

AFFORDABLE HOUSING TASK FORCE: INTERIM REPORT TO COUNCIL

February 28, 2018

Members of the Council,

The following is a summary of the findings of the Affordable Housing Task Force (AHTF), reached over the first 6 months of our work. These findings are intended to provide an overview for the Council on potential actions to advance affordable housing policies set out in the Comprehensive Plan. In doing our work we are cognizant of the multiple aspects of the Comprehensive Plan, and that proposed solutions must balance the costs and benefits to the community. The instructions to the Task Force state:

“Among the high priority implementing actions of the 2017 revised Comprehensive Plan is the establishment of an Affordable Housing Task Force to consider the revised Housing Element and make specific recommendations to the Council for near term action.”

PROCESS

The AHTF intends to identify action items which hold the greatest promise to increase the availability of affordable housing options in the near term. The likely outcome for those recommended actions is that planning staff will spend time drafting regulations and updates to zoning codes. Given the staff time involved, it is important to assess which may yield the greatest results in relation to the complexity of regulatory change and code rewrite.

In addition to the ongoing work by the workgroups, the AHTF has previously provided input to the Council on several topics, including the Suzuki project, inclusionary zoning, and live-aboard regulations.

The AHTF requests input from Council to confirm our assumptions about the policies we see as most promising. From there we can prioritize our recommendations and provide a level of detail suitable for planning staff to begin their work. The AHTF would also like input on the next set of topics to be studied during the remainder of the AHTF work schedule (see *Next Steps*).

IDENTIFYING PRIORTIES

The AHTF began its work reviewing the Housing Element of the Comprehensive Plan and focused on those policies identified as high priority (HO Actions). Among those priorities, the four policies identified under HO ACTION #2 were selected to be investigated by individual workgroups for the first phase of our work. These four policies include:

- Policy HO 3.6: Small to Mid-Size Single Family Units
- Policy HO 6.3: Innovative Housing in Designated Centers
- Policy HO 6.4: Conservation Villages
- Policy HO 4.2: High School Road and Ferry Terminal

WORKGROUP FINDINGS

Each of the four policies is summarized below. Within each policy described below are multiple strategies intended to be implemented as new or modified sections of the zoning code. Several have been identified as PRIORITY recommendations (identified in **BOLD** face). The AHTF sees these as holding the greatest promise to produce new housing units to serve a variety of income levels and household types.

HO ACTION #2: *Amend the City's development code to facilitate an Increase in the diversity of Housing Types and supply of affordable housing.*

Policy HO 3.6: SMALL TO MID-SIZE HOUSING UNITS

This policy is focused on specific types of small unit housing including tiny houses, micro units and cottage housing. In general, these housing types achieve a measure of affordability by size and are important for single person or small households. The local housing market is not responding to this need, which is lacking in the housing supply.

- Tiny houses (freestanding houses less than 400 f²) are typically mobile housing units (on wheels). While they have been popular as backyard cottages in some areas of the country, they are most often used for temporary housing for the homeless. Currently require separate sewer connection. Not considered to be a priority tool unless utilized for addressing housing for the homeless, or in limited, special circumstances (for example, Friends of the Farms is considering tiny houses for farming interns).
- Micro units (studio apt less than 350 f²) typically serve one-person households and experience higher rates of turnover than larger units. They have not been built since parking becomes a major cost factor, especially if it is below grade. Reducing or eliminating the parking would create an incentive in the Mixed-Use Town Center (MUTC).
- **ACCESSORY DWELLING UNITS (less than 900 f²) hold the potential to provide small scale rental units across the island. Potential obstacles include impacts of CAO, septic, permit process, and lack of awareness about creating them. Incentives include community education, pre-approved plans, and waiver of permit fees.**
- **COTTAGE HOUSING (detached house less than 1200 f²) has been seen as a desirable housing type due to its small size, ability to create a sense of community and ability to integrate into existing neighborhoods. Cottage Housing holds potential in all zones including Neighborhood Center (NC) zones and subdivisions. A draft of a Cottage Housing Ordinance is included in the Community Housing Coalition Final Report, dated December 2007.**

Policy HO 4.2: HIGH SCHOOL RD AND FERRY TERMINAL DEVELOPMENT STANDARDS

This policy is intended to help transform these districts into walkable mixed-use villages with affordable housing. At present they are auto-oriented uses and will likely see redevelopment. The workgroup studied how incentives could result in an overall increase of affordable units beyond what might be achieved with just an inclusionary zoning ordinance. These areas hold significant potential for new housing units close to shopping and transit.

DEVELOPMENT STANDARDS FOR HIGH SCHOOL ROAD AND FERRY TERMINAL DISTRICT, may include:

- **MIXED-USE should be required to ensure housing is included.**
- **INCREASE FLEXIBILITY with residential FAR ratios.**
- **TIERED BONUS for developers who exceed minimum affordable requirement.**
- **FAR BONUSES should be focused towards creation of affordable rental housing.**
- **REDUCTION IN PARKING requirement as additional incentive.**

Policy HO 6.3: MAINTAIN AN INNOVATIVE HOUSING PROGRAM IN DESIGNATED CENTERS

The designated centers include the MUTC as well as Neighborhood Centers (NC). The NC have not attracted any affordable housing to date. A combination of low zoning densities and poor incentives are likely factors. The Housing Design Demonstration Program (HDDP) has been utilized in the Winslow area, but has also not produced many affordable units, except for Ferncliff Village (48 affordable units) and Madrona Townhomes (5 affordable units). The AHTF is continuing its evaluations of Inclusionary Zoning and the Multi-Family Tax Exemption (MFTE).

- **INCLUSIONARY ZONING: Create mandatory program for providing a percentage of affordable units in each development.** (AHTF will continue to evaluate potential benefits and structure of inclusionary zoning ordinance.)
- **MULTI-FAMILY TAX EXEMPTION provides tax relief for projects that create a minimum of 20% affordable housing units.** (AHTF will continue to study and evaluate how an MFTE would interface with an inclusionary zoning ordinance, and with the HDDP.)
- **DENSITY INCENTIVES for affordable housing, such as HDDP, in NC. At present no affordable units have been built in the NC.**
- **Modify Shoreline Management Program to increase percentage of live-aboards** (recommendation has been previously provided to Council)

Policy HO 6.4: CONSERVATION VILLAGES

The concept of Conservation Villages was based upon re-envisioning residential subdivisions outside of the designated centers. By limiting home size and buildable area, the majority of the site would be placed in conservation. The incentive would be a modest increase in allowable number of small homes, similar in concept to a Cottage Housing ordinance. The proposed

concept may provide a good fit with Critical Areas Ordinance update and the 65% native vegetation zones. The villages could provide a welcome alternative to large subdivisions and provide options for smaller homes, not currently provided by residential homebuilders.

- **CONSERVATION VILLAGES utilize small clusters of homes to preserve open space and allow food production. Unlike traditional subdivisions, these villages incentivize small footprint homes with modest density increases in relation to home sizes (900-1600 f²). Homes would fill need for small households seeking a more environmentally sound alternative to typical single-family homes (2500-3500 f²).**

NEXT STEPS

The AHTF will shift its focus over the remaining months to explore additional approaches related to affordable housing. These study topics include:

- Inclusionary Zoning. As requested by Council, the AHTF will begin reviewing potential strategies to implement an inclusionary zoning ordinance. Deliberations will include how the past program worked, where it would apply, fee in lieu, and appropriate density offsets.
- Assess opportunities for partnership with community groups and local governmental entities to ensure consistent support for affordable housing.
- Examine financing and other incentive techniques aimed at the private sector, including the MFTE and impact fees.
- Public outreach and education.
- Consider preservation of existing affordable housing and potential for conversion of existing housing to affordable units. Evaluate ways to reduce or limit conversion of housing units to short-term rentals such as Airbnb.

Respectfully,

Affordable Housing Task Force