

VISION 2020 + 20 Update
Issue Paper on Housing

Puget Sound Regional Council

August 25, 2005

Growth Management Policy Board adopted *Action to Proceed* August 25, 2005

PURPOSE

Between now and the year 2040, the central Puget Sound region is expected to grow by an additional 1.6 million residents. A critical issue will be providing adequate housing for all segments of the region's population. Besides addressing the housing needs of various economic and population groups in the region, attention must also be given to managing growth and new development in ways that minimize impacts on the natural and built environment.

The purpose of this paper is to examine the current housing situation in the central Puget Sound region and future housing needs as we look to update the overall growth, economic and transportation strategy in VISION 2020. The update process can be used to develop regional agreement on housing issues and to craft strategies, policies, and actions to ensure that region's housing needs are met as effectively as possible.

The paper is organized into the following areas:

- I. Background
A review of current housing law and policies, along with a summary of comments and guidance received during the VISION 2020 + 20 update scoping process.
- II. Trends and Analysis – Puget Sound and Nationally
An overview of key demographic shifts, housing characteristics and market trends, and other related information.
- III. Identifying Challenges and Opportunities
Best practices and innovations.
- IV. Considerations for the VISION 2020 + 20 Update
Preliminary policy recommendations, implementation actions, and monitoring provisions.

I. BACKGROUND

Housing in the Growth Management Act (GMA)

Now in its 15th year, the Washington Growth Management Act's (GMA) overarching planning goal for housing (Goal 4) is to "[e]ncourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock."¹

The Act requires that countywide planning policies (CPPs) and multicounty planning policies (MPPs), which establish the policy framework for local comprehensive plans, at a minimum include "policies that consider the need for affordable housing, such as housing for all economic segments of the population and parameters for its distribution."²

¹ Revised Code of Washington (RCW) 36.70A.020 (4)

² RCW 36.70A.210

Finally, the Act requires that local jurisdictions develop comprehensive plans that include “a housing element ensuring the vitality and character of established residential neighborhoods that: (a) Includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth; (b) includes 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.”³

Housing in Growth Management Hearings Board Case Law

The Growth Management Act’s housing requirements have been further clarified through a series of Central Puget Sound Growth Management Hearings Board cases.

At the heart of the housing challenge for localities is the need to balance the three components of the Act’s housing goal: affordability, diversity, and preservation. In a key decision, *West Seattle Defense Fund v. City of Seattle (WSDF I, 1995)*, the Hearings Board directed jurisdictions to not “reconcile these ... requirements by totally focusing on one requirement ... to the exclusion of other requirements ... Instead, jurisdictions must reconcile ... the requirements by applying and necessarily balancing them.”⁴

Local governments should also strive to balance the Act’s housing goal and policies with the other goals and policies of the GMA. Two cases provide clarification on the appropriate balance between the Act’s goals for housing and urban densities. In *Benaroya et al., v. City of Redmond (Benaroya I, 1996)*, the Hearings Board held that “[t]he requirement to ‘ensure neighborhood vitality and character’ is neither a mandate, nor an excuse, to freeze neighborhood densities at their pre-GMA levels.”⁵ Rather the goal is to encourage infill development and increased residential densities in appropriate areas, while accommodating growth in a way that respects, maintains, or even improves existing neighborhoods. In *Master Builders Association of Pierce County, Terry L. Brink, Edward Zenker, Associated General Contractors and Tacoma Pierce County Chamber of Commerce – South County Division v. Pierce County (MBA/Brink, 2003)*, the Hearings Board declared that “any opportunity to perpetuate an ‘historic low density residential’ development pattern [ends when an area is designated as part of the UGA] ... existing housing stock and neighborhoods may be maintained and preserved, however existing low density patterns of development cannot be perpetuated.”⁶

³ RCW 36.70A.070

⁴ *West Seattle Defense Fund v. City of Seattle (WSDF I)*, CPSGMHB Case No. 94-3-0016 (4316), Final Decision and Order (Apr. 4, 1995), at 30

⁵ *Benaroya et al., v. City of Redmond [SKCAR and BIAW – Intervenors] (Benaroya I)*, CPSGMHB Case No. 95-3-0072c (5372c), Final Decision and Order (Mar. 25, 1996), at 21

⁶ *Master Builders Association of Pierce County, Terry L. Brink, Edward Zenker, Associated General Contractors and Tacoma Pierce County Chamber of Commerce – South County Division v. Pierce*

In *The Children's Alliance and Low Income Housing Institute v. City of Bellevue (Children's I, 1995)*, the Hearings Board reinforced the Act's goal of promoting housing diversity to serve all population segments by declaring that the law set forth "a legislatively preferred residential landscape that ... is less homogeneous, more diverse, more compact and better furnished with facilities and services to support the needs of the changing residential population ... Because the characteristics of our population have changed with regard to age, ethnicity, culture, economic, physical and mental circumstances, household size and makeup, the GMA requires that housing policies and residential land use regulations must follow suit."⁷

The Hearings Board has also upheld the responsibility of local jurisdictions to promote housing affordability for all economic segments of their population. In *Low Income Housing Institute, Fair Housing Center of South Puget Sound, V.L. Kershaw, Starlit Rothe and Beverly Edwards v. City of Lakewood (LIHI II, 2002)*, the Board found that the City of Lakewood's housing incentive program, though well intentioned, was ambiguously written and not sufficiently tailored to adequately provide housing affordable to the City's very low- and extremely low-income population. As such, the Board concluded that Lakewood's program, as originally written and designed, did not implement the city's comprehensive plan and did not comply with the requirements of Goal 4 of the Growth Management Act.⁸

County (MBA/Brink), CPSGMHB Case No. 02-3-0010 (02310), Final Decision and Order (Feb. 4, 2003), at 14-15

⁷ *The Children's Alliance and Low Income Housing Institute v. City of Bellevue (Children's I)*, CPSGMHB Case No. 95-3-0011 (5311), Final Decision and Order (Jul. 25, 1995), at 5,9

⁸ As originally written, Lakewood's Housing Incentive Program (HIP) was designed to encourage the provision of housing affordable to the city's low-income residents, defined as earning 80 percent or less of its county's area median income (AMI). The Petitioner (LIHI, et al) demonstrated that, based on the city's own analysis, over two-thirds of the city's low-income population qualify as very low-income and 20 percent as extremely low-income. The Hearings Board concluded that "[w]hile those with the greatest need fall within the city's low-income definition, the bar is high enough to dilute the potential impact of the HIP program in providing affordable housing to the poorest of Lakewood's poor..." Additionally, the Board concluded that the language in the HIP suggests that housing units to serve non low-income seniors and disabled persons are also eligible for density bonuses, which "further dilutes the potential effectiveness of the HIP in providing affordable housing to low-income persons." Finally, the Board stated that it was unclear whether the fee reductions offered in the HIP were available only for housing units that serve low-income persons. The HIP was remanded back to the City with direction to take appropriate legislative action to achieve compliance with the Act. This could be achieved by revising the HIP to remove existing ambiguities and otherwise modifying the HIP so the housing incentives would have the effect intended in its purpose statement and thus implement the city's comprehensive plan. [Low Income Housing Institute Fair Housing Center of South Puget Sound, V.L. Kershaw, Starlit Rothe and Beverly Edwards v. City of Lakewood (LIHI II), CPSGMHB Case No. 01-3-0023 (1323), Final Decision and Order (Apr. 15, 2002), at 10-11 and 14] In October 2002, Lakewood adopted Ordinance No. 284 which amended the HIP as follows: (1) only housing built for tenants at or below 50 percent AMI qualify for the HIP, (2) density bonuses were increased, (3) fee reductions were increased, (4) parking incentives were increased, and (5) compliance measures were strengthened. [LIHI II, CPSGMHB Case No. 01-3-0023 (1323), Finding of Compliance (Oct. 24, 2002), at 2]

The Hearings Board's rulings in these and several other cases underscore that the Act does not prescribe the manner in which a jurisdiction plans and implements housing policies at the neighborhood or subarea level.⁹ Rather, the case law has preserved local authority over such decisions, so long as a jurisdiction's overall housing provisions and associated development regulations and implementation measures meet the policy goals and guidance of the Act. Thus, the Board has affirmed the duty of local governments to foster adequate housing supply for all economic segments of their populations, while allowing flexibility and discretion regarding how this is done.

Additional Housing Policy in State Law

The Growth Management Act is accompanied in state law by the Washington Housing Policy Act (RCW 43.185B) which says that "[i]t is the goal of the state of Washington to coordinate, encourage, and direct, when necessary, the efforts of the public and private sectors of the state and to cooperate and participate, when necessary, in the attainment of a decent home in a healthy, safe environment for every resident of the state."¹⁰

The Washington Housing Policy Act articulates nine objectives and explicitly calls for coordinating state housing efforts with the GMA's housing provisions. The objectives are: (1) develop an adequate and affordable supply of housing for all economic segments of the population; (2) assist very low-income and special needs households who cannot obtain affordable, safe, and adequate housing in the private market; (3) encourage and maintain home ownership opportunities; (4) reduce life-cycle housing costs while preserving public health and safety; (5) preserve the supply of existing affordable housing; (6) provide housing for special needs populations; (7) ensure fair and equal access to the housing market; (8) increase the availability of mortgage credit at low interest rates; and (9) coordinate and be consistent with the goals, objectives, and required housing element of the comprehensive plan in the state's growth management act in RCW 36.70A.070.¹¹

Housing in the 1995 VISION 2020 Strategy

There are six existing multicounty housing policies in VISION 2020:¹²

RH-4 – Provide a variety of choices in housing to meet the needs of all segments of the population. Achieve and sustain an adequate supply of

⁹ Aaron, Faith, David and Becky Litowitz; Bill, Eldrid, Tony and Patricia Segale; Rajinder and Kulwinder Johal v. City of Federal Way (Litowitz), CPSGMHB Case No. 96-3-0005 (6305), Final Decision and Order (Jul. 22, 1996), at 19,29; Buckles, et al., v. King County (Buckles), CPSGMHB Case No. 95-3-0022c (6322c), Final Decision and Order (Nov. 12, 1996), at 20-21; Lawrence Michael Investments, Chevron U.S.A. and Chevron Land and Development Company v. Town of Woodway (LMI/Chevron), CPSGMHB Case No. 98-3-0012 (8312), Final Decision and Order (Jan. 8, 1999), at 29; MBA/Brink (02310), Final Decision and Order (Feb. 4, 2003), at 14-15

¹⁰ RCW 43.185B.007

¹¹ RCW 43.185B.009

¹² Puget Sound Regional Council, *1995 VISION 2020 Update*, May 1995.

low-income, moderate-income, and special needs housing located throughout the region.

RH-4.1 – Promote fair and equal access to housing for all persons regardless of race, color, religion, gender, sexual orientation, age, national origin, family status, source of income or disability.

RH-4.2 – Achieve and sustain a fair, equitable and rational distribution of low-income, moderate-income and special needs housing throughout the region consistent with land use policies and the location and type of jobs. Transportation facilities and other services should be provided to support a balance of jobs and housing. Provide a diversity of housing types to meet the housing needs of all segments of the population.

RH-4.3 – Promote interjurisdictional cooperative efforts, including land use incentives and funding commitments, to ensure that an adequate supply of housing is available to all segments of the population.

RH-4.4 – Preserve existing low-income, moderate-income and special needs housing and where appropriate serve it with transit. Promote development of institutional and financial mechanisms to provide for affordable housing, particularly housing located in and near urban centers and transportation corridors.

RH-4.5 – Consider the economic implications of private and public regulations and practices so that the broader public benefit they serve is achieved with the least additional cost to housing.

What Did We Hear During Scoping?

In April 2004, during the scoping process, the Growth Management Policy Board reviewed and discussed the housing policies and provisions of the 1995 VISION 2020 document. In that discussion it was noted that the current multicounty policies for housing are very general. They call for promoting fair and equal access to housing for all persons and interjurisdictional cooperation efforts to ensure adequate housing to all segments of the population. However, no specifics are provided to guide how these objectives are to be met. The existing VISION 2020 plan includes a policy to achieve a fair, equitable and rational distribution of housing in the region, with a link to providing transportation facilities and services to support a balance of jobs and housing. But, there is no detail on how to define this objective in understandable and measurable terms, nor what sorts of strategies or programs would be needed.

Among the public scoping comments, there was a strong emphasis on the importance of addressing affordable housing more fully and more concretely. Several respondents called for establishing affordable housing targets throughout the region. Other comments called for providing housing in closer proximity to jobs and services. One

respondent suggested that more incentives, such as permit streamlining and improved development regulations, be implemented to foster a greater variety of housing. The Regional Council was also encouraged to address density in a way that maintained the character of neighborhoods. One comment noted that the market for single-family housing in the future should be considered.

The Board then considered the following ways to improve the multicounty policies for housing:

- A revised treatment of housing issues in the update of VISION 2020 would benefit from new data available based on the 2000 Census, including information on housing characteristics, market trends, and demographics. This information will help us better understand the range of housing needs expected in the period leading up to 2040.
- The update should also address issues related to the challenges of getting certain types of housing built, looking at both private and public sector considerations.
- Innovative housing programs from communities throughout the region, as well as in other parts of the country, should be showcased as best practices. More discussion is needed on different types of housing, including housing for both homeowners and renters.
- A clearer connection between growth targets and the housing and land use elements in local comprehensive plans should be established. The relationship of housing to achieving center development goals and mobility objectives should also be examined. Multicounty policies should be used to address affordable housing targets.
- The multicounty policies should provide more direction to localities on expectations related to housing issues and offer guidance to the Regional Council in its review of housing elements in comprehensive plans.

The Board also offered the following guidance:

- Rethink the regional role concerning housing – and the linkage of land use and transportation. Develop links with local governments and transit authorities.
- Standardize the multicounty housing policies with a goal of creating a model set of core consistent policies, but keeping in mind unique characteristics of local communities and providing choices.
- Focus on incentives and other positive approaches before developing prescriptive requirements.
- There is a need to market, educate and communicate to the public on housing issues and policies.

- Encourage corporations to work with their employees to promote living closer to work. Educate employers, communities about the policies.
- Link housing, transportation, economic, funding, legislation, and other infrastructure.

II. TRENDS AND ANALYSIS – PUGET SOUND AND NATIONALLY

Demographic Trends

The central Puget Sound region is expected to grow by an additional 1.6 million people by 2040. As we strive to effectively plan for housing the region's projected growth, several key demographic shifts and trends should be considered.

Declining Average Household Size

Trends in average household size are an important consideration when translating forecasts of population growth into estimates of future housing needs. Smaller households mean that more housing units will be needed to accommodate the region's population.

The average U.S. and regionwide household size dropped significantly during the 1970s and 1980s, primarily as more women entered the labor force and childbirth was delayed. This decline slowed during the 1990s, as female labor force participation and fertility rates stabilized. Based on national trends, the regional average household size will likely continue to decrease slowly, with downward pressure coming from an expanding senior population, offset by some upward pressure from growth in Latino/Hispanic and immigrant populations with larger than average family sizes.¹³

Household sizes and trends can vary significantly within the region by subarea. In 2000, household sizes in the region's cities ranged from 2.08 in Seattle to 3.13 in Covington. Between 1990 and 2000, household sizes remained relatively stable in places like Seattle, Everett and Tacoma, while they increased noticeably in south King County, Marysville and Monroe, and fell in east King County, Edmonds and Puyallup. In planning for long range housing needs, jurisdictions will want to consider local characteristics as well as larger trends in setting goals and targets for housing development.

¹³ U.S. Census Bureau, "National Households and Families Projections: 1995 to 2010, Series 1, 2, and 3," May 1996.

Demographics and Housing Demand

Survey research of Washington state home buyers has identified neighborhood quality as the single most important factor in home purchasing decisions, followed by proximity to jobs and schools, and proximity to family and friends. Research has also shown that housing preferences and buying patterns continually evolve over the course of a life cycle. Younger individuals and households with lower incomes are more likely to purchase starter homes that are affordable and often smaller. Families with children are more likely to desire larger homes with proximity to quality schools and neighborhood amenities like parks and recreation centers. The median size of homes purchased by seniors tends to show downsizing, as the need for space diminishes.¹⁴

Several demographic trends are currently converging within our region that are likely to heighten future market demand for alternatives to the conventional large lot single-family home, both in terms of design and affordability. These trends include: the aging of the baby boomers, the entry of baby boomlets into the housing market, and migration patterns that bring a net gain of young, starter households to the region.

The Baby Boomers

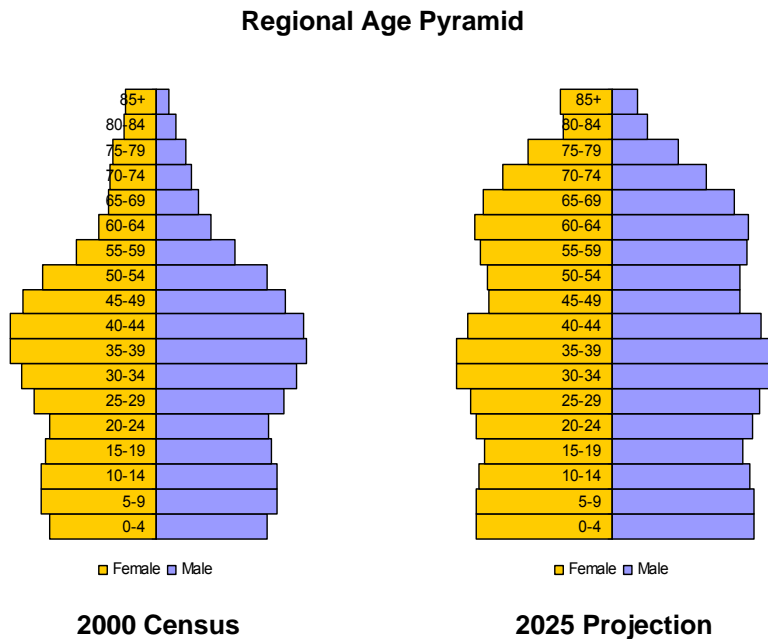
Our region's baby boomers are quickly approaching retirement age. The front end of the boomer generation begins turning 65 in 2010, and will continue to swell the ranks of seniors for several years after. Seniors, who comprised 10 percent of the region's population in 2000, are expected to more than double in number over the next thirty years to account for 17 percent of our total population by 2030.

In light of this oncoming demographic shift, the region should consider ways to facilitate the provision of a range of housing options to meet the varied needs and preferences of seniors. Many seniors are likely to downsize, trading larger homes for smaller alternatives with fewer maintenance requirements. Neighborhoods with good access to transit, health care, and other services and amenities, as well as single story living spaces, are likely to be considered particularly attractive. Some seniors may decide to join their children's households, an arrangement that can be facilitated with zoning allowances for accessory dwelling units. Still others may prefer to age in place. Finally, given the expected need for expanded assisted living facility and nursing home options for seniors, local jurisdictions should ensure that their codes and regulations are accommodating of such developments.

¹⁴ National Association of Realtors, *The 2004 Washington Profile of Buyers' Home Feature Preferences*, 2004.

The Baby Boomlets

The front end of the boomlet generation – the children of the baby boomers – is just now beginning to enter college and the labor force. They embody a latent demand for affordable rental housing and starter homes, which is likely to come into play in a few more years as they progress into their 20s and 30s.



Migration Trends

The central Puget Sound region and its economy provide a strong draw for in-migration, with net migration responsible for 58 percent of the region’s population growth over the last thirty years. Incoming households, relative to the average household in the region, tend to be younger, smaller (e.g. more 1- and 2- person households), and – as a function of these characteristics – have lower incomes. A continued net gain of such households to the region is likely to reinforce ongoing market demand for affordable rental housing and starter homes.

Housing Characteristics and Market Trends

With these demographic considerations in mind, we now turn to a discussion of Census and other data on housing characteristics and market trends.

The Growth Management Act and VISION 2020 call for providing a variety of housing types and densities, and Census data provides evidence that our region is making some progress in diversifying its housing stock. The traditional detached single-family home continues to be a vital component of the housing stock. But non-traditional single-family housing, townhomes, and other multifamily housing options, which offer greater affordability and promote the efficient use of urban land, comprised nearly half (45 percent) of the new units built in the region between 1990 and 2000. Additionally, more jurisdictions are passing ordinances and zoning changes to allow for innovative infill, small lot single-family, multifamily, and mixed-use developments.

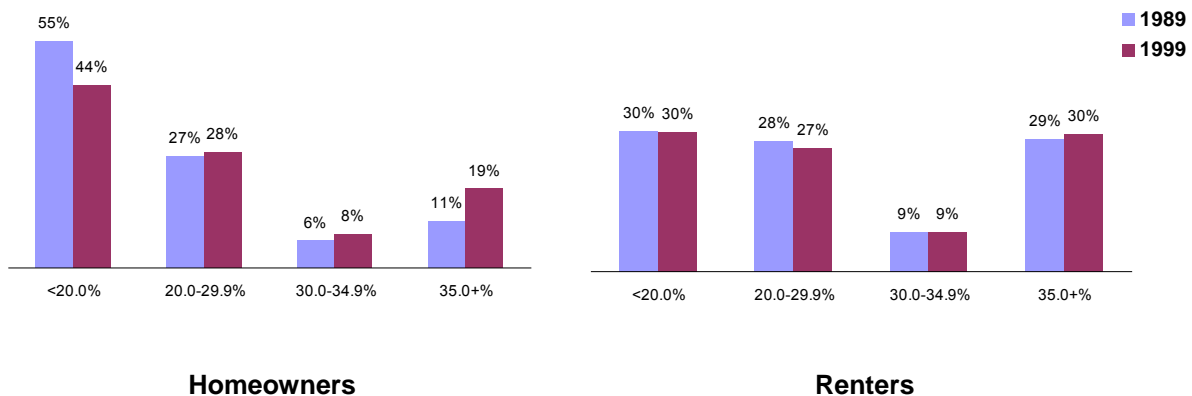
Despite these positive trends, our region continues to face a number of housing challenges, particularly in terms of affordability. Housing represents the largest basic monthly cost borne by most households, and is generally defined as being unaffordable

when costs exceed anywhere from 25 to 33 percent, most commonly 30 percent, of a household's gross monthly income.

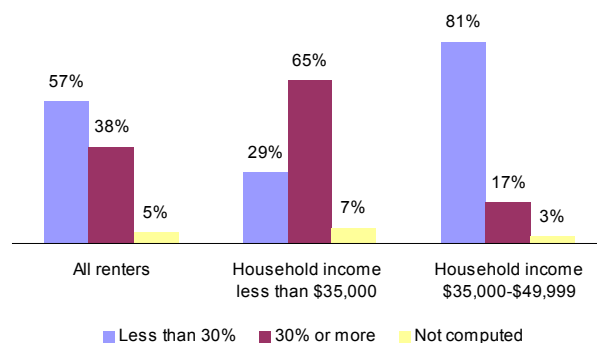
Census data shows that our region's households have to dedicate more of their income to cover housing costs, leaving less for other basic needs and amenities. In 1999, over one in four households (27 percent) who owned a home spent 30 percent or more of their gross monthly income on housing costs, with nearly one in five (19 percent) spending 35 percent or more. This represents a substantial upward shift in housing cost burdens from a decade earlier, when the majority of owner households (55 percent) spent less than 20 percent of their income on housing, and only 18 percent spent 30 percent or more, with 11 percent spending 35 percent or more.

Housing cost burdens did not shift noticeably for renters over the same decade. But nearly four in ten renter households (38 percent) must pay 30 percent or more of their gross monthly income on rent, with three in ten (30 percent) paying 35 percent or more. For renter households that earned less than \$35,000 in 1999, this ratio rises to 6½ in ten households (65 percent) that dedicated 30 percent or more of their income to cover rent.

Housing Costs As a Percentage of Household Income, Central Puget Sound: 1989 and 1999



Gross Rent As a Percentage of Household Income, Central Puget Sound: 1999



During the late 1990s, the region experienced two divergent sets of trends with respect to housing prices and affordability. On the one hand, a surge in demand for housing due to population growth and increases in wealth collided with a relatively tight supply in the region's housing market to produce rapid annual increases in housing prices. For many, the increase in home prices and rents exceeded income gains, raising the housing cost burden, particularly for lower-income households. On the other hand, falling interest rates translated into historically low mortgage and refinancing rates, bolstering consumer purchasing power for housing.

Housing Market Data: 1995-2004¹⁵

	1995	2000	2001	2002	2003	2004
Median Sales Price (existing single family homes)						
King	\$166,500	\$249,900	\$262,000	\$278,500	\$292,400	\$322,000
Kitsap	\$124,600	\$149,400	\$155,000	\$165,900	\$184,000	\$204,000
Pierce	\$121,400	\$151,800	\$159,000	\$170,000	\$178,500	\$195,500
Snohomish	\$149,600	\$196,400	\$210,000	\$220,000	\$231,000	\$248,000
WA State	\$136,600	\$176,300	\$179,900	\$188,500	\$203,800	\$223,700
Western region	\$148,300	\$183,000	\$194,500	\$215,400	\$234,200	\$265,800
U.S.	\$113,100	\$139,000	\$147,800	\$158,100	\$170,000	\$184,100
Housing Affordability Index (all buyers)						
King	110.4	92.5	103.2	104.6	121.3	105.1
Kitsap	121.6	130.9	140.3	145.9	155.5	136.7
Pierce	117.7	119.5	133.8	135.8	153.1	137.8
Snohomish	114.5	110.3	116.2	119.7	133.2	123.1
WA State	114.8	106.4	118.6	119.8	135.0	123.0
U.S.	-	-	135.7	133.9	138.4	132.6
Housing Affordability Index (first time buyers)						
King	62.1	53.1	58.7	59.2	68.2	58.4
Kitsap	74.7	80.9	85.6	88.1	92.8	81.5
Pierce	72.3	73.6	81.1	81.1	90.1	80.5
Snohomish	71.3	68.7	71.9	73.8	81.5	74.6
WA State	67.0	65.1	72.9	69.8	78.6	71.5
U.S.	-	-	79.6	78.7	80.9	77.1
Average Rent						
King	\$650	\$790	\$840	\$870	\$850	\$840
Kitsap	\$580	\$610	\$640	\$660	\$690	\$730
Pierce	\$510	\$590	\$600	\$630	\$670	\$670
Snohomish	\$620	\$730	\$780	\$790	\$770	\$750
WA State	-	\$690	\$740	\$760	\$750	\$750

Source: National Association of Realtors, Washington Center for Real Estate Research, Dupre+Scott Apartment Advisors

¹⁵ Median sales prices are annual. Average rents are for March. Figures are not adjusted for inflation. National housing affordability indices are annual; state and county housing affordability indices are for the second quarter. A value of 100 indicates balance between the typical buyer's income and the cost of housing. The index should be read as "The buyer earns 'X' percent of the necessary income to qualify for a conventional mortgage loan." For example, an index of 120.0 means the buyer earns 120% of the necessary income to qualify. The All Buyers Housing Affordability Index measures the ability of a household earning 100% of the area median *family* income to qualify for a conventional mortgage loan on a median price home; the calculation assumes a 20% down payment and 25% qualifying ratio. The First Time Buyers Index assumes the purchaser earns 70% of the area median *household* income, and the home costs 85% of the median price home; the calculation assumes a 10% down payment and 25% qualifying ratio. All loans are assumed to be for 30 years.

Rents rose rapidly during the late 1990s, although they have stabilized in recent years as a result of the 2001 recession. Home prices and property values continued to climb despite the onset of the recession, as demand was bolstered by buyers seeking to take advantage of low mortgage and refinancing rates and investors turning to real estate as an alternative to the stock markets. With the exception of King County, regional home prices did not rise as quickly as they did for the U.S. western region as a whole.

The housing affordability index for all buyers shows that declining mortgage rates did boost housing affordability for the typical homebuyer between 1995 and 2003/04, although the indices begin to show a decline in affordability from 2003 to 2004. First-time and low-income homebuyers also benefited, though not to the same degree as the average buyer. But first-time homebuyers indices still remain well below 100, the point that represents balance between available income and the cost of housing, indicating that each of the region’s counties suffers from a shortage of housing affordable to lower- and moderate-income households.

Homeownership represents a primary vehicle for many households to build equity and wealth. Federal policies and programs encouraging homeownership, in combination with declining mortgage rates, produced a noticeable rise in homeownership rates across the nation as well as our region from 1990 to 2000.

Yet, homeownership rates in King and Pierce counties lag the national average. Moreover, while homeownership rates for non-White minorities showed significant improvement from 1990 to 2000, they still remain well below the average rates for all households. And, in a troubling trend, Hispanic/Latino homeownership rates declined in all counties except for Kitsap, perhaps reflecting the tenure characteristics of recent immigrants.

Homeownership Rates: 1990 and 2000

	1990	2000
King		
All households	58.8	59.8
Non-White householder	44.2	44.7
Hispanic/Latino householder	45.8	32.7
Kitsap		
All households	64.3	67.4
Non-White householder	47.5	51.8
Hispanic/Latino householder	44.7	47.4
Pierce		
All households	60.3	63.5
Non-White householder	38.2	44.6
Hispanic/Latino householder	42.4	39.6
Snohomish		
All households	66.3	67.8
Non-White householder	54.2	53.6
Hispanic/Latino householder	52.5	39.7
Region		
All households	60.6	62.5
Non-White householder	43.7	46.0
Hispanic/Latino householder	45.8	36.0
U.S.		
All households	64.2	66.2
Non-White householder	43.8	46.6
Hispanic/Latino householder	45.1	45.7

Source: U.S. Census Bureau

In summary, Census and other data suggest that the region is showing progress in meeting one key component of the regional housing policy by increasing the diversity of available housing types and densities. But the region continues to struggle with the goal of providing an adequate supply of housing for all economic segments of the population. A significant share of renter households, low-income renters in particular, must dedicate more than 30 percent of their income toward rent. There has been a

substantial upward shift over the last decade in how much owner households are paying monthly toward housing costs. And it remains extremely difficult for low- and even moderate-income starter households to purchase their first homes.

III. IDENTIFYING CHALLENGES AND OPPORTUNITIES

In this section, major barriers and challenges to housing development and preservation, with special attention to housing affordability, are reviewed. This is followed by an overview of selected national and local best housing practices that are offered as models and opportunities for addressing the difficulties faced by local jurisdictions and developers in meeting projected housing needs.

Barriers and Challenges to Housing Development

Regulatory

The Washington State Affordable Housing Advisory Board (AHAB), in its 2005-2010 Draft Housing Advisory Plan, acknowledged regulatory barriers as having a detrimental impact on the production of affordable housing.¹⁶ The U.S. Department of Housing and Urban Development (HUD) has documented over 1,500 regulatory barriers faced in the creation and maintenance of housing.¹⁷ A great many of these, including building codes, zoning and land use regulations, and permitting requirements, may prove unnecessarily cumbersome due to administrative redundancy and lack of flexibility.

These challenges may be addressed through local government efforts to simplify and streamline permitting and development codes and regulations, as well as periodically reassess the benefits and costs of fees, dedications, and other restrictions on development. This is particularly important for smaller developers who may be less able to finance projects through long permitting periods.

A growing body of research indicates that land and housing prices increase more as the result of market pressures than from growth management regulations.¹⁸ When effectively implemented, growth management planning will provide for adequate land capacity, and can reduce development costs by establishing predictability and efficiency in the development landscape through comprehensive planning, regulatory streamlining, and other efforts. Also, by encouraging density, growth management has the potential to hold down the price of new housing by reducing associated land costs per unit.

¹⁶ Washington State Affordable Housing Advisory Board, *Housing Advisory Plan [Draft September 29, 2004]*

¹⁷ U.S. HUD, Regulatory Barriers Clearinghouse, <http://www.huduser.org/rbc/search/number.asp>, accessed Nov 2004.

¹⁸ Pollokowski, H. O. and S. M. Wachter, "The Effects of Land-Use Constraints on Housing Prices," *Land Economics*, 66 3 315-24, 1990; Nelson, Arthur C., Rolf Pendall, Casey J. Dawkins, Gerrit J. Knaap, *The Link Between Growth Management and Housing Affordability: The Academic Evidence*, The Brookings Institution, Feb 2002.

Environmental

Restricting or otherwise regulating development because of environmental factors is a key feature for protecting critical areas while accommodating growth under Washington's Growth Management Act. However, environmental considerations represent a subset of regulatory barriers that can restrict the amount of land available for development and can raise significant challenges for individual projects. It is important that, where possible, permitting and regulatory processes are streamlined to minimize the unnecessary impacts on supplying housing while continuing to provide necessary protection for environmentally sensitive and critical areas.

Fiscal/Infrastructure

Local governments across Washington have been struggling with significant reductions in state monies and local property tax revenues that have served as the primary sources of funding for local infrastructure maintenance and construction projects. Revenues raised from impact fees and other sources in and of themselves are typically not sufficient for meeting the infrastructure needs for accommodating growth and new development.

Market-Based

Market-based dynamics are some of the most difficult barriers to overcome when it comes to affordable housing production and preservation. Upward pressures on housing prices, rents, land prices and development costs in heated housing markets result in an inevitable squeeze on households, most especially for lower income households. Lower income residents of fast-changing neighborhoods may find themselves displaced by rising rents, and potential first time home buyers earning below median wages and salaries – including teachers, nurses, police officers and firefighters – may find themselves priced out of the communities and cities in which they work.

Public sector programs and policies to assist low- and moderate- income households and facilitate private sector efforts to develop affordable housing, as well as the non-profit housing sector, continue to play key roles in addressing the challenges posed by market-based housing pressures.

Liability Insurance

In recent years, litigation surrounding condominium construction and the subsequent retreat of many insurers from the general contractor liability insurance market, has had a severe dampening effect on multifamily housing development. This issue will need to be addressed in order to restore an adequate supply of affordable condominium housing opportunities to lower income and first time home buyers in the region.

Community Opposition

Community resistance and NIMBY (Not-In-My-Back-Yard) objections to infill development, increased density, and low-income housing projects can pose a potent challenge to development efforts.

Public education, community outreach, and the use of design guidelines can provide effective means to address public concerns and ensure that new developments are in keeping with the character of existing neighborhoods.

Jobs/Housing Balance

Jobs/housing balance is a planning concept that gained attention in the 1980s as a way to address increasing traffic congestion and the rate of growth in vehicle miles traveled. The premise is simple – if housing were to be provided in closer proximity to where people worked, they would have shorter commutes and could use transit or nonmotorized travel. While there are clear benefits to having housing and employment in close proximity to one another, in reality, a number of variables go into people's choices for selecting a home. Proximity to work may be just one of many factors, other important considerations being affordability, neighborhood quality, and school quality. Moreover, people are not always likely to relocate when they take a new job – so even if they were in close proximity to one job, they may have an entirely different type of commute for the next job. And with two-plus worker households becoming more common, proximity to work is a difficult goal to attain for all household members.

When the original VISION 2020 was first adopted in 1990, it advocated jobs/housing balance as a land use strategy for reducing travel and demand on the transportation system. By 1995, as VISION 2020 was updated, it continued to advocate for increasing the mix of land uses – residential, employment, commercial, retail, and entertainment uses – but evolved the understanding of jobs/housing balance to be more of a mobility and accessibility issue. The key here is the focus on centers as major concentrations of jobs and housing that can be easily accessed from nearby neighborhoods and communities and are linked by a highly-efficient, high-capacity transportation network. If individuals could access the region's overall transportation network in a manner that allowed easy, convenient, and efficient travel to jobs – whether the employment is close-by or not – that serves as a way of balancing jobs and housing.

If we create an environment and transportation system whereby a person can live in or near one center and easily travel to a job in another center or nearby, then we have achieved the objective of balancing jobs and housing. To that end, housing – and affordable housing – in and near centers is important, because it improves access to the transportation system in a way that can allow for more efficient travel – whether to employment sites or other destinations and attractions.

For growth management planning purposes, it is also critical to ensure that, at the regional level, planning and capacity for new housing development is commensurate with projections of future job growth and the resulting population growth.

Review of National and Local Best Practices

This section offers a summary overview of best housing practices organized into five categories: (a) planning practices, (b) design strategies, (c) regulatory approaches, (d) financial incentives and tools, and (e) private sector initiatives.¹⁹ Appendix B presents a fuller documentation of the practices that are introduced in this section. It also identifies selected national examples that hold particular promise for the Puget Sound region, as well as successful local implementation of effective housing practices.

Planning

Planning practices that help to promote effective housing policy include comprehensive planning, buildable lands analyses, performance monitoring, and fair share housing programs. Such practices work to establish institutionalized avenues for the careful and ongoing consideration, analysis and tracking of housing issues and needs, and are all the more effective when implemented consistently across a metropolitan region. The Puget Sound area has been nationally recognized for its growth management planning practices, such as interjurisdictional coordination and regular assessment of buildable lands. King and Snohomish counties have further reinforced their analysis efforts with annual performance monitoring programs to track how effectively their growth and housing policies are being implemented.

A Regional Approach to Affordable Housing. Fair share is a mechanism by which each locality within a given area commits to the development of a particular number or percentage of units affordable to low- and moderate-income households. The principal goal is to distribute responsibility for producing affordable housing among all localities within a region, as well as provide lower-income households with a greater range of housing choices located near employment, transit and services.

Portland's regional fair share housing allocation formula utilizes a relatively simple methodology that is a nationally recognized best practice. Their voluntary fair share housing program has shown success at setting clear and reasonable affordable housing development goals, with attainable targets phased in at increments over five-year periods. In King and Snohomish counties, local jurisdictions have worked together to incorporate a fair share housing component into their local and countywide planning processes.

A voluntary regionwide fair share program may be warranted given the housing affordability issues being faced by our region. Such a program can be incorporated into

¹⁹ Municipal Research and Services Center of Washington, "Affordable Housing Techniques: A Primer for Local Government Officials," March 1992 - Report No. 22, <http://www.mrsc.org/Publications/textaht.aspx>, accessed March 2005.

existing growth target allocation processes and be tailored to include a defined role for regional and/or subregional growth centers.

Design

With the rise of the smart growth movement, a number of innovative development techniques and approaches have emerged that provide localities with a range of design-based strategies for promoting a diversity of housing types, affordable housing, and increased residential densities. Moreover, design guidelines that are developed with public input and reinforced through administrative design review boards, can promote the production of housing that residents find attractive and desirable, helping to allay NIMBY resistance to new development and increased densities. Effective design guidelines should be clear, outcomes-oriented, and help to facilitate the development process.

Single-family housing design techniques and innovations include *small lot single-family development*, *zero lot line development*, and *reduced (or maximum) setback requirements* to help keep housing affordable, increase density, and meet market demands for single-family homes, while keeping land costs down for the developer. More localities are also passing *accessory dwelling unit* ordinances and experimenting with *cottage housing* as strategies for promoting infill and density on existing urban single-family parcels. *Manufactured housing* is also gaining wider acceptance as an affordable single-family housing alternative.

Mixed-use design approaches have been successful in bringing together multifamily housing with detached single-family units, commercial services and retail, and transit stations. *Live-work housing*, including artist housing, also offers a creative approach to promoting affordability by integrating home- and work-based activities and costs. Providing for *mixed incomes and mixed tenures* within such developments can further promote socio-economic diversity and renter-to-owner transition opportunities.

Planned unit development (PUD) strategies can be used to facilitate mixed-use developments by providing developers with more flexibility in allowable land uses and project design. *Cluster subdivision* approaches similarly provide greater flexibility in developing both urban and rural lots, while simultaneously creating dedicated open spaces.

Energy efficient and other environmentally friendly design approaches are increasingly being incorporated into modern housing for both ecological and cost-saving reasons.

Regulatory

Local codes and regulations governing the development process can be effective vehicles for promoting desired housing types and directing them to targeted areas. *Zoning changes* are commonly used as a strategy for increasing residential densities and allowing for a greater mix of land uses. *Minimum density ordinances* can further

ensure that developable land is used efficiently. And as discussed above, regulations allowing for innovative design and development approaches can help facilitate a wide range of attractive and affordable housing types as well as more efficient use of available land.

Performance zoning, or flexible zoning, represents a regulatory approach whereby proposed development projects are assessed on a case-by-case basis according to a set of performance criteria and measures; for example, neighborhood compatibility, compliance with density standards, utilities needs and existing capacity, traffic generation, noise levels, and so on. Unlike traditional zoning methods, performance zoning theoretically allows for any land use in any district, giving developers greater flexibility in designing projects, so long as the proposed project meets the established performance criteria and negative impacts are properly mitigated. While few localities in the U.S. have adopted jurisdiction-wide performance zoning systems, many have effectively applied performance zoning concepts to selected districts and/or projects.

Inclusionary zoning ordinances can be an effective strategy for boosting affordable housing production. Voluntary inclusionary zoning programs work by utilizing incentives, like density bonuses or multifamily tax credits, to encourage developers to produce a certain number or percentage of affordable units alongside market rate units for projects occurring within a designated area. Some ordinances further utilize control periods or perpetual resale restrictions to retain the affordable units on the market.

Regulatory review and streamlining. Multiple layers of uncoordinated local, state, and federal regulatory requirements can pose a significant barrier to efficient and cost effective development, with negative impacts on final housing cost. The most common regulatory barriers identified are inefficient permitting processes, excessive permitting requirements, and excessive or inflexible development regulations.

Periodic audits and refinement of development regulations and permitting processes by local governments can translate into worthwhile reductions in overall project timelines and costs. Permit streamlining strategies can include locating permitting activities within one department, pre-application checklists, pre-permitting meetings, established timelines for permit review, and a stratified permit review process that expedites smaller projects.

Financial

Local governments may utilize an array of *financial incentive-based approaches* to stimulate private sector involvement in housing market sectors where bolstering is needed. Strategies include relatively simple incentives such as *fee exemptions, density bonuses, and tax credits and abatements*, as well as more sophisticated arrangements like *tax increment financing*.

Transfer of development rights (TDR) can be used as an incentive strategy for the preservation of affordable housing, as well as historic landmarks, agricultural and other

resource lands, and open space. The strategy works by creating a market for development rights in which they are sold by the property owner of the site targeted for preservation (sending site), and purchased in turn by developers who want to utilize the rights as density bonuses at an approved location (receiving site). Public proceeds from TDR sales, moreover, can further provide revenues for efforts to preserve, rehabilitate, and construct affordable housing.

Housing tax levies requiring voter-approval may be a viable tool in certain localities and circumstances. Where public support exists, housing levies offer a powerful financial mechanism for generating significant dedicated revenues for affordable housing.

Public land donations to non-profit housing developers and community land trusts to reduce or eliminate land costs from affordable housing production are always a welcomed financial contribution. Land banking programs can further help to facilitate the acquisition of land for affordable housing development by identifying surplus public lands and abandoned and foreclosed private properties.

Non-traditional homeownership arrangements receive mention here as a mechanism for promoting affordable homeownership opportunities. Such arrangements, which include *mutual- or co-housing*, *limited equity cooperatives*, and *community land trust housing*, are increasingly establishing a foothold in our region.

Local governments may also leverage an array of *state funding sources* for grants to support their housing programs, including the Washington State Housing Trust Fund and other programs available via the Washington State Housing Division (Department of Community, Trade and Economic Development) and Washington State Housing Finance Commission.

Private Sector

A number of creative housing practices and initiatives have emerged from the private sector in recent years. Across the nation, private sector employers are increasingly participating in, or establishing their own, programs to develop affordable *workforce housing* for employees and their families. Private developers are turning to *partnerships with non-profit developers* to own and manage the affordable housing components of larger market-rate developments. Finally, some financial institutions have established *location-efficient mortgage programs*, predicated on the principle that workers who live closer to their jobs can afford larger mortgages due to transportation cost savings.

IV. CONSIDERATIONS FOR THE VISION 2020 + 20 UPDATE

A summary of key housing issues is presented in this section, along with preliminary recommendations for how these concerns may be addressed through the VISION 2020 + 20 Update process. The recommendations are arranged sequentially under three headings: (1) preliminary guidance for addressing housing in updated multicounty policies, (2) implementation actions to consider related to housing, and (3) monitoring

provisions to consider related to housing. Appendix A provides a one-page summary of the recommendations using a matrix format that links suggested policy updates with related implementation actions and monitoring provisions.

Key Housing Issues

Regional guidance on housing: The current multicounty housing policies lack meaningful and specific direction to localities for how GMA and regional housing policies are to be implemented and housing goals and objectives are to be met. The VISION 2020 + 20 Update process can be used to address major regional housing issues that cannot be adequately addressed by individual localities. Regional guidance should strive to provide a constructive framework for improving consistency and facilitating coordination between local jurisdictions' housing efforts.

A balanced approach should encourage progress toward attainment of regionally agreed upon goals and objectives to better equip local jurisdictions in addressing the complexities of the regional housing market. At the same time, a balanced approach needs to recognize the unique nature of housing submarkets in the four-county area and provide flexibility for localities to determine what implementation actions and strategies are best suited to their individual jurisdictions.

The framework for addressing housing in the updated multicounty policies may include the following components:

- Promotion of best housing practices and provision of technical assistance to jurisdictions to support implementation of GMA and regional housing objectives
- Guidelines for addressing regional housing issues in local comprehensive plans
- Regional review of local housing provisions to provide feedback on how GMA and regional expectations are being addressed
- A monitoring program to track regional and local progress toward measurable housing goals and objectives

Connecting growth targets – housing – land use: GMA-mandated requirements for local comprehensive plans (RCW 36.70A.070) specify that:

- The housing element must include “an inventory and analysis of existing and projected housing needs that identifies the number of housing units necessary to manage projected growth.”
- The land use element must include “population densities, building intensities, and estimates of future population growth.”
- And all elements shall be “internally consistent” as well as “consistent with the future land use map.”

However, GMA-established population targets are not always converted into explicit housing targets. Conversion – particularly when coordinated among jurisdictions within a county – would promote greater consistency between and within local plans, allowing for an “apples-to-apples” relationship between county and local growth targets, projected housing demand, and local zoning and other land use actions taken to

accommodate projected growth.²⁰ Locally adopted housing targets can also provide a measurable goal against which annual progress in housing production can be tracked. Regional guidance in this area can help direct the incorporation of a population-to-housing unit conversion and adopted housing target into local comprehensive planning practices.

Housing affordability: The adequate provision of housing affordable to low- and moderate- income households, with a fair and rational distribution throughout the region, remains a significant challenge, especially given escalating regional and national home prices. Strategies and programs for promoting housing affordability must necessarily be tailored and adapted to the realities of local housing markets. Yet, regional guidance can be useful for promoting coordination between localities within sub-regional markets, and for developing a more coherent regional framework for addressing housing affordability.

Regionally consistent definitions of “affordable housing” as well as “low” and “moderate” household income thresholds would assist the implementation of a regionwide monitoring program to track affordable housing measures. They would also serve to facilitate housing affordability discussions between jurisdictions and within the region in general.

Regional guidance can also be developed to promote the adoption of affordable housing targets by each locality – to serve not as a quota, but as an aspirational target – as well as goal – to guide the development, implementation, and monitoring of local affordable housing strategies and programs. The affordable housing target, moreover, can be utilized as a mechanism for acknowledging local contributions toward the region’s existing stock of affordable housing – such as public housing, preservation, and renovation efforts. The local target-setting strategy could be coupled with the adoption of a region-wide estimate of projected demand for affordable housing – to function not as a fair share target for allocation, but as an objective estimate of future housing needs and an independent measure against which the sum of local measures can be gauged to track progress over time.

Housing development in regional growth centers: The goal of focusing the region’s projected population and employment growth into designated urban growth centers represents a core element of the region’s overall growth strategy. However, the regional growth centers have experienced only measured success at developing new housing.

Regional guidance can be developed to establish housing targets specific to the regional growth centers. Additionally, PSRC funding for centers projects can be redirected in a manner that more strongly emphasizes housing development in the regional growth centers.

²⁰ The countywide targeting process in King County does convert population targets into housing targets. Another issue paper in this series that examines growth targets includes a recommendation that all four countywide efforts move to the use of housing targets in subsequent allocation processes.

Preliminary Guidance for Addressing Housing in Updated Multicounty Policies

The considerations discussed in this section describe preliminary policy recommendations that could be addressed in the revised multicounty planning policies that are to be incorporated into an updated VISION 2020 strategy.

Note: In some instances, these policy issues are already detailed and provide specifics on whom the policy would affect and what the expectations would be. In other instances, the issues are more conceptual at this point and should they be advanced for further consideration in the update process, additional detail would need to be developed.

- A. *Overall Strategy:* In the VISION 2020 + 20 Update, advance a regional housing strategy that provides constructive and specific guidance to localities for how to meet GMA and regional housing provisions for the preservation, improvement, and development of a diversity of housing types to meet the existing and projected needs of all economic segments of the region's population. The guidance should be designed to encourage progress toward attainment of regionally agreed upon housing goals and objectives, yet provide choice and flexibility to jurisdictions in addressing the unique circumstances of local housing markets, and work to advance best housing practices and innovations. The regional housing strategy should be coordinated and consistent with other regional programs, including the regional growth strategy, improving mobility and accessibility, economic development, and environmental protection.
- A-1. *Recommendation:* Through the multicounty policies, establish a common framework for improving the connections between the growth target, housing provisions, and land use elements of local comprehensive plans. Localities would be asked to:
- Coordinate with other jurisdictions within their county in converting population growth targets into housing units.
 - Adopt local housing targets.
 - Establish direct linkages between the housing target and other housing and land use actions and provisions.
- A-2. *Recommendation:* Through the multicounty policies, establish housing development in regional growth centers as a policy priority. Develop guidance for setting centers housing targets. Refocus PSRC funding for centers in a manner that support projects and programs that advance centers housing development.
- A-3. *Recommendation:* Through the multicounty policies, establish a process for advancing and monitoring affordable housing targets. Through the process, localities would be asked to identify a local affordable housing target. A model framework would be developed for localities within a regional subarea to coordinate their affordable housing efforts. The local target-setting would be

coupled with a regionwide estimate of projected demand for low- and moderate-income housing. Regular regional reports would be issued that addressed progress and gaps.

- A-4. *Recommendation:* The Update should include guidance to better enable the housing provisions of local comprehensive plans to more fully address regional housing objectives and Growth Management Act goals.²¹ The guidance would address areas including, but not limited to:
- Improving consistency between the growth target, housing provisions, and land use elements of local comprehensive plans.
 - Advancing housing development in designated regional growth centers.
 - Addressing a coordinated local and regional affordable housing target process.
- A-5. *Recommendation:* Through the multicounty policies, establish a regional process for reviewing and commenting on the housing provisions in local plans. Jurisdictions would be asked to develop "more transparent" housing elements in the future that:
- Identify specific actions and strategies designed to meet GMA and regional housing goals and objectives.
 - Document assumptions involved in estimation work – including past and recent housing development history and a discussion of regional and subregional market trends addressing both demand and supply.
 - Describe implementation and monitoring strategies.

Implementation Actions to Consider Related to Housing

This section includes possible programs and action that could be advanced through the VISION 2020 update process to help implement any policies and provisions addressing housing incorporated into a revised regional strategy.

Note: These potential actions and strategies are only briefly described at this point. Should they be advanced for further consideration in the update process, additional detail would need to be developed. The additional information would discuss responsible parties or agencies, program specifics, budgetary considerations, and schedule.

²¹ The Growth Management Act mandates the following requirements for the housing element in local comprehensive plans (RCW 36.70A.070(2)):

- a) Inventory and analysis of existing and projected housing needs.
- b) Statement of goals, policies, objectives and mandatory provisions for the preservation, improvement, and development of housing.
- c) Identification of sufficient land for housing – including government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group quarter facilities.
- d) Adequate provisions for the existing and projected needs of all economic segments of the community.

- B-1. *Recommendation:* Establish regionally consistent definitions of housing affordability to be applied in multicounty and countywide growth management planning efforts, as well as in local planning:
- “Affordable housing” shall be defined as housing that does not exceed 30% of gross income for a household.
 - “Household income thresholds” for the following categories shall be defined as the following percentages of county median household income:
 - a) Moderate income – 80-120%
 - b) Low-income – below 80%
 - c) Very low-income – below 50%
 - d) Extremely low income – below 30%
- B-2. *Recommendation:* Amend the project selection criteria for PSRC funding as needed to emphasize housing development in regional growth centers. Explore ways to encourage the submission of more housing-related centers projects, including the identification of specific funding-eligible components of centers projects that would support housing development, and the expansion/reorganization of the county project selection committees to include representatives from local planning departments.
- B-3. *Recommendation:* To assist jurisdictions in meeting the expectations developed under Recommendation A-4 (above), create a set of technical assistance tools to guide local governments in crafting and enacting local housing strategies and programs to address GMA and regional requirements. This could include:
- A regional clearinghouse of model housing provisions, ordinances, and best practices.
 - A “menu of options” – or range of possible implementation actions – tied to specific regional policies and requirements.
- B-4. *Recommendation:* Establish a work program item for the regional review of local housing provisions under the existing program for regional review of local transportation provisions. To assist jurisdictions in meeting the expectations developed under this work program, develop programmatic guidelines for jurisdictions to reference in updating their local housing provisions.

Monitoring Provisions to Consider Related to Housing

This section identifies ways in which measurable objectives could be developed to track progress – or lack thereof – in achieving the goals of any policies and provisions addressing housing incorporated into an updated VISION 2020 strategy.

Note: These measurable objectives are only briefly described at this point. Should they be advanced for further consideration in the update process, additional detail would need to be developed. The additional information would discuss lead agencies, specifics on monitoring, data development and acquisition, resources, and schedule.

- C-1. *Recommendation:* Establish a regional monitoring program and methodologies for tracking measurable housing goals and objectives consistently at the regional, county, and local levels. Expand regional monitoring capabilities, where possible, to include new information useful for assessing housing issues and trends. Monitoring program elements can include:
- Housing demand (households) and supply (housing units) by income category.
 - Housing supply by structure type (single-family, multifamily, etc.)
 - Other housing and demographic characteristics.
 - Housing production, or annual permitted housing units.
 - Housing market trends (rents, home prices, affordability indices, etc.).

APPENDICES

- A. Preliminary Recommendations for Updating Multicounty Housing Policies and Provisions
- B. Best Housing Practices

APPENDIX A: PRELIMINARY RECOMMENDATIONS FOR UPDATING MULTICOUNTY HOUSING POLICIES AND PROVISIONS

(A) Policy Updates	(B) Implementation Actions	(C) Monitoring Provisions
<p>A. Overall Strategy. Advance a regional housing strategy that provides constructive and specific guidance to localities for how to meet GMA goals and regional objectives – for preservation, improvement and development of a diversity of housing types. Encourage development of regionally agreed upon housing principles, yet provide choice and flexibility to jurisdictions. Coordinate with other regional programs, including the regional growth strategy, economic development, improving mobility and accessibility, and environmental protection.</p>		<p>Establish regional monitoring program to track measurable housing goals and objectives at regional, county, and local levels, including but not limited to:</p> <ul style="list-style-type: none"> • Housing demand and supply • Housing production and retention • Housing market trends
<p>A-1. Connect growth targets – housing – land use. In multicounty policies, establish framework for improving linkages between growth target-setting, housing provisions, and land use elements in comprehensive plans.</p>	<p>Establish regional guidelines for improving linkages in local plans, including but not limited to:</p> <ul style="list-style-type: none"> • Recommended best practice for converting countywide population growth targets into local housing units • Adoption of local housing targets 	<p>Review local housing provisions on an ongoing basis</p>
<p>A-2. Centers housing development. In multicounty policies, establish framework for advancing housing development in regional growth centers – by setting housing targets for centers and leveraging PSRC funding..</p>	<p>Establish regional guidelines for development and adoption of centers housing targets.</p> <p>Amend PSRC project selection criteria as needed to enact this new policy priority.</p> <p>Encourage submittal of centers projects –</p> <ul style="list-style-type: none"> • Identify specific project elements eligible for PSRC funding that would serve to advance centers housing development • Explore how local planning department representatives may be brought into project selection committees. 	<p>Monitor annual permitted housing development in regional growth centers.</p>
<p>A-3. Affordable housing targets. In multicounty policies, establish process for coordinated regional-local assessment of affordable housing targets.</p>	<p>Establish regionally consistent definitions of affordable housing & household income categories</p> <p>Conduct regular regionwide assessments of projected demand for affordable housing</p> <p>Establish guidance for development and adoption of local affordable housing targets.</p>	<p>Monitor:</p> <ul style="list-style-type: none"> • Affordable housing demand and supply • Affordable housing production and retention • Trends in housing affordability
<p>A-4. Regional guidance on housing. In multicounty policies, establish guidance for what common features ought to be included in local housing elements.</p>	<p>Develop technical assistance, including but not limited to:</p> <ul style="list-style-type: none"> • “clearinghouse” of model housing provisions, ordinances, and best practices • “menu of options” – i.e., range of possible implementation actions and strategies 	
<p>A-5. Regional review of local housing provisions. In multicounty policies, establish process for regional review of local housing provisions.</p>	<p>Establish work program item for regional review of local housing provisions.</p> <p>Develop guidance for “showing your work,” including but not limited to:</p> <ul style="list-style-type: none"> • Specific actions and strategies designed to meet housing goals and objectives • Implementation timelines • Assumptions used in estimation work 	

Appendix B: Best Housing Practices

This Appendix summarizes a number of innovations and best practices currently used or advocated for providing housing in urban settings. For convenience, the practices are grouped into five categories:

- A. Planning practices
- B. Design innovations
- C. Regulatory mechanisms
- D. Financial tools and incentives
- E. Private sector initiatives

Where possible, examples or model provisions from communities – both from across the U.S. and here in the central Puget Sound region – are noted. Additional examples of local implementation of best practices are welcomed, and can be added into this document on a continual basis.

A. Planning Practices

Effective planning is defined by the economical, ecological, and equitable spatial arrangements for complimentary land-uses that attend urbanization and the resulting societal changes. An effective plan involves the participation of a wide-range of stakeholders and interests, and significantly affects the future decisions and actions of local governments.

A-1. Comprehensive planning: A comprehensive plan is a land use document that provides the framework and policy direction for land use decisions. Comprehensive planning in Washington is guided by mandatory provisions of the Growth Management Act, (Chapter 36.70A, Revised Code of Washington). These policies must include provisions establishing housing as a required planning element, accurate inventory of existing stock, targeted production to meet expected needs, and assignment of measurable goals based on land available for housing development. In addition, the comprehensive plan must set forth a rational regulatory framework which links housing to other comprehensive elements such as economic development and transportation objectives.

The Act is specific in its requirements for comprehensive plan housing elements. According to RCW 36.70A.070 (2), a comprehensive plan must include "... (c) 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"

A-2. Buildable lands inventory: Managing urban growth requires the continuous monitoring of land available for future development. Land inventories in turn require accurate information about how much land is vacant and/or underdeveloped, where it is

located, and whether it has development potential. An inventory of “buildable lands” can project the need for land by estimating population growth and the demand for housing, commercial and industrial development, and public facilities. The inventory compares the projected demand for land with the supply of suitable land. The connection between an accurate buildable lands inventory and successful planning for housing is an integral part of successful growth management. Goals for infill and higher densities within urban growth areas are easier to achieve when land availability is known, and priorities can be set.

In 1997, the Washington State legislature adopted the “buildable lands” amendment to the Growth Management Act, (RCW 36.70A.215). The amendment requires six counties in the state and their cities – including all four counties in the central Puget Sound region – to determine the amount of land suitable for urban development, and evaluate its capacity for growth, based upon measurement of five years of actual development activity.

- Local Example:
 - Washington State Department of Community, Trade and Economic Development (CTED) “State Buildable Lands Program Guidelines”
- National Examples:
 - Portland Metro “Buildable Lands Inventory,” Portland, OR
 - “Buildable Lands Inventory,” Ashland, OR

A-3. Performance monitoring: Performance monitoring measures actual results against the desired outcomes, which helps develop and maintain an accountability framework for initiatives and goals as outlined in comprehensive plans. Through the monitoring process, policy and planning effectiveness and needed improvements can be identified.

- Local Examples:
 - “King County Benchmarks and Annual Growth Reports,” King County, WA
 - “Snohomish County Growth Monitoring Report,” Snohomish County, WA
- National Example:
 - Los Angeles Housing Department, Los Angeles, CA

A-4. Fair share housing allocation: “Fair share” generally refers to an equitable distribution of a range of affordable housing throughout a region. This is achieved through a determination of each local jurisdiction’s present and prospective “fair share” of low- and moderate-income housing and the capacity to accommodate such housing. National, state and local fair share housing policies are based on mandates created in federal law under the Fair Housing Act of 1968, 42 USC 3600. In Washington, statutory provisions of RCW 49.60 are equivalent to the protections available under federal legislation, and are even more expansive in defining rights to housing and prohibiting discrimination.

- Local Example:
 - “Snohomish County Tomorrow,” Snohomish County, WA
- National Examples:
 - “New Jersey Fair Housing Act” (Stat. §_52:27D-310)
 - Portland Metro “Regional Affordable Housing Strategy June 2000,” Portland, OR
 - American Planning Association (APA) “Policy Guide on Housing,” 1999
 - U.S. Department of Justice “Fair Housing Act as Amended (Title 8)”

B. Design Innovations

Design affects both the spatial arrangement and the visual character of development. Design is often the primary topic for area residents concerned with ensuring that new development is compatible with the existing community. A coordinated design strategy that incorporates housing, transportation, public spaces, access to services and employment, and maximizes existing infrastructure, encourages growth in a pattern consistent with regional goals.

B-1. Design guidelines and review boards: Design Review Boards review applications for development, building designs, landscaping and site plans for compliance with municipal codes and ordinances, and/or to protect and preserve historic sites. These boards are typically comprised of architects, urban designers, community members, landscape architects, planners, and/or historic preservation professionals. By reviewing plans and negotiating with developers, design review boards help ensure the housing values and goals outlined in comprehensive plans are achieved. Design review processes are also used to provide flexibility from what can be often rigid development codes. Projects that meet desired design objectives may be eligible for exceptions from code requirements. Such boards should be set up in a manner that facilitates development review and does not overly burden the review process.

- Local Examples:
 - “City of Seattle Design Review Program,” Seattle, WA
 - “Design Review Board,” Enumclaw, WA
 - “Historic Preservation Committee,” Port Townsend, WA
- National Examples:
 - “Historic Design Review Board,” Santa Fe, NM
 - “HDLC Design Review Board,” New Orleans, LA
 - “Design Review Board,” Oakland, CA

B-2. Small lot single family: Single-family homes on large lots can be cost prohibitive for many prospective homeowners. Small lot, single-family homes are one technique to keep housing affordable, increase density, and meet market demands for single-family

homes while keeping costs down for the developer. Sizes of small lot developments can range from 2,000 square feet to 4,000 square feet. Variations in siting buildings on such lots can also contribute to producing attractive housing options – including zero-lot-line development (see discussion below under B-3) or allowing units to have common walls, such as townhomes.

- Local Examples:
 - “Small Lot Single Family Dwelling Zoning Code,” Everett, WA
 - “Residential Small Lot District,” Seattle, WA

B-3. Reduced/maximum setback requirements; zero lot line development: Small lot single-family homes often are facilitated through reduced set-back requirements, or zero lot-line development strategies. By reducing the set-back, or allowing zero set-back, the overall lot usage is maximized by either increasing the density of the development, or by increasing usable open space.

- National Examples:
 - “Creekside,” City of Calabasas, CA
 - “The Pinehills,” Plymouth, MA

B-4. Planned unit development: Planned Unit Development regulations encourage and allow less design restrictions of land developments than possible under traditional zoning regulations. This flexibility often accrues in the form of relief from compliance with conventional zoning ordinance site and design requirements. As a whole the planned unit development must still conform to the objectives of the Comprehensive Plan, but within the site zoning variations are allowed. For example, a community may require the same overall density within the residential portion of a planned unit development as that of the surrounding area. The community may allow structures within such a development to be clustered so that the individual lots are smaller but more open space is preserved than would occur under traditional zoning. The planned unit development concept can also be applied to encourage creative mixes of land uses, by mixing different single and multi-family residences in the development.

- Local Examples:
 - “Poulsbo Place,” Poulsbo, WA
- National Examples:
 - “Lake Shore East Planned Development,” Chicago, IL
 - “Stapleton Redevelopment,” Denver, CO

B-5. Cluster subdivision: Cluster development increases the density of housing on a particular development site, while maximizing open space. Generally, the number of units on a particular site is not increased beyond what would normally be allowed, but the proximity of housing units is increased.

- Local Examples:
 - Municipal Code, Bellingham, WA
 - Land Use Code, Bellevue, WA
 - Municipal Code, Puyallup, WA

B-6. Infill housing: Infill development occurs on land within built-out urban areas that has remained vacant or underdeveloped. Infill development may also occur from demolition and redevelopment of industrial, commercial, and other underutilized sites. Interest in infill development stems from a desire to channel development into areas that are already served by public facilities, including police, fire, utilities, schools, and transit, to make more efficient use of existing land and public facilities. Infill development can range from construction of single-family housing on one or two adjacent lots, to an entire city block containing mixed residential and commercial uses. Infill sites are often already served by utilities and other public services, can reduce a developer’s up-front costs, and, in turn, may help in reducing the costs of completed housing units. This type of development, in certain circumstances, can provide opportunities for the construction of affordable housing.

- Local Examples:
 - “Cascade Court Apartments,” Summit Avenue, Seattle, WA
 - “Matsusaka Townhomes,” South 13th Street, Tacoma, WA
- National Examples:
 - “Capen Green,” Dorchester, MA
 - “Charleston Infill Housing,” Charleston, SC
 - “Hismen Hin-nu Terrace,” Oakland, CA
 - “Field Street,” Detroit, MI

B-7. Accessory dwelling units: Accessory dwelling units (ADU) can be either detached structures built to accompany an exiting single-family home, or apartments remodeled into the existing homes’ envelope. An ADU provides a separate sleeping quarter, kitchen, and bath, and in the case of apartments created within an existing home, often there is a private entrance. Accessory units can accommodate family members in need of proximity to family or partial assistance while maintaining a somewhat private lifestyle. An ADU may also provide an affordable rental unit, with relatively little outlay compared to most new construction.

- Local Examples:
 - King County ADU Program, King County, WA

B-8. Cottage housing: Cottage housing refers to the development of multiple small, detached dwelling units on a single lot within an existing neighborhood. These units provide opportunities for creative, diverse and high quality infill development. Cottage housing helps fulfill the demand for quality, detached housing in single family neighborhoods, by providing alternatives and enhancing affordability.

- Local Examples:
 - “Greenwood Ave Cottages,” Shoreline, WA
 - “Cottage Housing Development Ordinance,” Port Townsend, WA
 - “Third Street Cottages,” Langley, WA
 - “Danielson Grove,” Kirkland, WA
- National Examples:
 - “HUD: Elder Cottage Housing Opportunity (ECHO)”
 - New Jersey - NORWESCAP, Inc.
 - Iowa - South Central Development Corporation (“Home-in-stead”)

B-9. Mixed-use development: A mixed-use development contains more than one type of land use occurring within a single zone, and typically includes residential, retail, office, entertainment, and/or civic uses. Scarce land for development has necessitated the intensification of the use of available land to accommodate future needs. Mixed-use development has become an attractive approach, especially in city or town centers where services and transportation are most available. In addition, varying land uses can help provide an environment that is more sustainable and more easily adapted for reuse than a single-use zone.

- Local Examples:
 - “Lincoln Square,” Bellevue, WA
 - “Uwajimaya Village,” Seattle, WA
 - “Welch Plaza,” Seattle, WA
- National Examples:
 - “Mission Bay,” San Francisco, CA
 - “Belmont Dairy,” Portland, OR
 - “Centennial Park East,” Atlanta, GA
 - “University Park,” Cambridge, MA

B-10. Transit oriented development: Transit Oriented Development (TOD) focuses a mix of land-uses, such as residential, retail, office, entertainment, and/or civic uses within walking distance from a transit station (typically within ½ mile, or 15 minutes walking time). This type of development helps form a neighborhood that is compact in size, pedestrian-friendly in design, and can be customized to offer a wide variety of housing options, with convenient access to services, jobs, and transit options. TOD attempts to reduce the use of single-occupant vehicles by increasing the number of times people walk, bicycle, carpool, vanpool, or take a bus, streetcar, or rail. It brings potential riders closer to transit facilities rather than building homes away from services and retail. In addition, TOD helps transit investments work more efficiently by putting more riders on existing or proposed transit infrastructure.

- Local Examples:
 - “Renton Metropolitan Place,” Renton, WA
 - “Kent Station,” Kent, WA

- National Examples:
 - “Sunset Transit Center,” Portland, OR
 - “Del Mar Station,” Pasadena, CA
 - “Rosslyn-Ballston Corridor,” Arlington, VA
 - “Mockingbird Station,” Dallas, TX
 - “West Side TOD: Lake and Pulaski,” Chicago, IL

B-11. Live/work housing: Live/work housing provides for residential living and work accommodations in a single unit. This types of housing is typically used by artists who often prefer open, loft-style spaces instead of more conventional and restrictive floor plans and designs. In recent years, live/work housing has become increasingly more appealing for home-based small business owners. As typical residential zoning codes prohibit the use of residential units for business purposes, business owners must maintain residential and working spaces. For both artists and business owners the expense of maintaining multiple locations is often prohibitive, thus live/work spaces provide an opportunity for both affordable housing and work opportunities within established urban neighborhoods.

- Local Examples:
 - “Tashiro Kaplan,” Seattle, WA
 - “Harbor Lofts,” Seattle, WA
 - “Good Shepherd Center,” Seattle, WA
 - “The Cooper School,” Seattle, WA

- National Examples:
 - “Arkansas Lofts,” San Francisco, CA
 - “Clocktower Lofts,” San Francisco, CA

B-12. Mixed income, mixed tenure housing: A “mixed income” or “mixed tenure” community or development includes affordable and/or public housing units alongside market-rate homes. This mix of people, incomes, lifestyles and values helps to foster an inclusive community that greater resembles the mix that occurs in society as a whole. The goal of mixed income and mixed tenure housing is to offer a balanced community and to reduce social exclusion of housing opportunities. To achieve the goal of mixed income, mixed tenure communities, the various types of housing units are dispersed throughout the community, rather than segregated in distinct areas.

- Local Examples:
 - “Rainier Vista,” Seattle, WA
 - “New Holly,” Seattle, WA
 - “Former Coast Guard Property Redevelopment,” Redmond, WA

- National Examples:
 - “Near North, Cabrini-Green Homes,” Chicago, IL
 - “Chicago Housing Authority (CHA): Plan for Transformation,” Chicago, IL
 - “Avalon Chrystie Place,” New York City, NY
 - “Orlando Housing Authority (OHA): Carver Court,” Orlando, FL

B-13. Manufactured housing: “Manufactured” or “Modular” homes are a viable housing option to help fulfill the need for affordable new homes. According to the Fannie Mae Foundation, “two out of every ten new home starts are manufactured housing, and new owners represent all age groups and every economic status and lifestyle.”²² In recent years technological improvements in the manufactured housing industry are assisting in providing higher quality manufactured homes at affordable prices.

The Washington State Legislature RCW 43.63B.010 defines a manufactured home as “a single family dwelling unit built in accordance with the Department of Housing and Urban Development (HUD) Manufactured Home Construction Safety Standards Act, which is a national, pre-emptive code.”²³ The 2004 Washington State legislature changed local land use regulations of manufactured homes by the passage of SB 6593 (Chapter 256, Laws of 2004), which became effective on July 1, 2005. This law requires that, to protect consumers' choices in housing, “cities and counties must regulate manufactured homes built to federal manufactured housing construction standards no differently than they regulate other types of homes.”

- Local Examples:
 - “Issaquah Village,” Issaquah, WA
 - “Mountain View,” Orting, WA
 - “Belmor Mobile Home Park,” Federal Way, WA
- National Examples:
 - HUD: “Federal Manufactured Housing Program”
 - HUD: “Community Guide to Factory-Built Housing”

B-14. Energy efficient, ecological design: Development with higher energy efficiency and ecological design standards creates homes which, compared to standard homes, are more cost-effective to own and operate, healthier, safer, and better protect the environment. (Also referred to sometimes as low-impact development.) Benefits include using less energy to heat and cool homes, using natural resources in a more

²² Julia O. Beamish & Rosemary C. Goss, “Not a Trailer Anymore: Perceptions of Manufactured Housing” *Housing Policy Debate*, Volume 12, Issue 2, Fannie Mae Foundation (2001): 373.

²³ RCW 35A.63.145(2) defines a “designated manufactured home” as one that:

- a) is comprised of at least two fully enclosed parallel sections each of not less than 12 feet wide by 36 feet long;
- b) was originally constructed with and now has a composition or wood shake or shingle, coated metal, or similar roof of not less than 3:12 pitch; and
- c) has exterior siding similar in appearance to siding materials commonly used on site-built single family homes built according to the Uniform Building Code.

efficient manner, and improving the quality of the indoor air. This type of design includes various established ecological design standards such as lot orientation, internal room zoning, shading of windows and walls, efficient insulation, thermal mass to retain energy, using energy efficient appliances, using natural lighting, and efficient landscape design. In addition, the reduction in energy costs helps promote housing affordability by lessening the expenses of residents.

- Local Examples:
 - “Denny Park,” Seattle, WA
 - “Traugott Terrace,” Seattle, WA
 - “BuiltGreen” - Master Builders Association of King and Snohomish Counties,” WA
- National Examples:
 - “Design Coalition: Affordable Green Housing Report,” Madison, WI
 - “Consortium for Advanced Residential Buildings (CARB),” Norwalk, CT
 - “Green Building Program,” City of Austin, TX
 - “Nevada Energy Efficient Housing Connection,” Nevada

C. Regulatory Mechanisms

Regulatory practices combine with market forces to either enhance or detract from the development potential and the livability of an area. Regulatory practices should be reviewed cumulatively as a statement by the jurisdiction and changes made to policy and ordinance to provide a consistent framework in which the market can operate. Municipalities regulate under the authority granted them by the state legislature and the benefit to the community and the greater good should be evaluated against the costs of regulatory practices.

C-1. Zoning changes: Existing zoning is often altered to allow for a change in the land-use pattern such as greater residential density and/or an increase in commercial activity. Allowing zoning changes to developers in exchange for greater densities may help facilitate affordable housing development.

C-2. Minimum density ordinance: Localities may choose to enact a minimum density ordinance that can be paired with existing zoning regulations to establish minimum density expectations for new development. For example, if the existing zoning code allows a maximum density of twelve dwelling units per acre, a locally adopted minimum density requirement of eight dwelling units per acre can be established to ensure that land is not underutilized.

- Local Example:
 - “Redmond Community Development Code,” Redmond, WA

C-3. Performance zoning: Traditional land use zoning works by specifying what types of land uses and densities are allowable in designated areas. Performance zoning

techniques, in contrast, start by defining the desired end result or development outcome in the designated area, and allow for a greater variety of land uses so long as a development proposal is consistent with the desired outcome, meets a set of performance criteria, and mitigates negative impacts. Performance zoning is attractive to builders as it helps to streamline the development process by making variances, appeals and re-zonings unnecessary. When zoning is more flexible, developers of housing are better able to provide a range of housing densities and types to the consumer, and meet the need for affordability for all income ranges.

- National Examples:
 - “Performance-Based Zoning Ordinance (1990),” Havana, FL
 - “Performance Zoning Model Ordinance,” Bucks County, PA
 - “Paseo del Oro,” San Marcos, CA
 - “Comprehensive Zoning Ordinance,” New Orleans, LA

C-4. Incentive-based inclusionary zoning: Inclusionary zoning works to promote the development of affordable housing alongside market rate units in housing projects. Voluntary inclusionary zoning programs work by encouraging developers to produce a certain number or percentage of affordable units in a development in exchange for density bonuses or other incentives. Some ordinances further utilize control periods or perpetual resale restrictions to retain the affordable units on the market.

- Local Examples:
 - Redmond, WA
 - Bainbridge Island, WA
 - Gig Harbor, WA
- National Examples:
 - Boston, MA

C-5. Regulatory review: Regulatory review is the process in which jurisdictions audit their policies and ordinances for clarity and consistency. This review attempts to identify and address incomplete or inconsistent regulations, as unclear and inconsistent processes may deter development. Common regulatory barriers include lengthy permitting processes; excessive permitting requirements, and excessive or inflexible development regulations e.g. conditional-use permits or outright restrictions, bulk restrictions, right-of way requirements, incomplete or inconsistent regulations. Solutions to zoning related barriers at work in the region include streamlined code amendment processes, increased numbers and types of permitted uses, and reduced or omitted conditional-uses.

C-6. Permit streamlining: Reducing permit processing barriers helps to facilitate user-friendly systems that operate in a timely and efficient manner. Inefficient permit processing may deter development. Some solutions that are being utilized in the region include locating permitting activities within one department, pre-application checklists, encouraging pre-permitting meetings, a stratified permit review process that expedites

smaller projects, and establishing timelines for permit review. The reduction of process barriers makes the locality more appealing to development by reducing costs associated with permitting; savings that can be passed along to the consumer.

C-7. Building code revisions: Review and revision of building codes helps jurisdictions remain consistent with nationally recognized building code standards and up to date with changing technologies and trends. Building code revisions helps ensure that the jurisdiction is not restrictive to development through out-dated building codes or requirements. Washington State adopted the International Building Code (IBC), the International Fire Code (IFC), International Mechanical Code (IMC), and the International Residential Code (IRC) in July of 2004. The IRC is primarily a prescriptive standard for one- and two-family dwellings and multiple single-family dwellings (such as town homes). The IBC is both a prescriptive and a performance (engineering) standard for building. The International Codes are developed through a consensus process and are primarily concerned with life/safety issues, although affordability is taken into account.

D. Financial Tools and Incentives:

Financial or incentive-based approaches attempt to stimulate private-sector involvement in market sectors where bolstering is needed. For housing providers, these incentives often take the form of density bonuses allowing more units for sale or rent, reduced or waived permitting or impact fees for development of a certain type, as well as longer term tax-incentives.

D-1. Fee exemptions: Fee exemptions lower the cost of housing production and are the most basic of the public/private partnerships. Absorbing the cost of processing a development instills trust in the development as an in-kind contribution. Fee exemption policies may include a formula for fee reduction based on the number or percentage of affordable units.

D-2. Density bonuses: Density bonuses are a system of exchange, allowing zoning requirements to vary in exchange for provision of certain amenities or housing that benefits the community. This technique allows an economy of scale by increasing the number of units without increasing the land or infrastructure cost.

- Local Examples:
 - “Affordable Housing Incentives: Density Bonus,” Kirkland, WA
 - “Density Bonus Provision in City Center,” Federal Way, WA
 - “Washington Mutual Tower,” Seattle, WA

D-3. Tax credits and abatements: Tax abatement programs help support affordable housing by forgiving the property tax payments for a period of time. Depending on the jurisdiction, the credits or abatements can be applied to various housing types such as, single family, multi-family, co-operatives, public housing, new construction, residential

rehabilitation, conversions or In particular locations where new housing development is a high priority, such as a designated urban center.

- Local Examples:
 - “Tax Abatement Program,” Seattle, WA & Tacoma, WA
- National Examples:
 - “Limited Tax Abatement Programs,” Portland Development Commission (PDC), Portland, OR
 - “Tax Abatement & Exemption Programs,” New York City, NY

D-4. Tax increment financing (TIF): Tax-increment financing “captures” the additional property taxes generated by private development projects to finance the up-front public development costs. These funds could provide the necessary amenities to help promote development in targeted locations.

- National Examples:
 - “Near North TIF Redevelopment Plan,” Chicago, IL
 - “Affordable Housing Tax Increment Financing Program,” Maine State Housing Authority, Augusta, ME

D-5. Transfer of development rights (TDR): Transfer of development rights programs allow owners of land or buildings identified for protection – including agricultural land, potential open space land, or historic structures – to sell their development rights to landowners at other locations – inside urban areas. TDRs help promote the development in centers and other compact communities, while preserving open space and structures with historic value.

D-6. Housing levies: Property taxes are considered the most reliable method to fund a community’s commitment to affordable housing. Revenue from taxes levied can fund a variety of mechanisms including General Obligation Bonds, Housing Trust Funds, and Public/private partnerships that have proven the effectiveness of leveraging these funds successfully. An affordable housing levy instills confidence that no one economic sector will be overcharged for the public good, and tax levies are able to fund a variety of programming specialties.

- Local Examples:
 - “Seattle Housing Levy,” Seattle, WA

D-7. Land donations/land banking: Public land-donations are made after the identification of surplus buildable lands with in-perpetuity resale restrictions and/or significant periods set-asides for a given purpose. Land donations as a financial tool for municipalities to facilitate housing can be constructed around a community-land trust to whom the municipality donates surplus properties for reasons of affordability

D-8. Non-traditional homeownership:

- **Limited equity housing cooperatives (LEHCs)** – In the United States, more than 1.5 million families of all income levels live in homes owned and operated through cooperative associations. LEHCs are business corporations in which residents share ownership of a building. These cooperatives offer ownership opportunities to lower income households while limiting the return from resale that they can receive from the housing. It contrasts with market rate cooperatives, where memberships can be transferred at market value.
- **Mutual housing / Co-housing** – The combination of autonomous, private houses forming a small-scale community around shared common facilities - (in particular a common house). Co-housing combines the autonomy of single family housing with the advantages of cooperative living. Such projects can reduce the land costs per individual unit.
 - Local Examples:
 - “Bellingham Municipal Code: Co-Housing Regulations,” Bellingham, WA
- **Community land trusts (CLTs)** – Community land trusts typically acquire and hold land, but sell off any residential buildings that are on the land. This process results in the land costs minimized or eliminated making the housing more affordable. The land leases are long-term (typically 99 years) and are renewable. Most land trusts have in place "limited equity" policies and formulas that restrict the resale price of the housing in order to maintain its long-term affordability. These features of the community land trust model provide homeownership opportunities to people who might otherwise be left out of the market.
 - Local Examples:
 - “Lopez Community Land Trust,” Lopez Island, WA
 - “OPAL (Of People And Land) Community Land Trust,” Orcas Island, WA
 - “Homestead Community Land Trust,” Seattle, WA

E. Private Sector Initiatives

Private sector initiatives for housing generally attempt to stimulate an increase in low-income or market-rate housing stock for the local workforce and their families. Financial institutions have established loan programs predicated on both geographic and income-based criteria and for-profit developers have established affordable housing arms to work in conjunction with market-rate divisions to negotiate the complex funding mechanisms that facilitate affordable housing. Non-profit developers continue to build partnerships within the market-rate developer community, to own and manage portions of market-rate developments.

E-1. Workforce housing: The term “workforce housing” is used to refer to the range of housing – both single-family and multi-family, for rent and ownership – that is needed to affordably house workers of all wage levels and their families within a given community, municipality, or region. Employers have recognized that when housing prices in the local housing market become severely out of reach for their low- and moderate- wage workers, it hinders their ability to recruit and retain such employees. In response, some employers have established a variety of creative workforce housing programs to assist their employees in obtaining affordable housing.

- National Examples:
 - Mayo Clinic “Workforce Housing Initiative,” Rochester, MN

E-2. Private / non-profit partnerships: Partnerships between non-profit housing agencies and the private sector can help communities develop affordable housing by bringing additional resources and skills to the development process. Much affordable housing is developed by nonprofits through partnerships with local government, other nonprofit developers, housing authorities, private financial institutions and, occasionally, private developers.

- Local Examples:
 - “Downtown Action to Save Housing (DASH),” Bellevue, WA
 - “HomeSight,” Seattle, WA
- National Examples:
 - “Massachusetts Housing Partnership (MHP),” Boston, MA
 - “National Housing Conference (NHC),” Washington, DC

E-3. Location-efficient mortgages: The Location Efficient Mortgage (LEM) is a mortgage that helps people become homeowners in “location efficient” communities. Such a mortgage increases the amount of money homebuyers are able to borrow by taking into account the money they save by living in neighborhoods where they can access nearby stores and use public transit, rather than driving. The LEM program was designed to encourage the development of efficient, environmentally progressive communities and to reduce urban sprawl and dependence on cars for trip-making. LEM mortgages are currently available in four metropolitan areas:

- Local:
 - Seattle, WA

- National:
 - Chicago, IL
 - San Francisco, CA
 - Los Angeles, CA