



CITY OF EVERETT

Community, Planning, & Economic Development Department
Community Development Division

MEMORANDUM

Date: November 19, 2019
To: Planning Commission
From: Rebecca McCrary, Housing and Community Development Program Manager
Subject: Rethink Housing– city-wide housing strategy

SUMMARY

To accommodate expected growth and meet the current housing need, Everett must grow housing for all economic segments of the population. Both housing supply and affordability continue to be a challenge in Everett particularly related to the current housing crisis and homelessness. Last year, Council gave direction to staff to take a broader look at housing issues along with potential initiatives, strategies, and incentives to help position the City to meet current and future housing needs.

To set the landscape stage, Mary Jane "MJ" Brell Vujovic, Snohomish County Director of Human services will provide an overview of the housing condition in the County. Chris Collier will present housing affordability context in today's market both County-wide and Everett specific. Staff will provide specific demographic and housing data gathered over the past year directly related to the purpose of the Rethink Housing project.

BACKGROUND

Several factors influence the production or lack of production of new market rate and affordable housing development. The top factors include land availability, project development costs, complexity and availability of lending, resources and funding. Local governments have limited tools and opportunities available to influence these factors. Research of several jurisdictions around the country indicates significant policy work, financial support, and incentive based implementation actions are being studied and enacted. Affordable housing efforts and strategies in this context are primarily targeted to households making 80% and below of median income. It should be noted that rental rates in Everett are generally affordable to households making 80% of area median income. The City is also considering opportunities to encourage market rate housing production to address all economic segments of the population to relieve pressure on the overall housing system.

Currently, there are independent efforts underway in Snohomish County by the Alliance for Housing Affordability and the Housing Consortium of Everett and Snohomish directly related to affordable housing production. Everett is participating in both of these efforts. Additionally, the Mayor and Deputy Mayor are members of County Executive Dave Somers Housing Affordability Regional Task Force (HART) working on a set of recommendations in the areas of policy, regulations, public outreach, and funding priorities for Snohomish County jurisdictions to consider.

It is clear that affordable housing and homelessness issues are affecting Washington communities in similar ways. Housing strategies, however, must be developed to be community specific and recognize that no single strategy can solve the lack of housing production.

HOUSING CONTEXT

EnvisionEverett

In 2017, the City convened a group of citizens and civic leaders to develop an extended community vision for Everett. Several topics were identified in the final report including Housing and Homelessness. While broadly defined, these are the specific statements from the Housing Vision:

- Continue with programs that are working well now, and offer more of them relative to the market,
- Continue to strive for increased housing density in all of the city's major corridors,
- Place a high priority on affordability for all income levels,
- Encourage the development of multi-family structures that reflect modern design and innovation,
- Annex areas only if there is strong support within the target community and after a comprehensive cost/benefit analysis.

Homelessness intersects with both housing and human services and must be included in the affordable housing discussion. The vision statements for homelessness are to:

- Continue to fund and support current city programs that achieve results,
- Ensure that resources are adequate to meet the level of need,
- Develop strong data resources and design programs in response,
- Actively explore and institute innovative best practices in response to homelessness,
- Significantly increase community awareness and engagement around homelessness, addiction, mental illness, and other social issues,
- Continue to build on the city's community policing program.

Mayoral Directive

On January 24, 2018, Mayor Franklin issued the Community Planning and Economic Development Directive. The Directive established wide-reaching goals related to Everett's economic growth encompassing business, job, and housing growth for all economic segments of the population. Initiative two specifically directs staff to develop a comprehensive housing affordability strategy.

A housing strategy is generally defined as a working plan establishing a comprehensive approach to achieve stated housing objectives. The purpose of the strategy is to align programs, policies and regulations across departments and partner agencies affecting housing in the community. Ideally, a strategy will contain:

1. Needs assessment and problems to be solved,
2. Objective of the strategy,
3. Approaches and resources,
4. Funding sources,
5. Implementation plan, and
6. Numerical goals/milestones and a monitoring system.

The Mayoral Safe Streets Directive Initiative 1 related to housing guides the City to partner with Snohomish County and housing providers to advocate for and help facilitate future supportive housing projects and to expand shelter capacity.

Inter-jurisdictional

The Alliance for Housing Affordability (AHA) was established in 2013 through an interlocal agreement. The Alliance was envisioned as a venue for Snohomish County jurisdictions to work together to understand local housing challenges and share resources to address these challenges. Members consist of 13 Snohomish County cities, Snohomish County, and the Housing Authority of Snohomish County. The Everett Housing Authority has recently engaged with the Alliance. AHA is guided by its joint board, which consists of representatives from every member jurisdiction, who meet quarterly. The City of Everett is a member jurisdiction.

Housing Snohomish County Project

The Housing Consortium of Everett and Snohomish County is a non-profit group organizing collaborative partnership between nonprofit housing developers and service providers with local business, government, and for-profit organizations focusing on issues and needs for affordable housing in Snohomish County and throughout the State of Washington. The City of Everett is a government member of the Consortium. In April 2018, the Housing Consortium of Everett and Snohomish County issued its report providing a comprehensive overview of the three main elements of affordable housing in Snohomish County:

- (a) the number of existing affordable housing units,
- (b) number of additional affordable units needed, and
- (c) recommendations for local policies that can be adopted to help address the need.

Snohomish County Housing Affordability Regional Task Force

The Snohomish County Housing Affordability Regional Taskforce (HART) is a group of County and city elected officials collaborating to develop a five-year action plan that identifies priorities for County and City governments to accelerate the collective ability to meet the housing needs of all County residents

and set a foundation for continued success through 2050. HART is expected to issue a final report with recommendation by December 2019.

HOUSING POLICY SYSTEM

Everett Comprehensive Plan

The City's Comprehensive Plan governs land use and housing policy as required by the Growth Management Act (GMA). Housing is a mandatory plan element to ensuring the vitality and character of established residential neighborhoods. The element includes:

- (a) an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth;
- (b) a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences;
- (c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and
- (d) makes adequate provisions for existing and projected needs of all economic segments of the community.

Regional Plan.

The Puget Sound Regional Council is currently updating Vision 2040 Regional Growth Strategy including the regional housing program to support the Growth Strategy. The Vision 2050 update will provide more emphasis on affordable housing. The final plan could influence future updates to the Countywide Planning Policies and the City's Comprehensive Plan housing element.

Rethink Zoning

Rethink Zoning is a multi-year effort to ensure that the City's development regulations support efforts to recruit new businesses and secure a wide range of housing at all price points. The City is undertaking this initiative parallel to the Rethink Housing project.

Permitting, construction, and regulatory factors

The 2017 Washington State Housing Affordability Response Team (HART) recommendations submitted to Governor Inslee identified additional factors negatively impacting affordable housing construction. These factors include permit timelines and timing, construction windows, construction costs, and overly burdensome regulations. This report also recommended several strategies to mitigate factors where local government has authority.

Funding and finance factors

Government has limited resources to support affordable housing production. Several layers of housing policies, regulations, limitations and funding are provided at various government levels. The HUD

approved 2015-2019 City of Everett Consolidated Plan guides the City’s Community Development Block Grant (CDBG) program funding. The Plan assesses affordable housing and community development needs and market conditions to make data-driven, place-based investment decisions. The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus federal funding. An update of the consolidated plan will began in 2019 for the 2020-2024 CDBG future program funding years.

EXISTING STRATEGIES AND INCENTIVES COMPARISONS

Affordable housing strategies are being used by various Washington jurisdictions. Understanding that area housing markets are different, research indicates the combination of strategies used varies widely and generally include a balance of policy, regulation, and financial provisions. The most common strategies found for affordable housing production among the jurisdictions reviewed include:

- Specific affordable housing targets stated in policy,
- Multifamily Property Tax Exemption Program,
- Housing density bonuses,
- Impact fee and other fee waivers or reductions,
- Participation in inter-jurisdictional collaboration on affordable housing,
- Funding support using a variety of funding sources,
- A strategy monitoring program.

Several of the comparison jurisdictions have elected to adopt a separate municipal code chapter devoted to affordable housing provisions. It is notable that some jurisdictions are including human needs policies and objectives in their Comprehensive Plans recognizing the link between affordable housing and human services.

RECENT STATE HOUSING LEGISLATION

HB 1406

Authorizes counties and cities to legislatively implement a local sales tax to fund affordable or supportive housing. The maximum rate imposed may not exceed either 0.146 or 0.0073 percent. May be used for affordable housing activities. On October 30th the Everett City Council passed a resolution of intent to collect the funds for housing eligible uses.

HB1923

This bill provides planning grants to judications to study and enact increased urban residential building capacity initiatives and including development of a Housing Action Plan. The City of Everett applied for and received a grant to support the Rethink Housing and Rethink Zoning projects. The grant will support the following deliverables:

- 1) A **Citywide Housing Action Plan** (“Rethink Housing”). This plan will serve as a policy framework and workplan to encourage construction of additional affordable and market rate housing city-wide.

- 2) A **TOD Housing Action Plan** focused on strategies to increase the supply of housing to meet the needs for all income levels around future light rail stations and high-capacity transit lines.
- 3) Concurrent with the Housing Action Plans, the city will study and adopt a **Housing Displacement Strategy** focused on strategies to minimize displacement of low-income households and minority communities adjacent to future light-rail stations, along high-capacity transit routes, and in other areas where substantial redevelopment may occur.

RETHINK HOUSING PROJECT

The Rethink Housing project, linked to the Rethink Zoning project, will examine the City's policies, regulations, and funding components to better align resources and requirements relative to housing production in Everett. The project will research and make recommendations for an overall strategy that will include, but not limited to:

- A policy and regulations audit for barriers to housing development that may result in amending existing land use regulations to both simplify regulations and review processes, and increase opportunities for development of affordable housing types,
- Expediting permit review for affordable housing projects,
- Evaluating the impact and overlap of resources used for housing and homelessness issues including the link to human services,
- Refining distribution of the City's available funding sources to support affordable housing goals,
- Considering recommendations from the HART Report,
- Coordinating with other funders relative to an affordable housing pipeline,
- Developing a Human Services Comprehensive Plan may be considered to establish the connection of needs within the context of affordable housing,
- Developing monitoring program to measure impact of strategies on market rate and affordable housing production.
- Monitor potential state legislative efforts related to housing similar to the bills passed in the 2019 State legislature that looks to change State law by pre-empting local zoning and mandating that cities allow minimum densities in proximity to high capacity transit. It would require cities to allow higher density housing types than most local jurisdictions allow in many land use zones. The bill would only affect jurisdictions that have more than 20% of households that are cost-burdened, which would include Everett. However, nothing in the bill provides guidance, incentives or mandates concerning housing affordability in the affected areas. It appears the bill sponsor assumes that the higher density housing types will be more affordable.

RECOMMENDATION

Review and discuss information presented and provide feedback on elements of the Rethink Housing project.