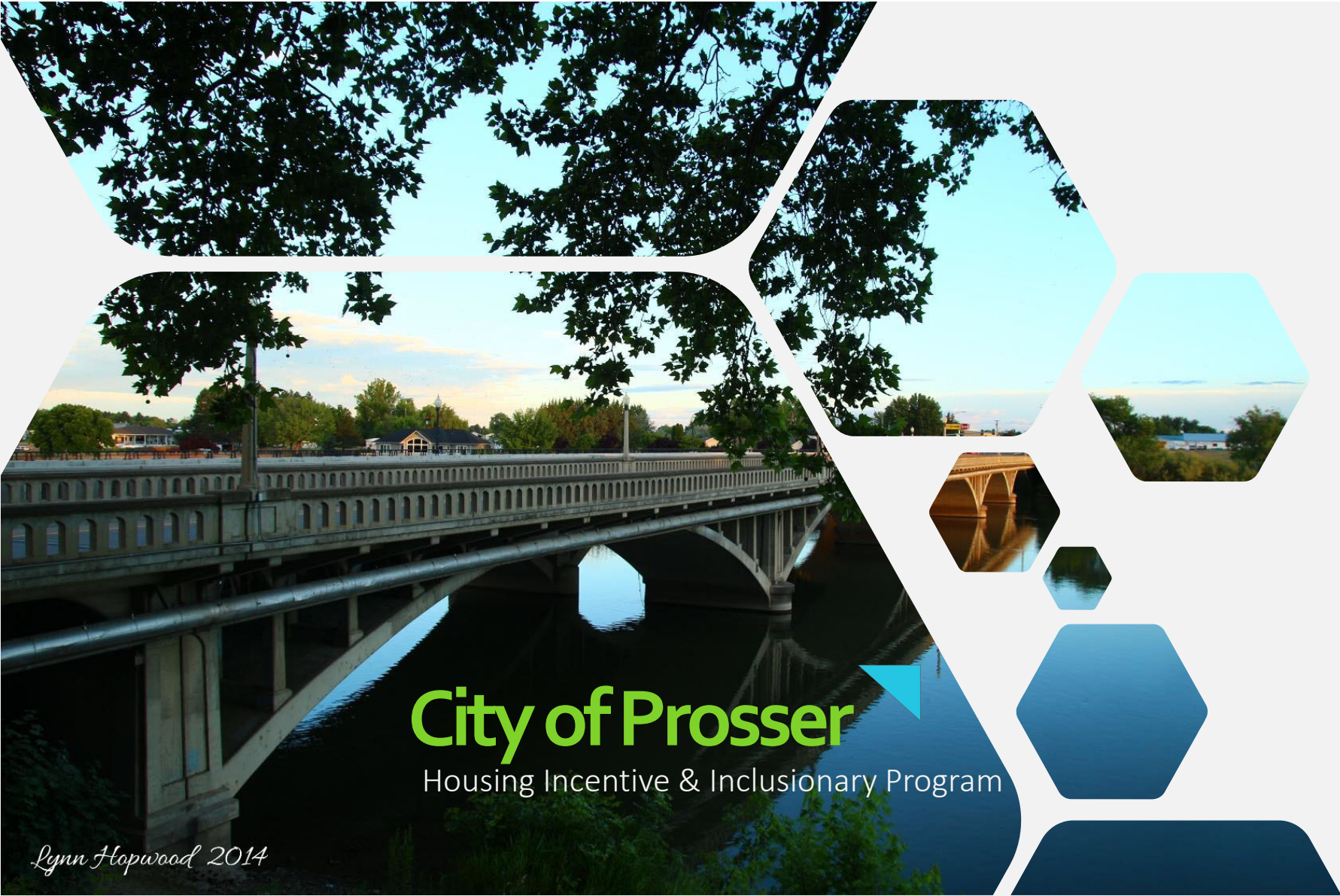
Learn More

- Full Document
- Two-page fact sheet

www.ci.lacey.wa.us/HousingStrategy

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Planning Manager, City of Lacey
randrews@ci.lacey.wa.us
(360) 412-3190





City of Prosser

Housing Incentive & Inclusionary Program

Lynn Hopwood 2014

How it all started

- Catholic Charity Housing Service 51 unit project.



2009 Prosser Planning Commission Hearings

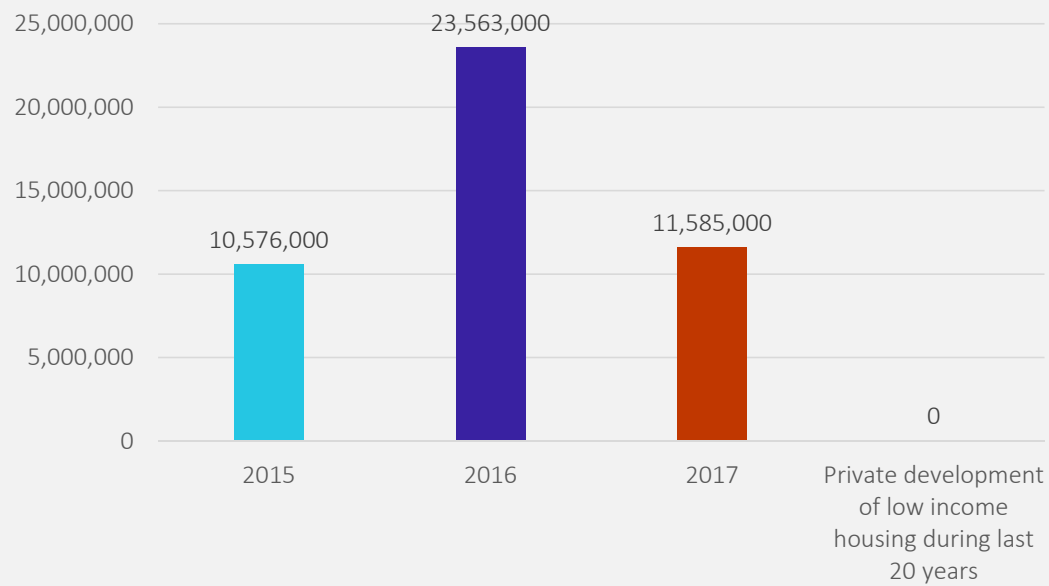


The Ugly Truth

Low Income Housing Formula

Low Income = Government Project = NIMBY

Private Development Construction Valuation



Identifying the Problem

What is it that people dislike?

- Concentrated Poverty
- Poor Design
- Loss of identity (nostalgia)
- Perceptions and Myths

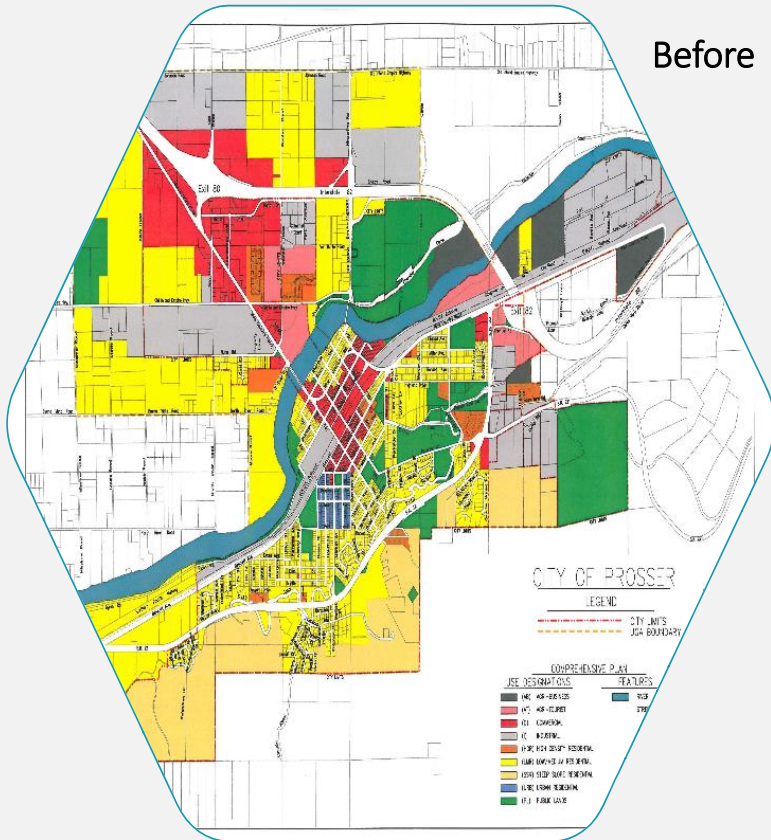
How did we address it?

- Find a model that disburses
- Change design to foster a sense of ownership, Individual driveways, delineated spaces
- Focus on what is not changing, making new memories
- Studies & Data are helpful but not the answer, find the flaw in the myth and make it toxic to embrace.

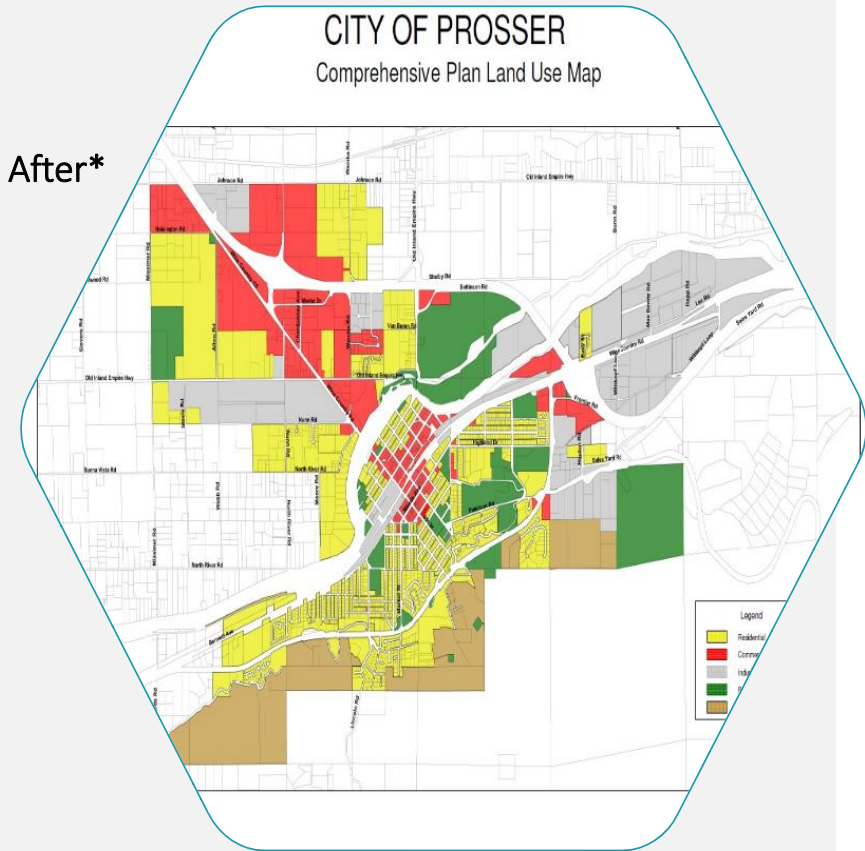


What Prosser Did

Removing a barrier to High Density Housing by removing High Density as a land use designation



After*



*Results not typical

Follow-Up

Rewrite zoning codes to reflect new Comprehensive Plan Policies.



As part of the 2018 Comprehensive Plan update, we worked in class with the Prosser High School students and during the course of a week we identified policies and goals that were important to the students.

Overwhelmingly, Prosser High School students indicated their desire to see a variety of affordable housing options for both single-family and multi-family units.

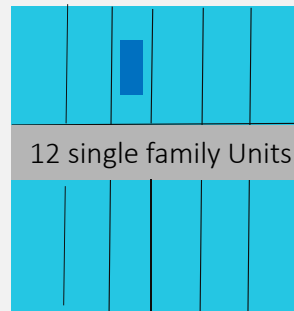
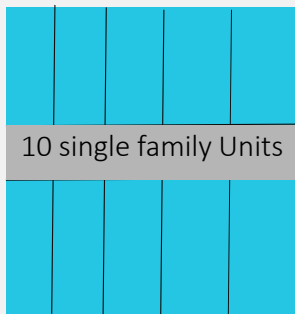


Inclusionary Housing

How do you get private for profit developers to the table?

- Reduce deed restriction to 20 years
- Increased Density

PM 18.95.030 - Earned increased density of up to twenty percent over the otherwise allowable density in the applicable residential zone may be granted to a project if ten percent of dwelling units in the project are provided and retained as affordable owner-occupied homes or affordable rental units for not less than twenty years after the date of the certificate of occupancy is issued for the dwelling unit or project, subject to the following eligibility requirements.....



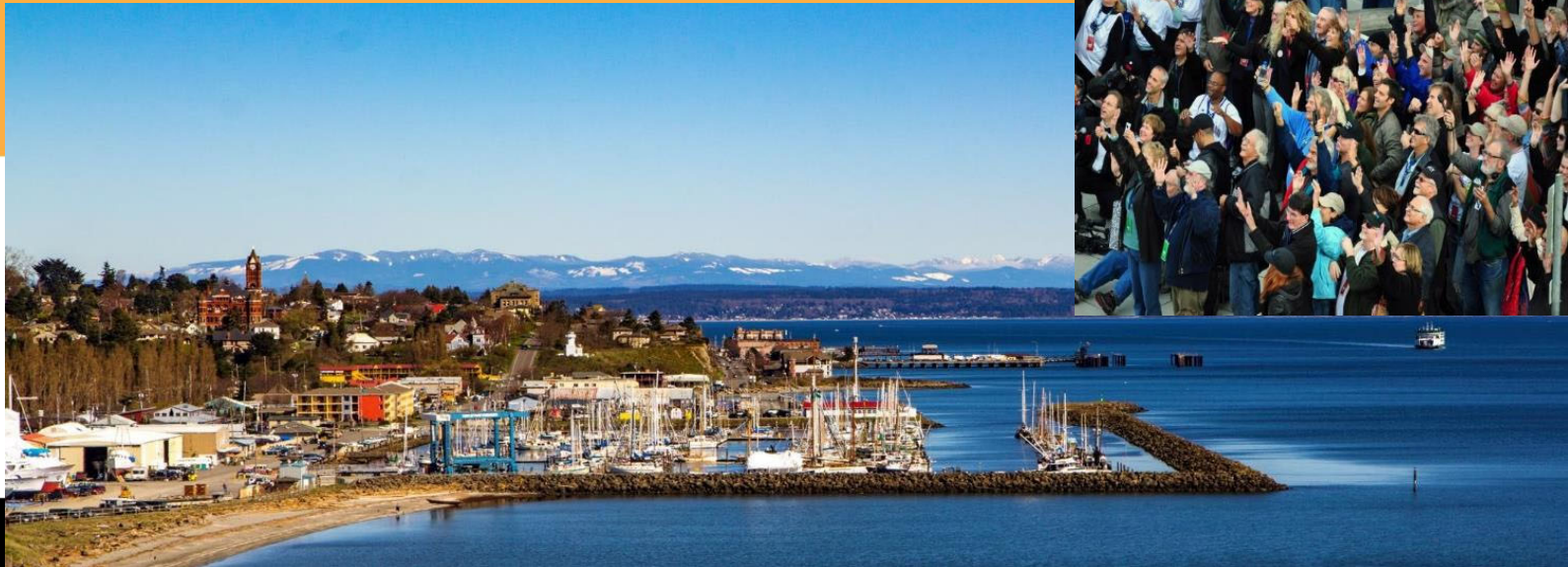
Finally – Last Slide

What we hope to achieve in the next 24-36 months

- Mixed Development – Both multi-family and multi-income
- Address housing affordability through private for profit developments
- End poverty concentrations
- A true One Community approach to housing.



WHAT HAS THE CITY OF PORT TOWNSEND DONE TO SUPPORT AFFORDABLE HOUSING?



A LOT

Some of the things we have been doing:

- ❑ Incentives
- ❑ Housing Trust Fund Established
- ❑ City land available for eligible affordable housing projects
- ❑ Allow a variety of housing types and densities
- ❑ Provide Infrastructure
- ❑ Provide Space for “Other Homeless”
- ❑ Promote Family-wage Jobs
- ❑ Obtain Grants
- ❑ Provide sufficient land supply

Build A Comprehensive Policy Framework:

- ❖ Housing Needs Assessment
- ❖ Comprehensive Plan Policies
- ❖ Strategic Planning Priorities



Incentives



Housing Trust Fund Established



City land available for eligible for affordable housing projects



Allow a variety of housing types and densities



Provide Infrastructure



Provided Space for the “Other Homeless”

A Ten Year Plan

Prepared for Jefferson County WA by OlyCAP and Jefferson Shelter to Housing Partnership



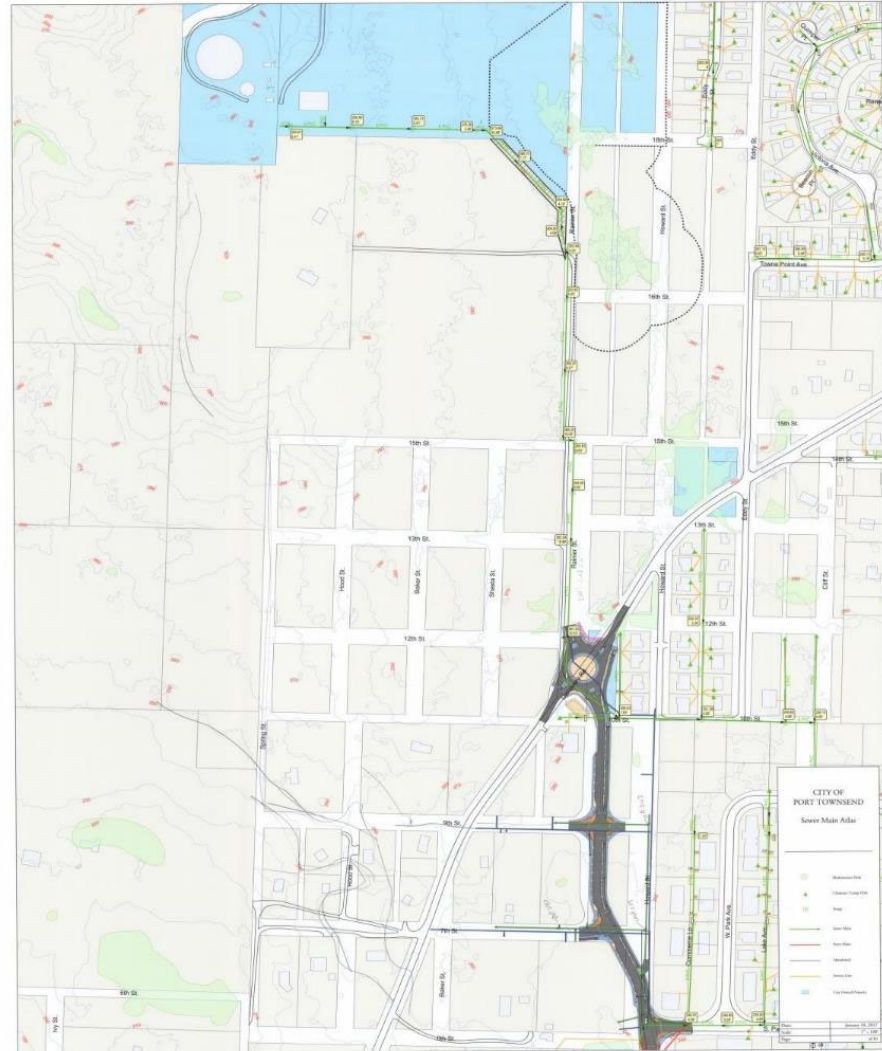
Promote Family-wage jobs



Obtain Grants



**Provide
sufficient land
supply**



Why doesn't the city build housing?



Things that did not pan out



More to Come



Panel #3

Local Opportunities



How do businesses benefit from affordable
workforce housing?