



American Planning Association
Washington Chapter

Creating Great Communities for All

Session 8C:

Better Housing Outcomes from State and County Mandates: Incorporating Affordability Mechanisms in Middle Housing



Cities of Olympia, Sammamish, and Redmond

October 9, 2025

2025 APA WA Annual Conference



Session Framework:

Integrating Affordability in Middle Housing:

- Strategies under HB 1110 and similar mandates.

Tools & Examples:

- Code, policy, and case studies to support affordable and middle housing.

Data & Community Engagement:

- Using local data and input to shape realistic affordability plans and address council/commission concerns.

Practical Guidance:

- Best practices, common mistakes, and Q&A for real-world application.



State Legislative Requirements:

E2SHB 1110: “Middle Housing” Bill

- Different requirements based on 2020 pop.
- Must allow X dwelling units per lot on all predominately residential use:
 - Baseline,
 - Within 0.25 miles walking of major transit stop.
 - If at least X units are affordable.
- Must allow at least 6 of RCW defined middle housing typologies.
- Only administrative review.
- MH standards can’t be more restrictive than detached single-family standards.

City Tier	2020 OFM Pop.	DU/Lot (Baseline)	DU/Lot (0.25mi Transit)
Tier 1	75,000>Pop.	4	6
Tier 2	75,000>Pop.>25,000	2	4
Tier 3	25,000>Pop.	2	2

City of Olympia

Session 8C:

**Better Housing Outcomes from State and County Mandates:
Incorporating Affordability Mechanisms in Middle Housing**



Joyce Phillips, AICP, Long Range Planning Manager
Community Planning & Economic Development Department

Olympia Information

State Capital

Southern Tip of Puget Sound

Population: Approximately 57,970

2020 OFM Population: 55,382

HB 1110: **Tier 2**

Median Age: 39 Years

Average Household Size: 2.21 people

Median Home Sale Price: \$530,000

Median Income: \$76,930

Cost Burdened Households: 39%



<https://www.trpc.org/DocumentCenter/View/11434/Olympia>

New Housing Units Needed by 2045

Extremely Low Income – 0-30% AMI <i>Permanent Supportive Housing</i>	Extremely Low Income – 0-30% AMI	Very Low Income - 30-50% AMI	Low Income - 50-80% AMI	Moderate Income – 80-100% AMI	Moderate Income – 100-120% AMI	High Income – 120%+ AMI	Emergency Housing Beds <i>Not included in total</i>	Total
1,098	2,617	3,312	590	2,328	1,296	3,054	286	14,295



Community Engagement

- Webpage & Email Address
- Fact Sheets
- First Draft with Long Review Time
- Identified Policy Decision Points
- Q&A Session
- FAQ Sheet
- Community Survey
- Survey Results & Report Back about How the Input was Used
- Neighborhood Meetings
- Community Meeting
- 7 Enewsletters
- Planning Commission Briefing
- 3 Council Committee Briefings





Olympia's Approach for Policy Responses

- Identify process improvements & housing barriers
- Coordinate with Building, Public Works, and Fire
- Plan your public outreach and be intentional
 - Meet Tier 1 City requirements
 - Exceed Tier 1 requirements
 - Encourage homeownership opportunities
 - Design to fit your community's plans and housing strategies



**Olympia is a
Tier 2 City...**

**proposing to
meet Tier 1
requirements**

...and more

Population – City vs City & UGA

No Major Transit Stops

Use “Frequent Transit Routes”

And Use a Half Mile Distance

Eliminate Number of Stories



Development Standards We Are Changing

ADUs - Number, Size, Where Allowed

Increase Impervious Surfaces

Land Use Review

Design Review

Tree Standards



Embrace Unit Lot Subdivisions

Encourages Home Ownership

Type of Short Subdivision

Update Subdivision Code

Utilities and Billing

Talk to Public Works Dept!



Lessons Learned

- Cross-department and cross-team collaboration is a necessity
- Removing barriers – code audit
- Zoning isn't always the barrier
 - Tree Protection
 - Impervious Surface Restrictions
 - Shared Utility Connections
 - Utility Billing
- Challenging for the public to understand – graphics help
- Stakeholder Input
- Affordability strategies
- Accessory Dwelling Units



Addressing Costs

- Allow Shared Utilities and Billing
- Fire Sprinkler Exception
- Pre-Approved DADU Plans
- Impact Fees
- Consider how to legalize existing unpermitted ADUs

Reminder: Most Costs Are Not Within City Control



Pre-Approved ADU Plans

March 22, 2021

The Cities of Olympia, Lacey, and Tumwater offer four pre-approved ADU plans to choose from by those who can build an ADU on their property. Each plan set has been approved for compliance with building codes. Once you decide which ADU to build, you will need to select the exterior options to meet the design review requirements.

480 sq. ft. Studio



- Approximately 20' x 24'
- Best Suited for 1-2 people
- Roof and window styles can be customized (see style guide for options)

600 sq. ft., One Bedroom



- Approximately 30' x 20'
- Best Suited for 1-2 people
- Roof and window styles can be customized (see style guide for options)

800 sq. ft., Two Bedroom Rambler



- Approximately 30' by 30'6"
- Best Suited for 1-4 people
- Roof and window styles can be customized to reflect primary house

800 sq. ft., Two Bedroom Two-Story



- Approximately 19' x 24'
- Best Suited for 1-4 people
- Roof and window styles can be customized to reflect primary house



Thank you

Joyce Phillips, AICP
Long Range Planning Manager
Community Planning & Economic
Development
jphillip@ci.olympia.wa.us
360.570.3722

olympiawa.gov/middlehousing





City of Sammamish

Session 8C:

Better Housing Outcomes from State
and County Mandates:
Incorporating Affordability
Mechanisms in Middle Housing

David Pyle
Community Development Director
City of Sammamish



Sammamish History and Facts

Sammamish Geography Facts

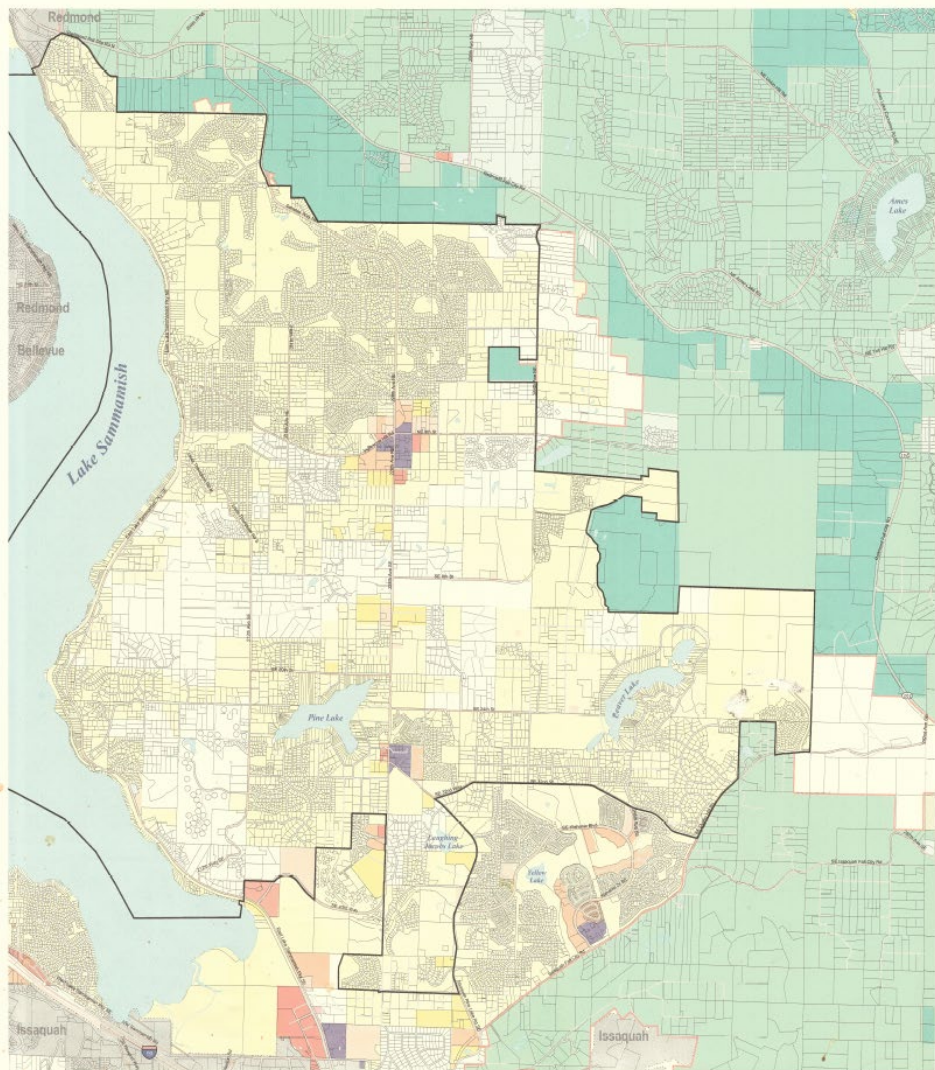
- Population of ~68,500
- Approximately 22,500 parcels
- 24 Square Miles
- Ex-Urban and Sub-Urban Character
- Still has R-1 Zoning – Lower Population Density
- Limited Entry and Middle Housing Opportunities
- High Median Income & Educated Population

Initial Incorporation

- Incorporated in 1999
- Inherited housing stock built under King County
- Inherited King County Zoning and Regulations
- Continued to build single family
- Limited Community Planning

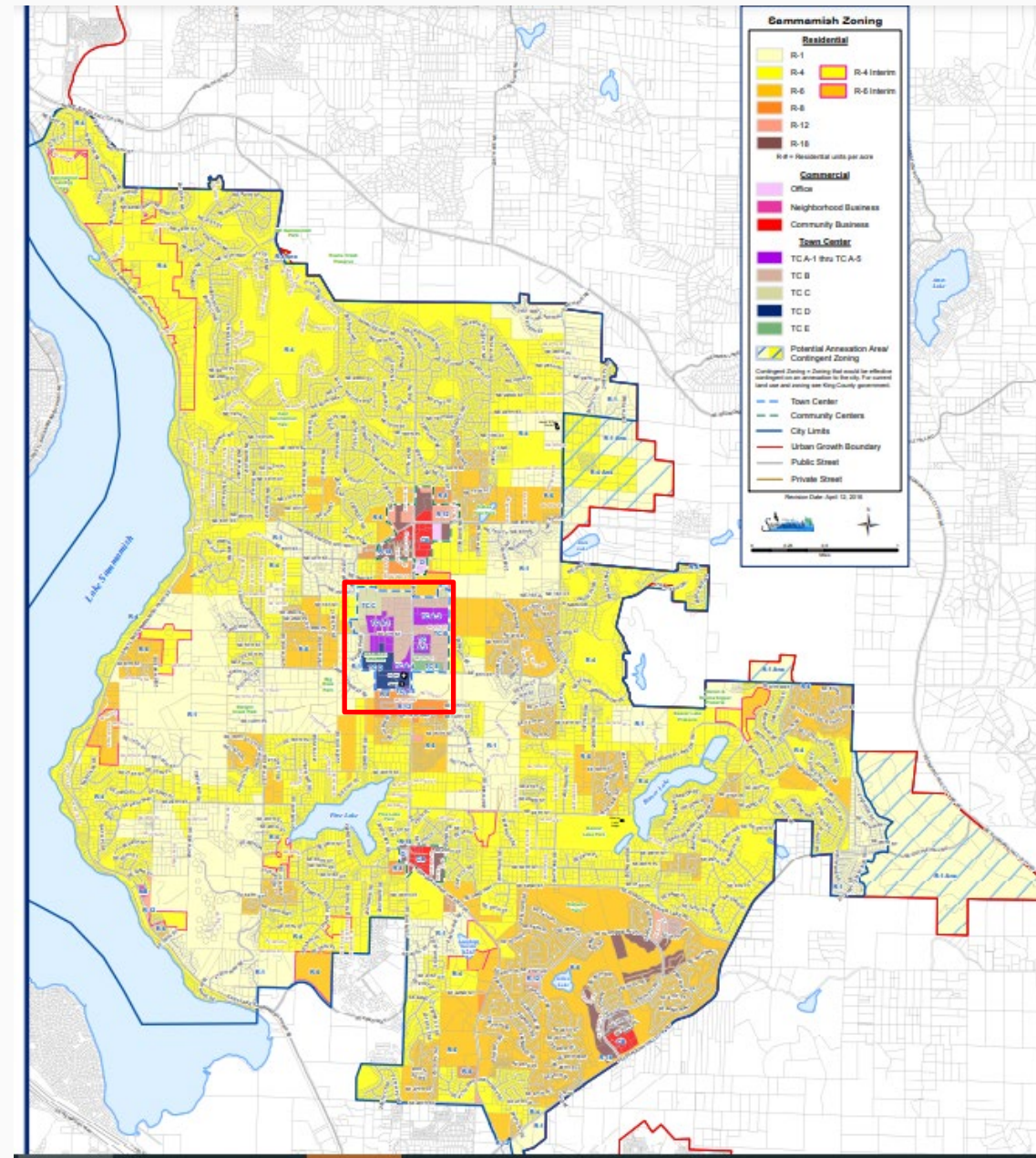


Sammamish Planning



 **1998**

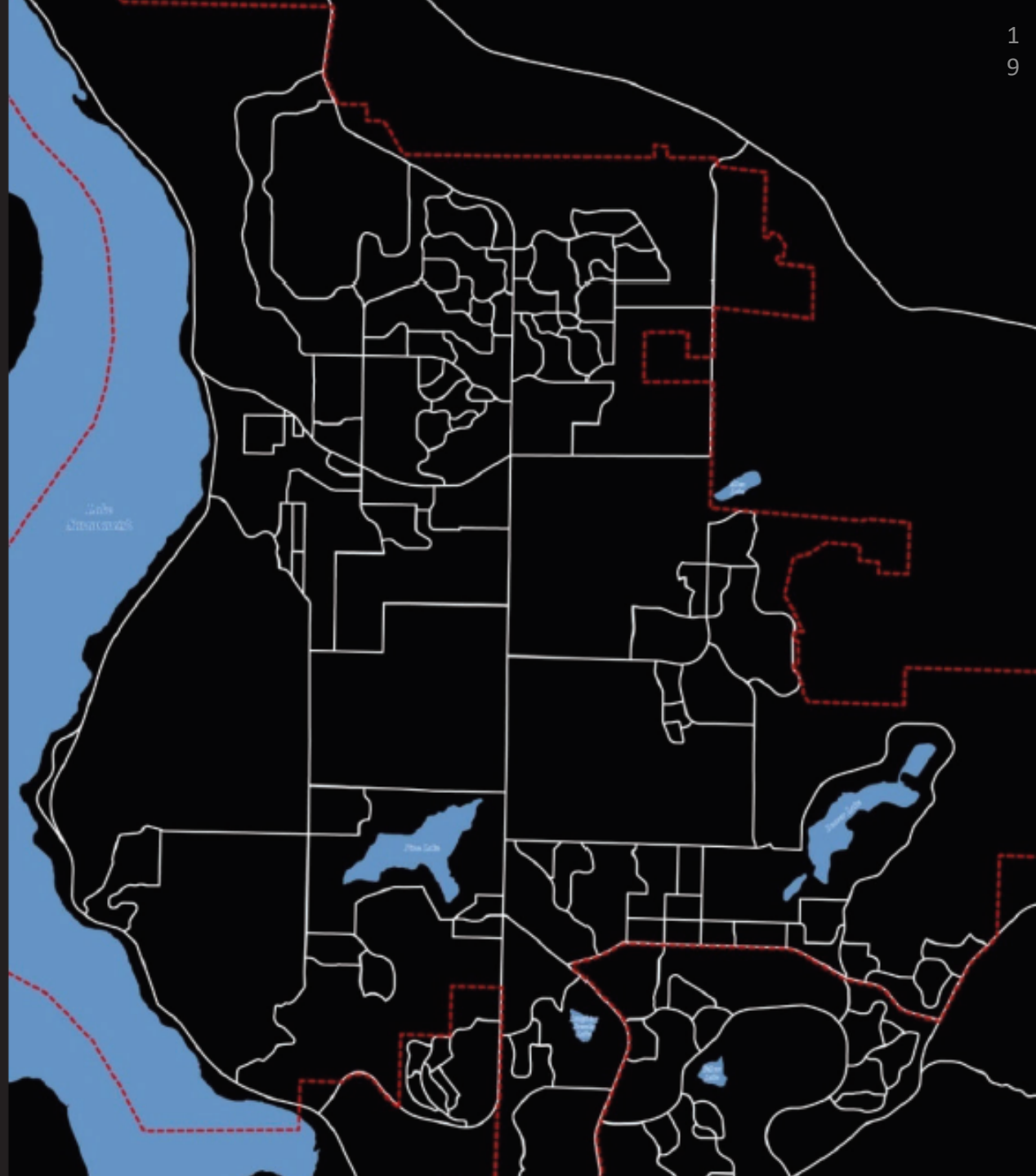
2024 



Problems With Development

- King County era Development Regulations
- Backlog and ineffective review process
- Large houses on small lots
- Outdated public works standards
- Traffic – a strong economy (pre-remote work) and school hours
- No new road connections built - lots of cul-de-sacs & barricades
- Land values kept going up – Speculation
- Infill happening in strange configurations
- History of inadequate stormwater infrastructure – importance of retrofit
- Changes related to tree and vegetation removal





Comprehensive Plan



Conversations Began In 2019

Update vs. Rewrite

Housing Focus

Areas of Agreement

Guidance From 2023 Housing Action Plan

Guidance From 2023 Climate Action Plan

Desire For Middle Housing

Land Use and Housing Phase

- Community Outreach
- Lack of Housing Options
- Desired Smaller Units
- Affordable Units Necessary
- Interest in Centers
- Regulatory Changes Needed
- Land Use Map Static and Needing Change



Compliance Phase - HB 1220 Housing Allocation

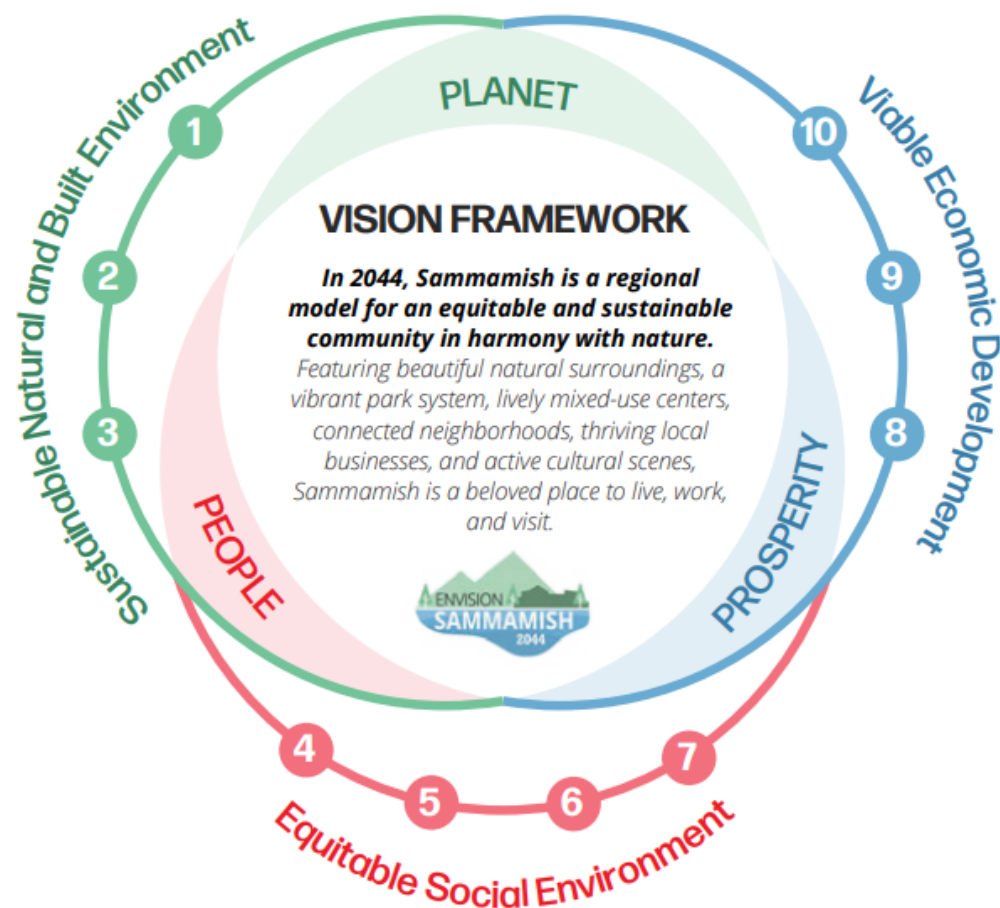
- Different than growth target
- CPP Amendments
- GMPC AHC Review Role
- Education (Confusion and Misinformation)
- Timing
- Deeper Affordability
- Added capacity with unlimited density on “Bonus Parcels”

Compliance Phase - HB 1110 Middle Housing

- Community Alignment – Smaller Units and Different Housing Types
- Limitations of Community Covenants and Plat Restrictions
- Education (Confusion and Misinformation)
- Adding affordability component



Start simple.....



Vision Strategies

Sustainable Natural and Built Environment

- 1 Sustain Natural Environment and Reduce Climate Impacts.** The City aims to protect tree canopies, water features, and natural habitats to sustain the natural environment. The City is committed to reducing and mitigating the climate impacts from buildings, transportation, and City operations.
- 2 Develop Multimodal Transportation.** Work with King County Metro and other transit providers to enhance connectivity within Sammamish and access to the surrounding cities, including walking, biking, and transit network.
- 3 Develop a Distinguished Park and Recreation System.** Create a park, open space, and recreational system that incorporates cultural amenities, and leverages the unique natural resources of the Pacific Northwest to promote environmental conservation.

Equitable Social Environment

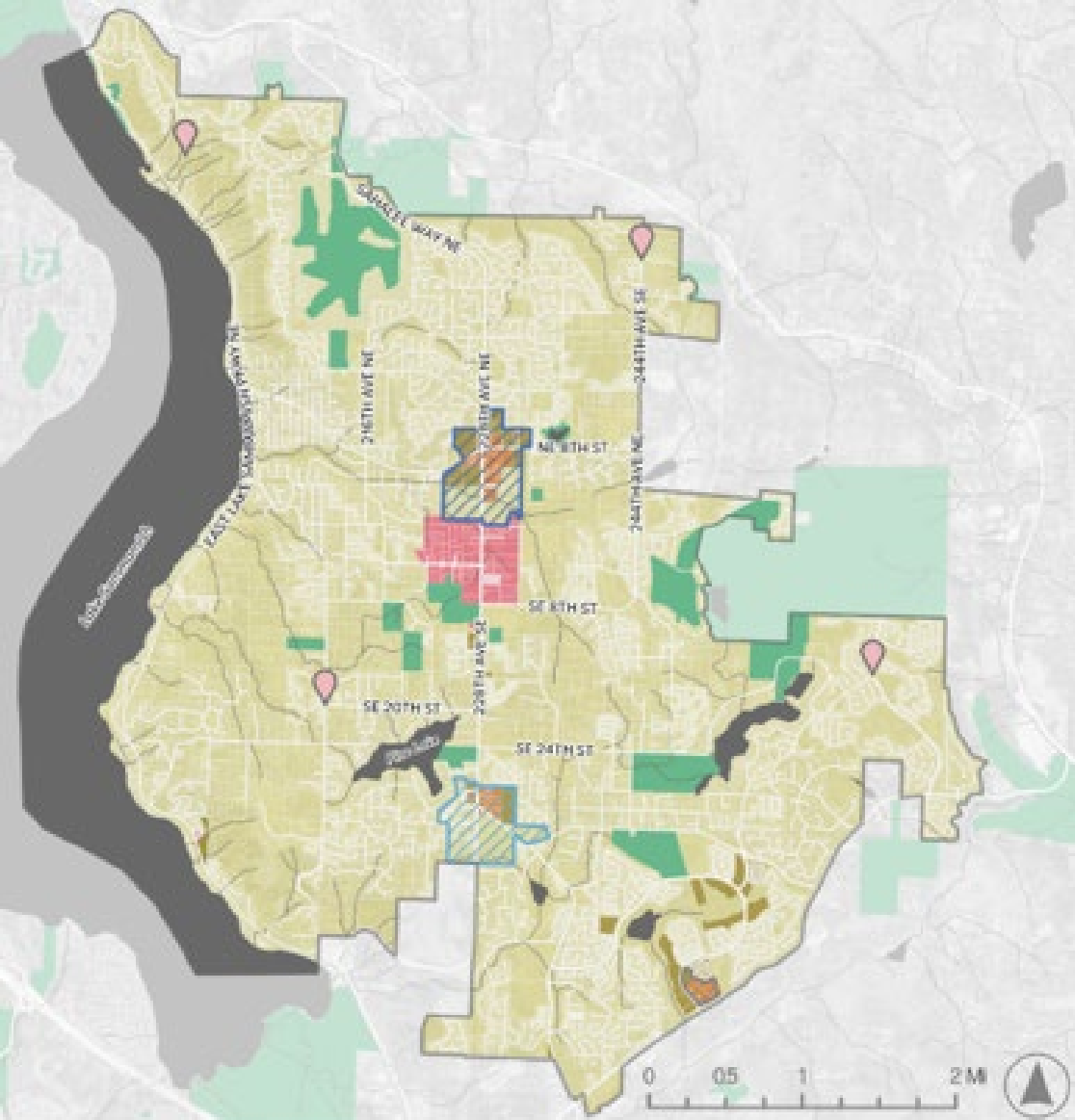
- 4 Ensure Inclusive, Connected, and Safe Neighborhoods.** Plan neighborhoods that are safe, where people can meet, interact, and access retail, restaurants, key services, and other amenities within walking distance.
- 5 Provide a Variety of Housing Choices and Support a Wide Array of Lifestyles.** Expand the range of available housing options to provide affordable and appropriate housing for individuals based on their needs and income.
- 6 Increase Diverse Job Opportunities and Access to Work in Sammamish.** Many residents commute outside of Sammamish for employment, justifying the need to increase opportunities for work within Sammamish.
- 7 Foster Diversity, Equity and Inclusion through Purposeful Engagement and Quality Human Services.** The City will maintain ongoing communication and engagement with the community and organizations on critical planning issues, provide opportunities for input and feedback, and promote the provision of high-quality human services to create an inclusive and welcoming environment.

Viable Economic Development

- 8 Build Thriving Town Center and Mixed-use Districts.** The City will support the development of the Town Center that reflects Sammamish's identity and encourage redevelopment of walkable mixed-use districts for more housing, retail, services and amenities.
- 9 Support Local Businesses and Entrepreneurship.** Provide support for a thriving local economy and nurture the community's entrepreneurial spirit.
- 10 Establish Fiscal Sustainability and Diversify Revenues for the City.** The City is dedicated to improving and diversifying its tax base and revenue streams through economic development.

Comprehensive Plan

- Future Land Use Map Overhaul
- Added Future Neighborhood Centers and Subareas
- Created Rezone Opportunity
- Bonus Parcels Concept
- Future Growth In Centers
- Citywide Increase In Allowed Density



FUTURE LAND USE DESIGNATIONS

- Parks
- Neighborhood Residential
- Urban Residential
- Neighborhood Center
- Mixed-Use Center
- Town Center

Subarea Planning Required*

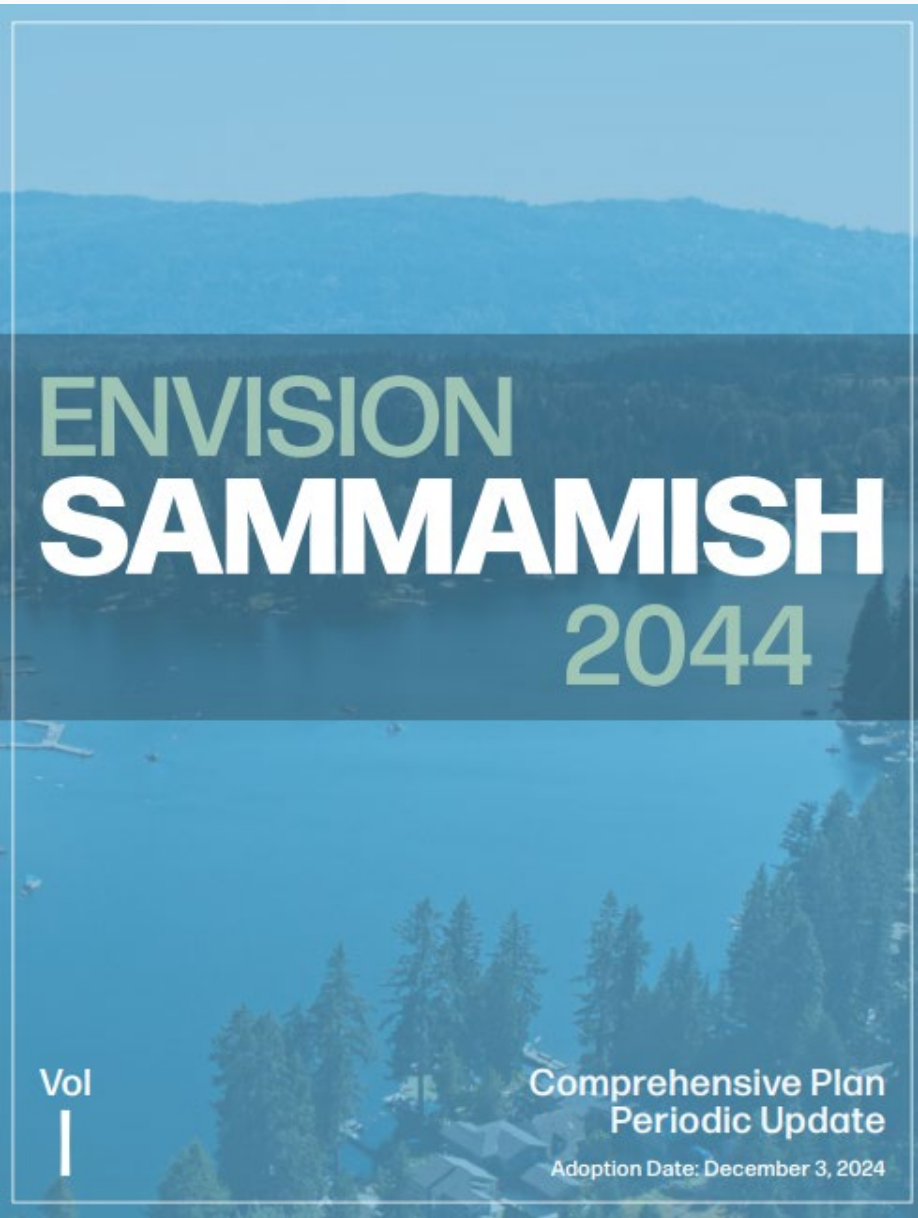
- Conceptual Ingleside Subarea
- Conceptual Pine Lake Subarea
- Conceptual Klahanie Subarea
- Prospective Neighborhood Center

- Lakes
- Streams

*Exact boundaries, land uses, and intensities to be determined during a formal subarea planning effort

Role of Partnerships

- King County
- PSRC
- Commerce
- OFM
- ARCH
- Master Builders
- Individual Builders
- Non-Profit Builders



Common Themes

Community Consensus – *We Need Housing Options*

- Smaller Unit Types
- Diverse Unit Types
- Different Ownership Types
- Varying Affordability Levels
- Retain Existing Housing
- *Facilitate Middle Housing Infill*

Community Consensus – *We Need An Affordable Housing Program*

- City-wide Inclusionary Requirements
- Alternatives (Fee, Land, Location)

Community Consensus – *We Need Planned Growth Areas*

- Focus On Centers – Establish Meaningful Transit
- Redevelopment – Existing Impervious and Underutilized Parking

***What do we do
to solve this?***

***Can solutions
also be
compliant with
mandates?***

Middle Housing Overlay

REGULATORY APPROACH: HB 1110 + HB 1337 Compliant Overlays

Middle Housing Overlays	MHO-1	MHO-2	MHO-3
Applicable Base Zone	R-1	R-4	R-6, R-8
All lots	3 units	3 units; 12 du/ac	3 units; 18 du/ac
Lots with (1) Affordable Unit or if Existing Home is Retained	4 units	4 units; 12 du/ac	4 units; 18 du/ac
Lots ¼ Mile from Existing or Planned Transit Stop	4 units	4 units; 12 du/ac	4 units; 18 du/ac

Comp Plan Implementation

+

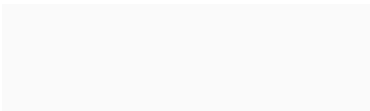
Compliance with State Mandates

Floor Area Ratio
(applies to all overlays)

Two Units	0.65
Three Units	0.80
Four Units	0.95
Five Units	1.10
Six Units	1.25

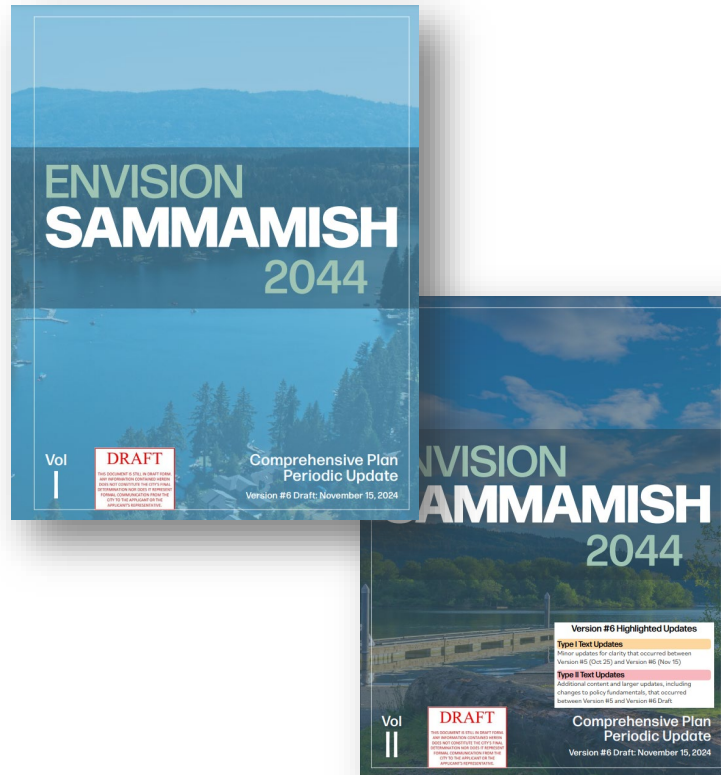
Floor Area Ratio
(applies to R-Zones)

One Unit	0.50
ADU	exempt



Affordability Requirements

Citywide affordable housing requirements are rooted in the 2024 Comprehensive Plan



- **Housing Goal #3 – Provide for a range of housing opportunities to address needs of all economic segments of the community.**
 - H 3.6 – Require or incentivize affordable housing through a refined, city-wide inclusionary zoning program.

Affordability Requirements

REGULATORY APPROACH:



- Increase Allowed Density (Middle Housing Overlay)
- Flexible Unit Categories (ADUs as Middle Housing)
- Simplify Regulations and Permit Process (Building Permit)
- Facilitate Land Division (Unit Lot Division)
- Require Affordability (Inclusionary Program)
- Offer Alternatives (Fee, Land, Location)
- Leverage Exemptions (Unit Size, Type, and Configuration)
- Set Up Program (Resolution)
- Add to Fee Schedule (Resolution)
- Flexible Point Of Payment (Defferal)

Bonus Opportunity:
+1 unit if affordable unit is provided on site, per HB 1110

Inclusionary Requirement:
~10%, likely results in fractional units with fee-in-lieu @ \$34.45/s.f.

Existing Base Zoning/Middle Housing:
no affordability requirement

Comp Plan
Implementation

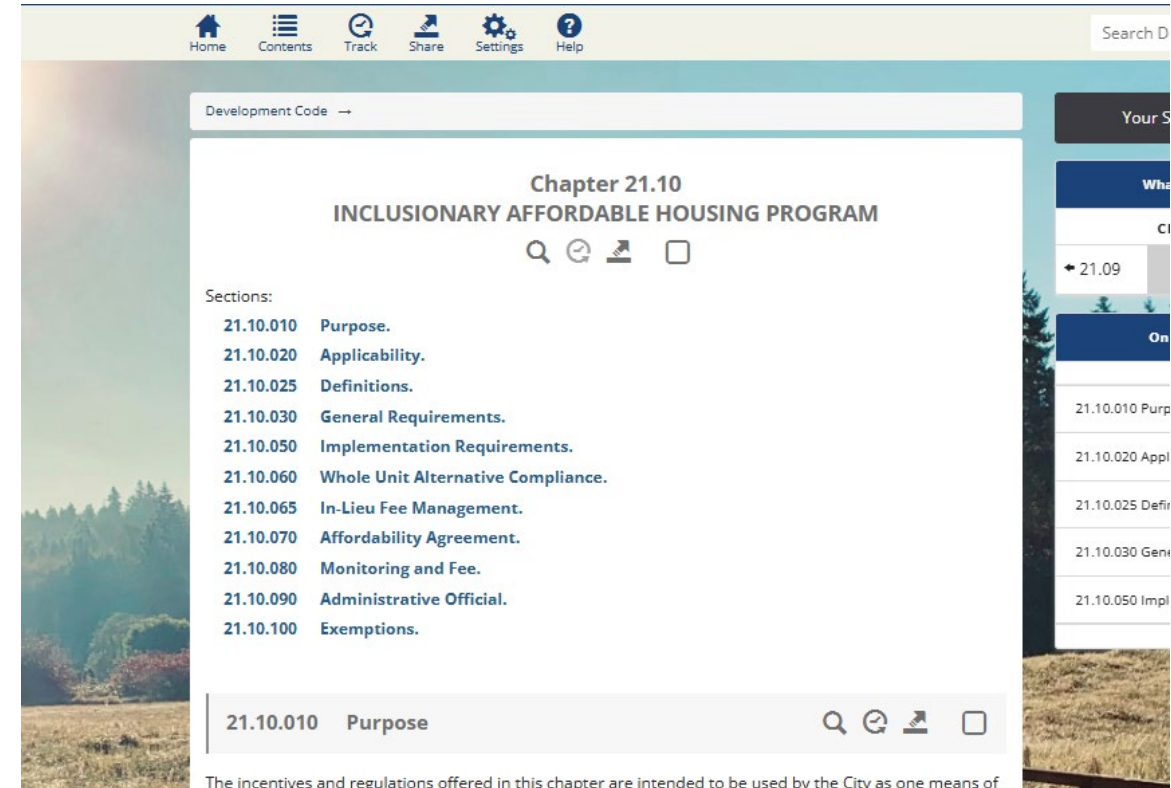
+

Compliance with
State Mandates

Affordability Requirements

Mandatory Inclusionary Affordable Housing - New Municipal Code Chapter

- Requires 10% of all units built be priced at 80% AMI
- Whole units must be built
- Fractional units can pay alternative fee-in-lieu
- Includes alternative compliance pathways
- Units built may be of entry level trim/finish



Affordability Requirements

What is the purpose of a fee?

- Provides an option for smaller scale projects
- Creates a fund that can be amplified
- Can be bundled with general fund dollars and used as a local share towards a funding stack
- Makes a city attractive as a grant applicant to housing philanthropists (Microsoft, Amazon, etc.)
- Funds collected can be more effective than actual construction of one-off units
- Can serve as a tool to influence land economics and push towards smaller units

Affordability Requirements

Fee-In-Lieu: Fee Calculation & Amount

- Fee calculated using model developed by ARCH the utilizes local housing data and market conditions
- Calculated based on project total gross floor area
- Sammamish fee is **\$34.45** per square foot
- Fee is a composite based on several building typologies

Example Calculation

Triplex of Townhomes @ 2,667 sq/ft each

\$34.45 per sq/ft x 8,000 sq/ft = \$275,600 Affordable Housing Fee

Affordability Requirements

80% AMI – Who qualifies and what price?

- Set by ARCH following adopted formula
- Families of 4 would qualify with incomes up to \$141,390 in 2025
- \$1,200,000 3-bedroom townhome would sell for \$385,000
- 2025 80% AMI home prices are:

2-BR	\$329,000
3-BR	\$385,000
4-BR	\$434,000
5-BR	\$466,000

Affordability Requirements

Program Considerations

Question: Should the Affordable Housing in-lieu fee be calculated using a model developed by A Regional Coalition for Housing (ARCH), and is the fee of \$34.45 per square foot appropriate?

Question: How should the funds be held and managed? Managed by the City or by ARCH?

Question: Should a market factor be applied to reduce the fee? How often should fee be revisited?

Question: How should the funds be used? Should any time or dollar limit apply to funds in account?

Affordability Requirements

The Role Of Exemptions

Thresholds:

- Remodels
- Rebuilds
- Expansions under certain sizes
- Units smaller than 1,500 sf

Results:

- Smaller units
- Adaptable structures
- Retention of existing housing stock

EXEMPTIONS
Existing Homes/Remodels
Carve-Out Units
Bonus Units from HB 1110 Affordability or Transit Proximity Requirement
Smaller Units (e.g. <1500 sqft)

Legal Review

- Adoption authorized under RCW 36.70A.540
- Equal application to single family and middle housing under RCW 36.70A.635(6)(b)
- Allowed under RCW 36.70A.635
- Allowed under RCW 82.02.020
- Some risk of challenge

WASHINGTON STATE
LEGISLATURE

Search

Search →

Bills, meetings, and session

State laws and rules

Learn and participate

Legislators

About the Legislature

RCWs > Title 36 > Chapter 36.70A > Section 36.70A.540

Print

36.70A.536 << 36.70A.540 >> 36.70A.545

PDF RCW 36.70A.540

Affordable housing incentive programs—Low-income housing units—Tiny house communities.

(1)(a) Any city or county planning under RCW 36.70A.040 may enact or expand affordable housing incentive programs providing for the development of low-income housing units through development regulations or conditions on rezoning or permit decisions, or both, on one or more of the following types of development: Residential; commercial; industrial; or mixed-use. An affordable housing incentive program may include, but is not limited to, one or more of the following:

(i) Density bonuses within the urban growth area;

(ii) Height and bulk bonuses;

(iii) Fee waivers or exemptions;

(iv) Parking reductions; or

(v) Expedited permitting.

(b) The city or county may enact or expand such programs whether or not the programs may impose a tax, fee, or charge on the development or construction of property.

(c) If a developer chooses not to participate in an optional affordable housing incentive program adopted and authorized under this section, a city, county, or town may not condition, deny, or delay the issuance of a permit or development approval that is consistent with zoning and development standards on the subject property absent incentive provisions of this program.

(2) Affordable housing incentive programs enacted or expanded under this section shall comply with the following:

(a) The incentives or bonuses shall provide for the development of low-income housing units;

(b) Jurisdictions shall establish standards for low-income renter or owner occupancy housing, including income guidelines consistent with local housing needs, to assist low-income households that cannot afford market-rate housing. Low-income households are defined for renter and owner occupancy program purposes as follows:

(i) Rental housing units to be developed shall be affordable to and occupied by households with an income of fifty percent or less of the county median family income, adjusted for family size;

(ii) Owner occupancy housing units shall be affordable to and occupied by households with an income of eighty percent or less of the county median family income, adjusted for family size. The legislative authority of a jurisdiction, after holding a public hearing, may establish lower income levels; and

(iii) The legislative authority of a jurisdiction, after holding a public hearing, may also establish higher income levels for rental housing or for owner occupancy housing upon finding that higher income levels are needed to address local housing market conditions. The higher income level for rental housing may not exceed eighty percent of the county area median family income. The higher income level for owner occupancy housing may not exceed one hundred percent of the county area median family income. These established higher income levels are considered "low-income" for the purposes of this section;

(c) The jurisdiction shall establish a maximum rent level or sales price for each low-income housing unit developed under the terms of a program and may adjust these levels or prices based on the average size of the household expected to occupy the unit. For renter-occupied housing units, the total housing costs, including basic utilities as determined by the jurisdiction, may not exceed thirty percent of the income limit for the low-income housing unit;

(d) Where a developer is utilizing a housing incentive program authorized under this section to develop market rate housing, and is developing low-income housing to satisfy the requirements of the housing incentive program, the low-income housing units shall be provided in a range of sizes comparable to those units that are available to other residents. To the extent practicable, the number of bedrooms in low-income units must be in the same proportion as the number of bedrooms in units within the entire development. The low-income units shall generally be distributed throughout the development and have substantially the same functionality as the other units in the development;

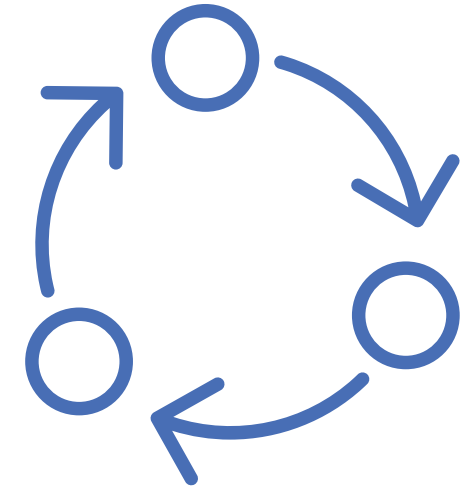
(e) Low-income housing units developed under an affordable housing incentive program shall be committed to continuing affordability for at least fifty years. A local government, however, may accept payments in lieu of continuing affordability. The program shall include measures to enforce continuing affordability and income standards applicable to low-income units constructed under this section that may include, but are not limited to, covenants, options, or other agreements to be executed and recorded by owners and developers;

(f) Programs authorized under subsection (1) of this section may apply to part or all of a jurisdiction and different standards may be applied to different areas within a jurisdiction or to different types of development. Programs authorized under

Affordability Requirements

Implementation – How is it going?

- Has not resulted in a drop in permit activity
- In many cases developers prefer the fee to building a unit
- Anticipate collecting \$1 to \$1.5 million in the first full year
- Promotes middle housing - designers can be creative
- Increased interest in smaller units (cottages)
- Change in builders
- Building industry pushback



An aerial photograph of a suburban neighborhood. In the foreground, there are rows of modern, two-story houses with blue roofs. The middle ground shows a mix of residential houses and a large school complex with multiple buildings and green fields. The background is dominated by a dense forest of evergreen trees, with a body of water visible in the distance under a cloudy sky. A large, semi-transparent blue rectangular box is positioned at the top of the image, containing the text 'Thank You!' in white.

Thank You!

David Pyle
Community Development Director
City of Sammamish
dpyle@sammamish.us

REDMOND »»» 2050 From suburb to city

Better Housing Outcomes from State and County Mandates: Affordability Mechanisms in Middle Housing

City of Redmond

2025 - **APA WA Conference - Session 8C**

Ian Lefcourte, Principal Planner, AICP



Redmond Facts

King County

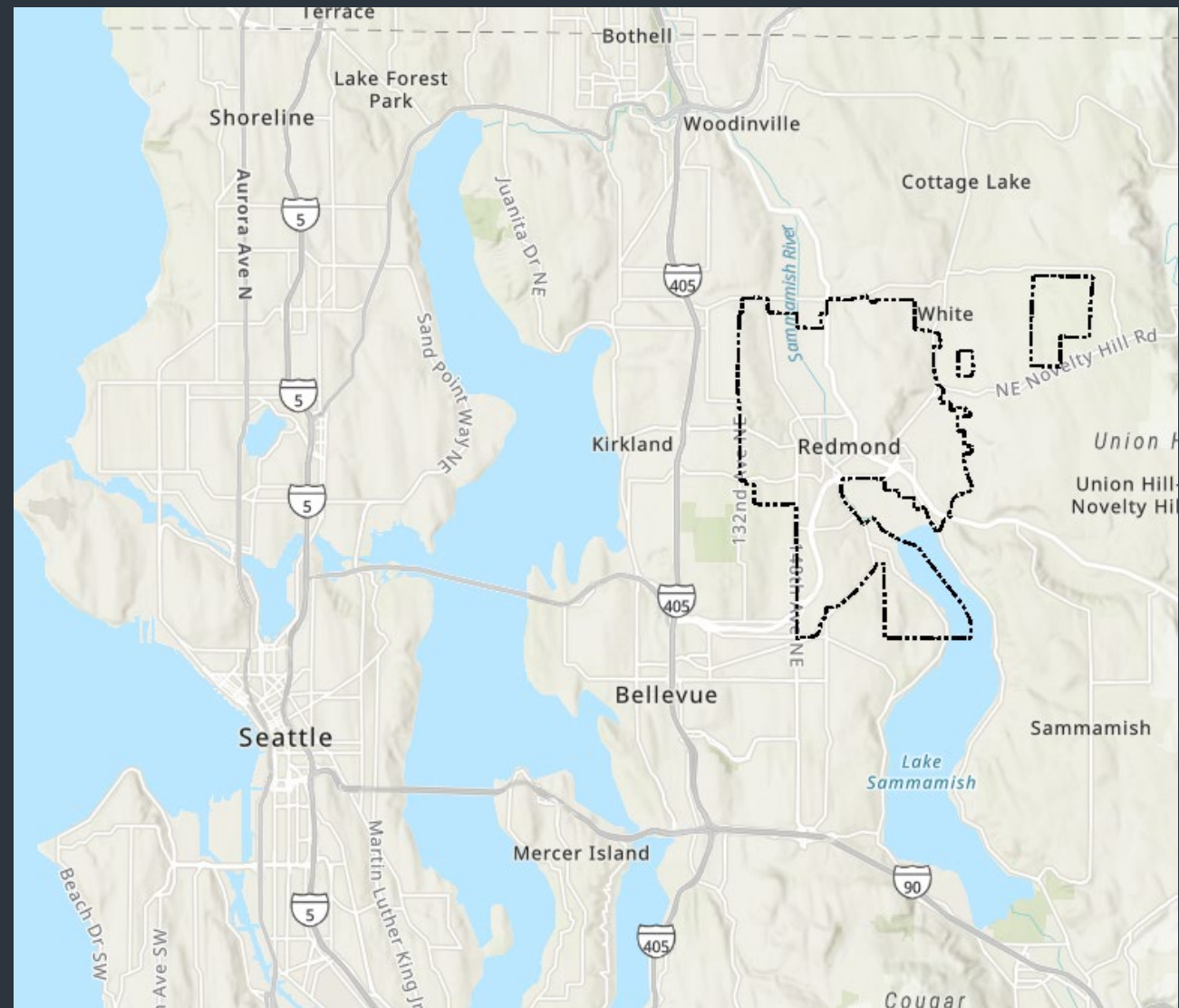
Area: 17.25 square miles

- Approximately 15,000 parcels
- Largely “built out”

High household median income

Population of ~82,400

- 2020 OFM Population: 73,256
- HB 1110: **Tier 2**



Redmond 2050 Approach to Housing

- Promote diversity of housing choices
- Promote homeownership opportunities
- Accommodate King County Countywide Planning Policies (CPPs)
 - And other requirements: state requirements, Puget Sound Regional Council, etc.
- Recognize most need is for **50% AMI**
- Redmond is a **Tier 2** city meeting **Tier 1** requirements (and more!)
- Comprehensive Plan Adopted **November 2024**.



Community Engagement

Engagement Statistics

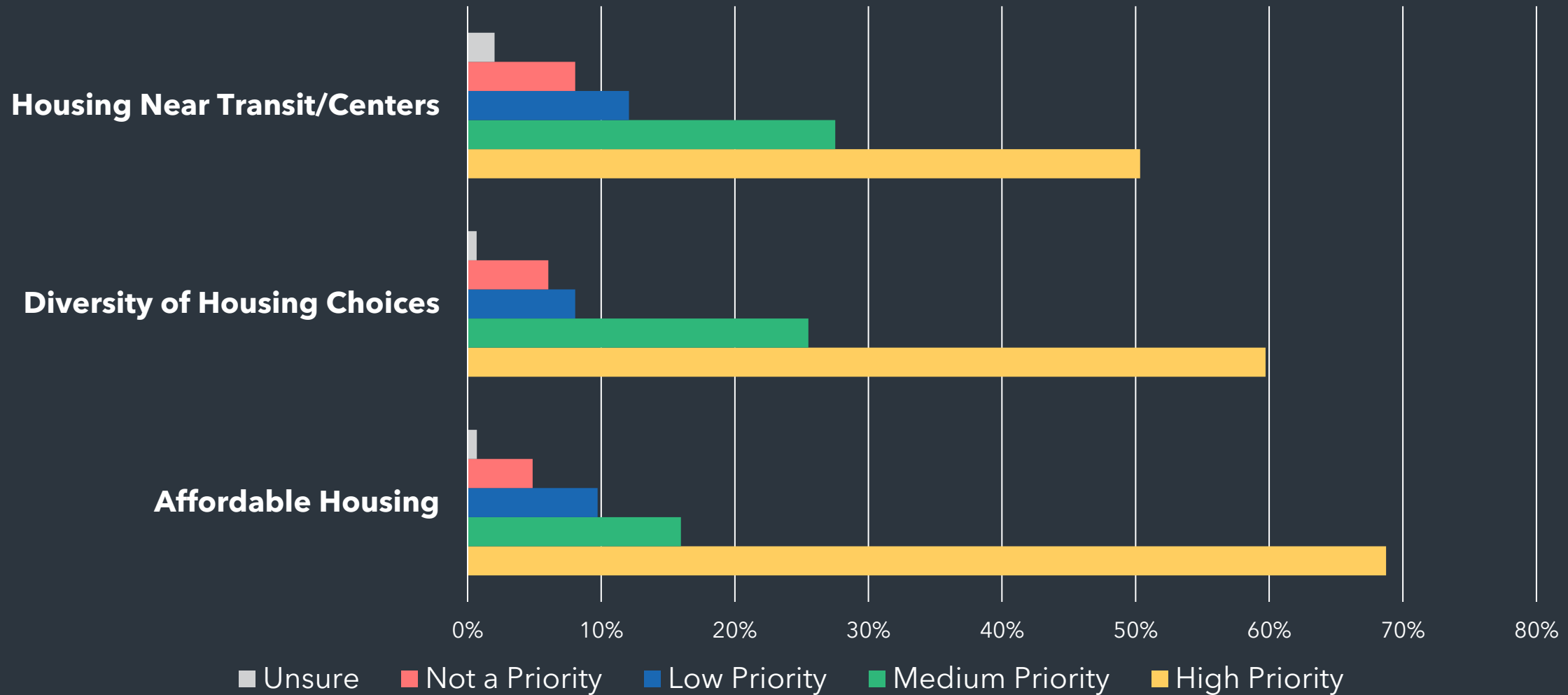
- 100+ events
- 200+ commission/committee meetings
- 20+ focus groups
- Several thousand comments

Engagement Approaches

- Iterative
 - "Funnel"
 - "This" or "That"
- Qualitative feedback
- Meet people where they are at
- Less technical, more values
- Shorter, but more plentiful, questionnaires



Housing Needs Assessment Survey



Housing Needs Assessment Survey, 2021

Redmond Housing Targets and Estimated Affordable Housing Need

	Total Units	≤30% AMI		AMI	AMI	AMI	AMI	AMI
		Non-PSH	PSH	>30 - ≤50%	>50 - ≤80%	>80 - ≤100%	>100 - ≤120%	>120%
Baseline Housing Supply: 2019	31,739	753	58	1,404	2,184	9,270	4,839	13,231
KC CPP Net New Housing Needed: 2019-2044	20,000	7,025	3,694	3,870	2,765	348	394	1,904
KC CPP Total Future Housing Needed: 2044	51,739	7,778	3,752	5,274	4,949	9,618	5,233	15,135
Extrapolated KC CPP Net New Housing Needed: 2019-2050	24,800	8,711	4,581	4,799	3,429	432	489	2,361
Extrapolated KC CPP Total Future Housing Needed: 2050	56,539	9,464	4,639	6,203	5,613	9,702	5,328	15,592

> 70% of need is at 50% AMI and below

Land Use Designation and Zone Consolidation

2030 Land Use	2030 Consistent Zoning
Single-Family Constrained	R-1, R-2, R-3
Single-Family Urban	R-4, R-5, R-6, R-8, RIN
Multifamily Urban	R-12, R-18, R-20, R-30

2050 Land Use	2050 Consistent Zoning
Neighborhood	Neighborhood Residential (NR) Neighborhood Multifamily (NMF) Neighborhood Mixed Use (NMU)

RZC 21.08 Neighborhood and Mixed-Use Zones

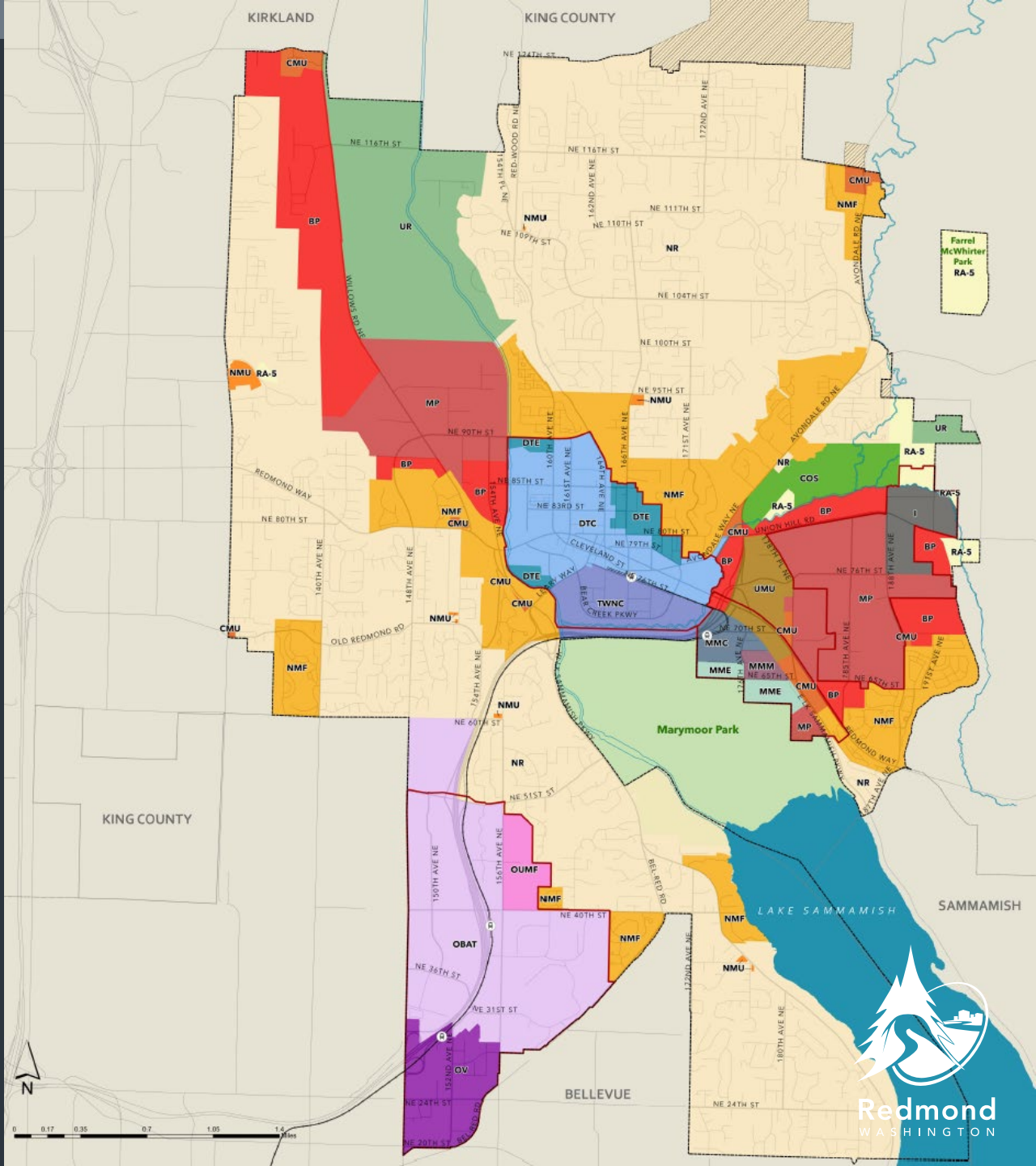
Neighborhood Residential (NR)

Neighborhood Multifamily (NMF)

Neighborhood Mixed-Use (NMU)

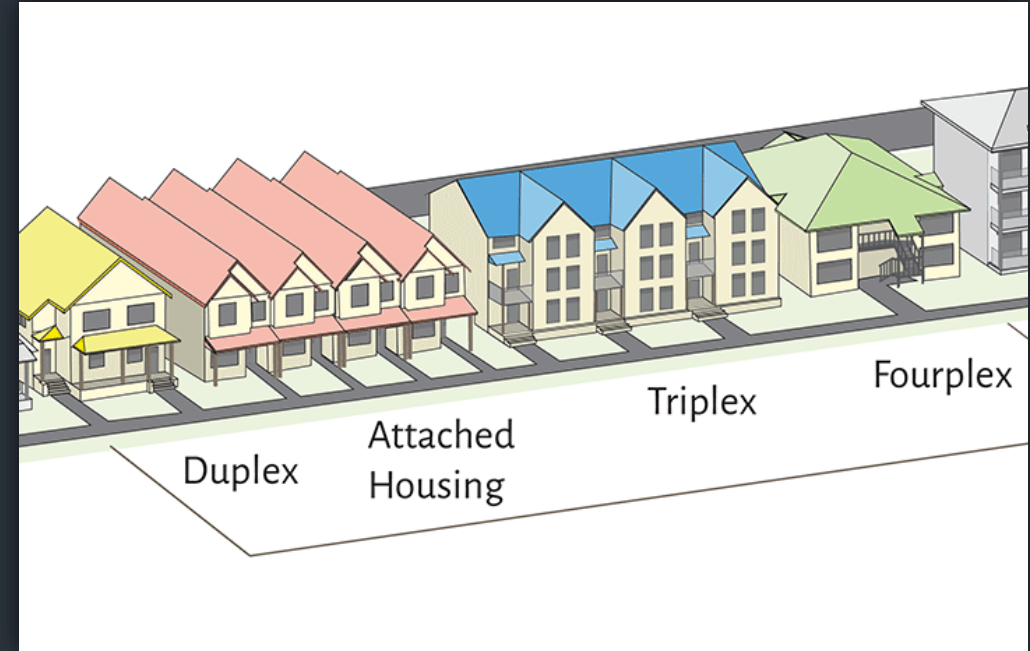
Corridor Mixed-Use (CMU)

Urban Mixed-Use (UMU)



Neighborhood Residential (NR) Zone

- Supports legislation
 - **HB1220**: Support housing affordable to all incomes
 - **HB1110**: Allow all types of Middle Housing
- **Requires** affordability (mandatory)
- Design Standards: Streamlined
 - “Menu” approach. Code lists # of acceptable design features, pick 4.
 - Agnostic towards typology
- Developments standards ~= old R-8 zone
 - Small changes increase development capacity



With increased development capacity comes opportunity for **affordability**.

NR Dwelling Units allowed Per Lot

Each single (1) lot in the Neighborhood Residential zone may have up to:

- **Six** dwelling units per lot if on-site affordable housing unit is **not** provided.
- **Eight** dwelling units per lot if an on-site affordable housing unit **is** provided.



Market



Market



Market



Market



Market



Market



Affordable



Market



Market



Market



Market



Market



Market



Market

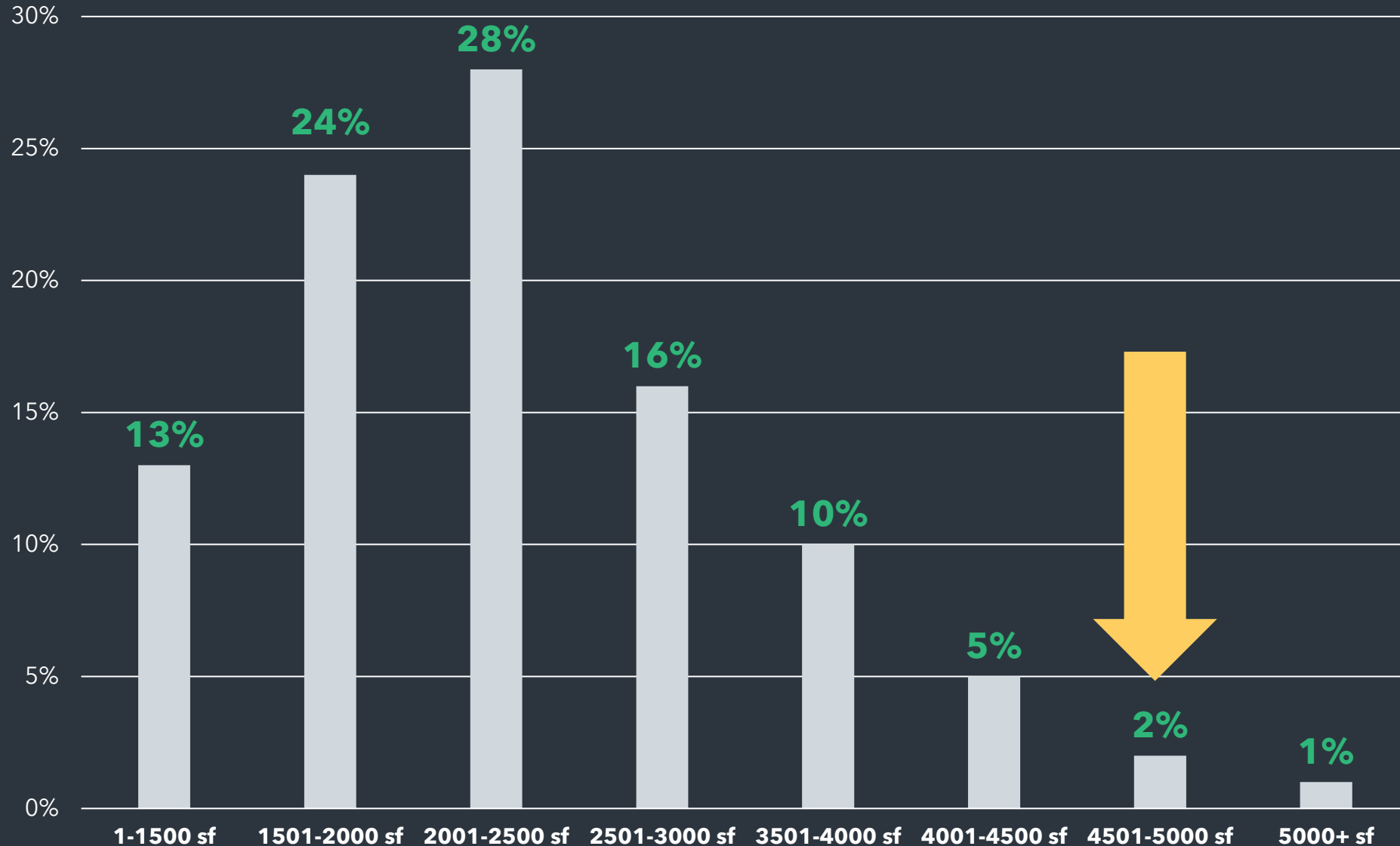
NR Max Structure Square Footage Limits

Table 21.08.143B.4. Maximum Total Gross Floor Area for All Structures
Within the Lot

Standards	
The maximum for the total square footage for all <u>structures</u> within the lot <u>shall</u> be determined by the quantity of <u>dwelling units</u> provided on the lot. Below <u>grade</u> floor <u>shall</u> count toward maximum total <u>gross floor area</u> .	
Total number of <u>dwelling units</u> for all <u>structures</u> on lot	Maximum square footage for all <u>structures</u> on lot
1	4,500
2	6,000
3	7,500
4	9,000
5	10,500
6	12,000
7	13,500
8	15,000

- NR zone also **regulates total structure square footage per lot, based on # of units on that lot.**
 - Sliding scale of allowed square footage.
 - Regulates bulk.
 - Incentivizes smaller units, more units.
- Guardrail to ensure structure size is consistent with community values.

Percent Share of Single-Family Dwelling Units By Total Living Area Square Footage (sf) bin



King County
Assessor's Data for
City of Redmond

11,559 records for 1
living unit

Average for Single-
Family Units: 2,325 sf

**96.75% of
structures have
square footage
less than 4,501 sf**

Typical Housing Strategies for Different Income Levels

Area Median Income	Types of Affordable Housing Strategies	Examples	
120% +	Market Rate	<ul style="list-style-type: none"> • Market Rate Housing • Flexible Zoning • "Missing Middle" 	<ul style="list-style-type: none"> • "Size Limited" Homes • Innovative Housing • Partnerships
110%			
100%			
90%			
80%	Land Use Regulations and Indirect Assistance	<ul style="list-style-type: none"> • Inclusionary Zoning • Multifamily Tax Exemption • Minimum Density 	<ul style="list-style-type: none"> • Density / Height Bonuses • Fee Waivers • Partnerships
70%			
60%			
50%			
40%	Direct Assistance	<ul style="list-style-type: none"> • Housing Trust Fund • CDBG • LIHTC • Surplus Land • First-Time Buyer Loans 	<ul style="list-style-type: none"> • Nonprofits / KCHA • Special Projects • Fee Waivers • Partnerships
30%			
20%			
10%			



NR Affordability Requirements

Requirement: 12.5% of dwelling units at 80% AMI

- For NR developments of **8 or more** units:
 - Fractional affordable housing units round up or down.
- For NR developments of **7 or fewer** units:
 - Fractional affordable housing units do **not** round up or down.
 - Fractions are converted into Payment In Lieu (PIL)
 - If an on-site 80% AMI unit, then exempt from fee.



Affordability Report From ARCH

NR Affordability Payment In Lieu (PIL)

- Total obligation owed:
 - (Net new square footage) * applicable Payment In Lieu (PIL) rate.
- Payment due before sheetrock inspection (or equivalent).
- Phase-In Provision provides applicant discount based on calendar year.

Neighborhood Residential Zone Developments with 7 or Fewer Dwelling Units			
Calendar Year	Baseline PIL Rate (Dollars Per Square Foot)	% of PIL to be Calculated	Applicable PIL Rate
2025	\$30	25%	\$7.50
2026	\$30	50%	\$15
2027	\$30	100%	\$30
If 1 on-site cost-controlled affordable housing unit is provided, development is exempt from affordable housing PIL obligation for all units.			

Fee Schedule

NR Payment In Lieu (PIL) Analysis and Methods

A. Inputs:

- Site Acquisition Cost
 - Recent sales of lots (<1 acre, <\$1.5M)
 - Standardized \$/acre or \$/sq. ft.
- New Construction Cost
 - Site prep, hard/soft costs, parking, fees, financing, developer fees
 - Hard costs vary by prototype & market expectations
- Future Sale Price
 - Comparable prototype sales
 - \$/sq. ft. basis by typology and unit size

B. Outputs:

- Financial feasibility
- Target: $\geq 15\%$ investor profit margin (excl. developer fee)

C. Informing Policy:

- Policy informed by “excess profit”
 - Excess profit: $> 15\%$ investor profit margin
- Delta between market-rate and affordable sale prices
 - Where excess profit $<$ delta
 - Consider Payment In Lieu (PIL)
 - Where excess profit $>$ delta
 - Consider on-site affordable unit

Redmond Key Takeaways



1. Mandatory Inclusionary Zoning Creates Affordable Housing
 1. On-site cost-controlled unit
 2. Fee-in-lieu
2. Simplification and Streamlining Saves Time, Money, and Stress
3. Middle Housing Regulations are Attainable
 1. Can incentivize diverse property sizes
 2. Can incentivize greater density
 3. Can provide affordable housing utility
4. Market-Rate Middle Housing = Less Expensive, But Not Affordable
5. Financial and Development Analysis is Vital
 - Thank you: A Regional Coalition for Housing ([ARCH](#))



7 Key Lessons:

1. **Turn Mandates Into Opportunities:** This is a chance to tackle politically or socially challenging issues.
2. **Grab Existing Tools:** Reference existing State/County/Agency tools to save time and meet requirements.
3. **Connect the Housing Dots:** Show how land supply, growth targets, housing allocations, and middle housing all fit together to make a more equitable housing ecosystem.
4. **Builders Are Partners, Not Opponents:** For-profit builders are essential to meeting housing needs. Success depends on keeping projects financially feasible and working with them, not against them.
5. **Think Bigger by Building Smaller:** Push builders to focus on smaller, but more plentiful, attainable homes.
6. **Progress, Not Perfection:** Even “minor” progress in affordability matters. Some is better than none.
7. **Require It to Get It:** Incentives help, but lasting change often comes from strong policies and regulations. Consider mandatory affordability if your local conditions allow. If affordability is required, affordability is built.



Thank You! Questions?



Joyce Phillips, AICP
Long Range Planning Manager
City of Olympia
jphillip@ci.olympia.wa.us



David Pyle, AICP
Community Development Director
City of Sammamish
dpyle@sammamish.us



Ian Lefcourte, AICP
Long Range Planning Principal Planner
Planning & Community Development
ilefcourte@redmond.gov