


LESSONS LEARNED: EFFECTIVE HOUSING STRATEGIES

Washington APA Conference
Spokane

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Geoff Wentlandt

Speakers

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About This Session

- Collaboration with Art in Woodinville and Sammamish
 - Strategies for effectively integrating BOTH a diversity of housing types and affordable housing

Emphasis

- Finding a list of strategies is easy
- Getting effective strategies approved is much harder!

The ARCH Experience


with Arthur Sullivan

- GMA planning framework
- City strategies & tools
- State legislation tools
- Lessons learned

The Seattle Experience

with Geoff Wentlandt

- Infill Lowrise Multi-family Housing
New zoning chapter adopted, 2010
- Micro-housing
New regulations adopted October, 2014




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Arthur Sullivan - ARCH



Planning Framework: GMA Provisions Related To Housing



- Goals (RCW 36.70A.020(4)):
 - Housing affordable to all economic segments.
 - Variety of residential densities and housing types.
 - Preservation of existing housing stock.
- Comp Plans required (RCW 36.70A.070(2)) to have housing elements that includes:
 - Analysis of existing and projected housing needs.
 - Sufficient land for housing.
 - Provisions for needs of all economic segments.

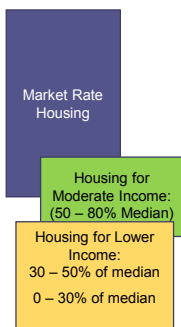
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CITY STRATEGIES/TOOLS

Diversity of Strategies

- Use Range of Types of Tools
 - No one resource can meet needs.
 - Layering of Strategies
- Address Variety of Populations/Needs
- Maximize 'Market' meeting local needs
- Integrate into broader community

Range of Strategies



- Market increase diversity and general affordability
 - Housing Capacity to accommodate growth
 - Allow diversity of housing – multifamily/ small single family/ microunits / senior housing
- Incentive to create affordability through market (generally moderate income).
 - Accessory Dwelling Units
 - Land Use density incentives:
 - Multifamily Property Tax Exemption
- Direct assistance program for lower income housing (generally lower income).
 - Direct Funding (ARCH Housing Trust Fund)
 - Leverages other public fund sources
 - Surplus Land
 - Impact Fee Waiver

Layering of Strategies

<p>Total: \$280,000</p> <p>\$280,000</p> <p>Value per Market Rate Rental Residential Unit</p> <p>Market Rate Unit</p>	<p>Total: \$480,000</p> <p>\$80,000 Value Exemption</p> <p>\$200,000</p> <p>Value per affordable unit at 80% Median (market rent of 100% median)</p> <p>A. NPFE with minimum State Affordability (100% median income)</p>	<p>Total: \$201,000</p> <p>\$44,000 Value Exemption</p> <p>\$140,000</p> <p>Value affordable unit using State affordability (75% - 84% median as avg of 75%)</p> <p>B. NPFE Alone</p>	<p>Total: \$224,000</p> <p>\$64,000 Value Exemption</p> <p>\$100,000 Value of food use FAS Incentive</p> <p>\$60,000 Value affordable unit at 60% median</p> <p>C. NPFE w/Coverage</p>
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TOOLS: STATE LEGISLATION



- Land Use Incentives
- Multifamily tax exemption
- Impact Fee Waiver
- State funding for affordable housing
 - Housing Trust Fund (statewide)
 - Document Recording fees for housing/homeless(local/statewide)

TOOLS: STATE LEGISLATION
Regulatory Incentives: RCW 36.70A.540 (2007/09)

- Land Use incentives
 - Density / Parking / Fees / etc
- Minimum affordability requirements
- Separate standards for high cost counties / ownership vs rental
- Require covenant
 - 50 Years / Mix of Units / Same tenure
- Allows Alternative Compliance
- Can apply to residential or commercial

TOOLS: STATE LEGISLATION
Regulatory Incentives: RCW 36.70A.540

- Summary of different approaches to land use incentives
 - Voluntary under existing zoning
 - Rezone with voluntary provisions
 - Rezone with mandatory provisions
 - Mandatory under existing zoning


TOOLS: STATE LEGISLATION
Multifamily Tax Exemption RCW 84.14 (2007)

- Exemption is for either 8 or 12 years.
- For 12-year exemption, public benefit must include 20% affordable housing.
- Exemption is only on improvement value of the multifamily units.
 - (Taxes are still paid on the land and on non-residential uses).
- Available in city established Residential Target Area (RTA).
- Cities flexibility to establish program incentives and requirements.

TOOLS: STATE LEGISLATION
Impact Fee Waiver: RCW 82.02.060 (2012)

- Waive up to 80% of impact fees without test of replacing with other public fund sources.
- Can waive 100% of impact fees, but last 20% has replace with other public funds requirement
- covenant to ensure long term affordability
- affordable up to 80% of median income
- Discretion for local parameters

LESSONS LEARNED / KEYS TO SUCCESS




SOME KEYS TO SUCCESS

- Education Program
- Act in Ways to Build Community Support/Trust
 - Community Values
- Sensitive to Development Needs
 - Reduce direct costs
 - Reduce builder risk
 - Clarity (but still some flexibility)
- Don't Forget to think about Administration

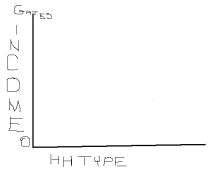
Education Program

- Presenting Data
 - Focus on most critical data – key themes
 - Clarify what 'affordable housing' means
 - Present information in ways meaningful to the community.
 - Put a face on needs
 - Talk about myths / misconceptions
 - e.g. Reduced Property values



Education Program

- Present data in a meaningful way
 - Engage audience in identifying needs.
 - Talk About who might live in affordable housing
 - Let the group define needs.



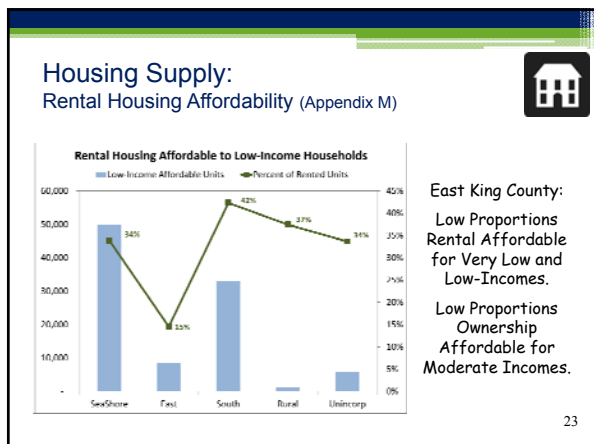
Planning Framework: Affordability Guidelines (2013)

	1 Person (Studio)	2 Persons (1-bedroom)	4 Persons (3-bedroom)
VERY LOW INCOME (30% Median Income)			
Household Income	\$18,207	\$20,808	\$26,010
Rental	\$455	\$520	\$650
LOW INCOME (50% Median Income)			
Household Income	\$30,345	\$34,680	\$43,350
Rental	\$759	\$867	\$1,084
MODERATE INCOME (80% Median Income)			
Household Income	\$48,552	\$55,488	\$69,360
Rental	\$1,214	\$1,387	\$1,734
Owner	\$182,000	\$207,500	\$258,000
2013 Median Family Income (Family of 4)	\$86,700		

SAMPLE EMPLOYMENT


ERIC Affordable Housing Development (Best Levels: 30% - 60% Median Income)

Employment Field	Number
Sample employees	
Medical	9
Anglo Senior Living	
Podiatric Associates	
VCA animal hospital	
Swedish Hospital	
Education / Child support	14
UW Washington SD	
University of Washington	
Eastside Academy	
Children's Home	
Bellevue College	
Retail/Restaurant	39
Frost Meyers	
Costco	
Renkerry's	
Ridge Supermarket	
Starbucks	
Walgreens	
XOX Restaurant	
Office / Financial / Administrative	11
Wells Fargo Bank	
Midland Auto Group	
Parish Legal Services	



LEARN FROM THE COMMUNITY

- NO SUCH THING AS A NIMBY
- COMMUNITY VALUES - TWO TIERS
 - PERSONAL / COMMUNITY VALUES
 - AFFORDABLE HOUSING VALUES



LEARN FROM THE COMMUNITY

- PERSONAL / COMMUNITY VALUES
 - GOOD COMMUNITIES INCLUDE GOOD SCHOOLS, GOOD ACCESS / OPEN SPACE / SAFETY / GOOD APPEARANCE
 - STABILITY
 - PERSONAL ACCOUNTABILITY / RESPONSIBILITY
 - HOMEOWNERSHIP
 - PEOPLE SHOULD HAVE A CHOICE IN WHERE THEY LIVE
 - VIBRANT COMMUNITY

LEARN FROM THE COMMUNITY

- AFFORDABLE HOUSING VALUES
 - PROVIDE A VARIETY OF SOLUTIONS
 - CREATE COMMUNITY AWARENESS
 - PARTNER WITH THE COMMUNITY
 - CONTRIBUTE TO STABILITY OF RESIDENTS AND COMMUNITY
 - PEOPLE SHOULD HAVE A CHOICE IN WHERE THEY LIVE
 - BROAD SHARING OF RESPONSIBILITY IN COMMUNITY
 - DON'T CREATE OLD STYLE 'AFFORDABLE HOUSING'

Working with Developers

- Assess Economics
 - Balance Costs to Benefits
 - Sensitive to local conditions.

ECONOMIC ANALYSIS OF AFFORDABILITY INCENTIVES					
IMPACT OF PROVIDING AFFORDABLE UNITS					
MARKET HOUSING		ONE BEDROOM UNIT		TWO BEDROOM UNIT	
Market Rent	\$ 1,875	\$ 1,275	\$ 1,800	\$ 2,400	\$ 3,000
AFFORDABILITY OBJECTIVE					
Monthly Rent Cap	\$ 825	\$ 825	\$ 825	\$ 825	\$ 825
Monthly Rent Gap (market rent - affordable rent)	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175
Number of Units	1	1	1	1	1
Annual Incentive	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175
Net Present Value	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175

VALUE OF PUBLIC INCENTIVES (Higher Density / Mixed Use Housing)					
Development Opportunity					
Development Opportunity		ONE BEDROOM UNIT		TWO BEDROOM UNIT	
Market Rent	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Monthly Rent Gap	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175
Number of Units	1	1	1	1	1
Annual Incentive	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175
Net Present Value	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175

PERMITTING/USE COSTS					
Permitting/Use Costs		ONE BEDROOM UNIT		TWO BEDROOM UNIT	
Market Rent	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Monthly Rent Gap	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175
Number of Units	1	1	1	1	1
Annual Incentive	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175
Net Present Value	\$ 1,050	\$ 450	\$ 975	\$ 1,575	\$ 2,175

Working with Developers:

- Understanding Risk
- Impacted by:
 - Timing
 - Certainty and Flexibility
 - Market
- Design programs that help to reduce Risk
 - Cash Outlay
 - Time
 - Market risk



Working with Developers

- Dealing with Challenges by Developers
 - Land use programs put burden on just one segment of the market
 - Will pass the cost onto the market rate units
 - More likely impact: stop development or impact land values
 - Legal challenges
 - Mandatory programs not allowed
 - Covenants are rent control which is not allowed
 - Legal rulings from other States
 - In-lieu same as impact fee (not allowed for housing)

Program Administration

- Consciously think through administration
 - Elements:
 - Initial contracts for individual projects
 - Ongoing monitoring
 - Not a typical role of local government
 - May need specialized staff
- ARCH assists with administration of all members local programs.
 - Consistency in approach
 - Learn from each other



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City of Seattle



Effective Local Housing Strategies

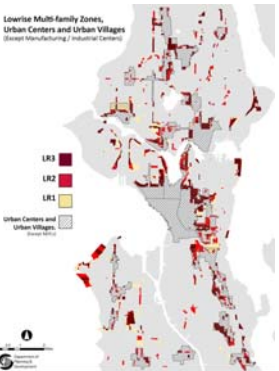
City of Seattle Lessons Learned Variety of Housing Types -Market Strategies

- Infill Lowrise Multi-family Housing
New zoning chapter adopted, 2010
- Micro-housing
New regulations adopted October, 2014




Effective Local Housing Strategies

Lowrise (LR) Multi-family Zones




- LR zones occupy about 11% of the City's land area (non ROW).
- Located in transition areas - edges of urban centers and villages, and along arterial roadways.





Effective Local Housing Strategies

Lowrise Multi-family Zones: Before 2010 Major Update




- Townhouse '6-packs' were predominant.
- Little rental housing was being produced.
- Density of development was lower than expected targets.
- Formula designs were common.

Effective Local Housing Strategies






2010 Update of the Lowrise multi-family zoning code

- Promoted variety of housing types:
Rowhouse, Townhouse, Apartments, Cottages
- Varied the standards depending on location within urban center or village - directing more compact growth to centers.
 - Increased flexibility:
Reduced setbacks; introduced FAR; raised height limits.
Removed density limits & parking requirements. (certain instances)
- Incentivized green building and better parking access.



Effective Local Housing Strategies

New code promotes a variety of multifamily housing types. Form-based standards.

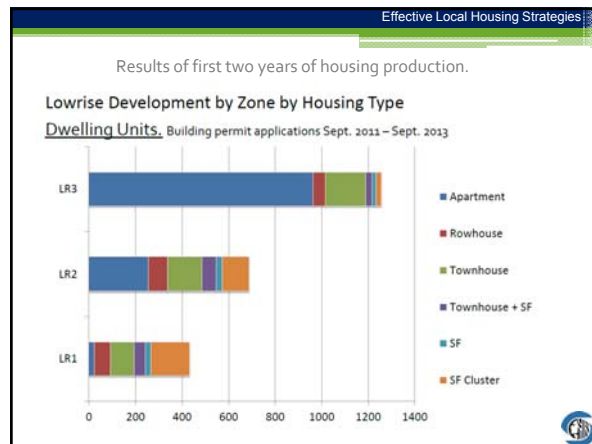






Effective Local Housing Strategies




Rowhouses in NYC

- Considers historic best practices in lowrise housing design.
 - Raised first level
 - Allow 4-stories
- Promotes more 'urban' formats.
 - Reduced setbacks
- More flexible height limits and rooflines
 - Introduced FAR
- Green factor performance standard for landscaping.



Effective Local Housing Strategies



Example rowhouse development. 7 new rowhouse units located on two former city lots. 7 parking stalls at back of site.

Effective Local Housing Strategies



Better, completed project
Photo coming.

Example 70 unit infill apartment development. No on site parking. University District. Privately produced housing marketed to students.

Effective Local Housing Strategies

Lowrise Multifamily Housing Lessons Learned

- Flexible standards helped spur rental housing production.
 - Especially reduced parking, and no density limits.
 - Form-based standards encouraged variety of housing.
- Higher densities were achieved (underbuilding was curbed).
- Greater perceived height / bulk of infill not always welcomed.
- Strong pushback about perceived spillover parking impacts.
- New housing production not usually at affordable price points.

Effective Local Housing Strategies

Micro-housing
 AKA Small Efficiency Dwelling Units

- Innovative housing model surfaced in Seattle around 2009.
 - Groups of small sleeping rooms around a shared kitchen, or private market congregate residences.
- Didn't fit neatly into regulatory framework.
- Controversial in neighborhoods.
- New regulations adopted, Oct. 2014.



Seattle Planning Commissioners touring micro-housing.

Effective Local Housing Strategies

Micro-Housing or Congregate Residences, Urban Centers & Urban Villages
August, 2014

Available all projects with aerial photography are shown. Housing of long-term residential tenants are indicated by red dots.

Legend:
■ Urban Center
■ Multi or Residential Urban Villages
● Micro-Housing or Congregate Residences

- About 64 development projects proposed 2009 – 2014.
- About 3,600 total 'sleeping rooms' proposed.
- Located in compact, high-walkscore areas. Usually within urban centers and urban villages.
- About 20 projects are now complete (C of O).

Effective Local Housing Strategies

Typical sleeping room was about 120 – 180 sf

Note: As a sleeping room (bedroom) contained within a Dwelling Unit, builders were able to create smaller living quarters. The International Building code otherwise requires studio dwelling units to have a sleeping room of 220 square feet.

Medium Parking Space= 128 sf

Sleeping room Example = 150 sf

Basketball Court Lane = 180 sf

Effective Local Housing Strategies

Are They Affordable?

- Sleeping rooms typically rent for between \$500 - \$800 / month
 - \$663 average based on a 331-micro sample in 2013.
 - Often includes utilities, some furnishings and internet
 - A few top floor sleeping rooms with lofts are \$1,000+
- Average market rate rents for conventional studios 2008 and newer:
 - Capitol Hill / Eastlake: \$1,370. First Hill: \$1,495.
- Popular with Students, lower wage workers, people in transition.
 - Reported occupants: ~75% employed, ~20% students
- However, on a per Sq. Ft. basis, rents are high (\$3.15 + / sq. ft.)

Effective Local Housing Strategies

Example, prior micro-housing model:

- Townhouse format
- 8 Dwelling Units
- 56 "sleeping rooms"
 - No parking
 - Total: 13,848 gsf
- Avoided design review

Effective Local Housing Strategies

Example, prior micro-housing model:

- Apartment format
- 5 Dwelling Units
- 39 "sleeping rooms"
 - No parking
 - Total: 11,614 gsf
- Avoided design review

Effective Local Housing Strategies

Prior micro-housing model example: partial kitchen (left), bathroom enclosure and partial kitchen (right).

Effective Local Housing Strategies

Prior micro-housing model example: sleeping room(left); building in context (right).

Effective Local Housing Strategies

New Regulations

- Continue to allow a version, to support a lower cost housing choice.
- Requires design review based on the overall size of the building, and ensures livability of the housing.
- Shifts to complete "Small Efficiency Dwelling Units" (SEDUs) instead of the shared kitchen micro-housing model.
 - New Land Use Code criteria disallows interior configuration as group living arrangements.
- Local interpretation of the building code allows the entire Dwelling Unit to be as small as 220 sq. ft.
 - Requires two sinks (one inside and outside of the bathroom).
- Only allows Congregate Residences for special needs, or not-for-profit produced housing in most locations in the city.

Effective Local Housing Strategies

Micro-Housing

Groups of up to 8⁺ sleeping rooms within a single Dwelling Unit. Each sleeping room has a private bathroom, shares a common kitchen or other common features.

* Seattle has an 8 unrelated persons maximum household size.

Dwelling Unit
Up to 8 sleeping rooms around a shared kitchen.
- Sleeping Room with private bath.
- Min. Size 70sf + bath.
- No full kitchen.

Shared Kitchen.
Serves groups of up to 8 persons.
- Minimum 120 sf.
- Must include stove, sink.

Small Efficiency Dwelling Units

Independent living within a dwelling unit, with few or no shared / common building features. Each dwelling unit has its own full bathroom and full kitchen or kitchenette along with the sleeping room.

** Local interpretation of International Building Code.

Small Efficiency Dwelling Units **
- Minimum size 220 sf.
(Includes kitchenette & bath.)
- Kitchenette with sink and cooking appliance. (A microwave is OK.)
- Min. 150 net sf sleeping room.

Legend

- Sleeping Room or Small Efficiency Dwelling Unit.
- Shared or Common space.
- Kitchen.
- Private Bathroom. (At least 3/4).

Effective Local Housing Strategies

Micro-housing Lessons Learned

- Very small housing units are meeting a specific housing need.
- Very small housing units can provide a lower-cost housing choice.
- Be prepared to regulate emerging formats of housing, including how to treat group housing arrangements.
- Consider interplay of Land Use and Building Code interpretations.
 - Many other cities nationally are dealing with this topic.
 - (San Francisco and Seattle now have similar approaches.)

Effective Local Housing Strategies

Thank You.
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City of Seattle
Department of Planning and Development