

PROPOSAL FOR ARCH HOUSING PRIORITY STRATEGY PROGRAM

Introduction

In the spring of 2007 ARCH held three workshops where council members, ARCH executive board members, commission members, senior planning staff, and invited stakeholders (e.g. developers, lenders) came together to look at existing conditions and identify potential housing strategies that could augment and expand upon our existing efforts. ARCH is now presenting these strategies to member councils for their consideration and potential inclusion in a collective effort, the Housing Strategy Program. ARCH received a grant from the Washington State DCTED to develop the Housing Strategy Program.

In developing the priority strategies, there were several major themes:

- Universally applicable. Select strategies that are most universally applicable across the ARCH membership, though not necessarily applicable to the same extent in all jurisdictions, and will yield the most practical impact.
- Range of Strategies. Develop a list of strategies that utilize the full range of regulatory and assistance tools available to the community and that touch upon all of the criteria (see end of memo). The range of tools include:
 - ❖ Direct Local Support (e.g., strategies for new sources of funds for the ARCH housing trust fund as well as other types of support such as donating surplus property or property tax reductions for affordable housing)
 - ❖ Other Public/Private Sources (e.g., coordinating other public funds with local housing objectives, private sector investment)
 - ❖ Land Use Incentives for Affordable Housing (e.g., accessory dwelling units, incentives for including affordable housing in mixed income development)
 - ❖ General Land Use/Building Regulations (e.g., variable unit size requirement and allowing cottages in single family areas)
- Create Short Term and Long Term strategies. The proposed strategies include primarily short-term strategies that could be accomplished in the next 1 – 3 years and a few longer-term strategies that may take 3 – 5 years to accomplish. Generally the longer-term strategies are ones that would require legislative action by another level of government within the State (typically the State level.)
- Build upon existing efforts. It is important to keep in mind that the proposed strategies are meant to build upon the efforts already in place to create affordable housing. Work in these areas will continue but has evolved to a point where concentrated, additional efforts are not as critical. Examples include accessory dwelling units and the ARCH Trust Fund.

The intent behind adopting the proposed priority strategies is to increase the effectiveness of members individual and collective efforts to address local housing needs. To maximize the effectiveness of the priority strategies, adoption of these priority strategies would have several implications for individual members and for ARCH:

- 1) Adopting these strategies is not a commitment to a particular approach or action on the specific strategies. Members will consider including these strategies in their work programs, and as appropriate, in their legislative priorities;
- 2) Members are expressing an interest in working together to explore potential common approaches to these strategies, and potentially creating some common approaches among

ARCH members. For example, this could include maximizing consistency of administering strategies;

3) Adopting these priority strategies does not suggest that the priorities are the only housing issues that the cities and ARCH will be working on; and

4) That these priorities will help shape the work program of ARCH. Member cities will have a chance to review that work program and discuss the balance between work on priority strategies and other projects.

Proposed Housing Strategy Priorities

SHORT TERM STRATEGIES (1- 2 Years)

I. Direct Local Support

I.A.	<p>Dedicated Funding Source for the ARCH Housing Trust Fund</p> <p>Affirm an interest to create a dedicated funding source to supplement the existing general fund and CDBG contributions to the ARCH Trust Fund. Goal is to identify and implement a ‘best’ dedicated funding source in 2008.</p> <p>Concepts to be considered include:</p> <ul style="list-style-type: none"> Condo conversion tax Demolition Tax for Existing housing Commercial impact fee for housing <p>Some criteria for evaluating different sources include: a nexus between the revenue source and addressing local housing needs, and creates a meaningful amount of revenue.</p>
I.B	<p>10-Year Property Tax Exemption for mixed use zones</p> <p>Legislation was just passed this year that now extends the authority to all cities over 5,000 population to utilize this tool. While the legislation is now more explicit about providing some level of housing affordability, there is a wide range of local discretion on how to implement this program.</p>

II. Other Forms of Direct Support by Public/Private Sources

II.A	<p>Private or other public ‘surplus’ or underutilized property for housing</p> <p>Find ways to proactively tap into local land resources. Action could be to help identify opportunities, and/or to help secure ownership for affordable housing. Examples are underutilized property not owned by cities (churches, Park n Ride lots, school district property) or could include preserving existing affordable housing (market or subsidized) that could be converted to higher use housing. Could also include identify prototypical uses for certain profile properties to address local housing needs (e.g. small scale homeless facilities on portion of church properties.)</p>
II.B	<p>Employer Housing Program</p> <p>Some form of private sector employer investment in housing. Given potential interest by other parties and successful efforts in other areas, a likely first stop could be participating in some form of homebuyer assistance for employees.</p>

III. Land Use Incentives for Affordable Housing

<p>III A</p>	<p>Regulatory Incentives (Mandatory and/or Voluntary) Programs,</p> <p>There are a range of approaches to link the provision of affordable housing with decisions to provide developers with some form of land use incentive or redesignation. While it is not assumed one size fits all, it may be feasible to develop a more consistent approach to creating incentive programs that can balance the goal of jurisdictions to see such incentives used, and developer interests of incentives or requirements being reasonable. A range of issues would be explored under this strategy including:</p> <ul style="list-style-type: none"> • Cities working collectively through ARCH and involving input from builders to develop a more consistent methodology for jurisdictions considering incentive programs, including alternative methods for providing affordable housing (e.g. in-lieu fees, off-site). • Explore range of incentives that could be utilized. • Adopt policies that link land use actions that will result in increased development capacity, with provisions for providing affordable housing. Consider whether policies should be mandatory or voluntary. • Develop consistent administrative guidelines for affordable housing created through incentive programs.
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IV. General Land Use/ Building Regulations to Increase Housing Diversity

<p>IV. A</p>	<p>Housing Emphasis Zones within mixed use neighborhood. Many community's plans rely on meeting long term housing needs in their town centers and other areas that allow mixed use. Housing in these areas is seen as a key component to their long term vitality. Develop strategies and policies that help to ensure that housing is developed within these areas. Could include items such as evaluating parking standards, district wide SEPA review, expedited permitting for housing.</p>
<p>IV. B</p>	<p>Smaller homes (innovative housing) in single family areas (e.g., cottages / bungalows, duplexes)</p> <p>This strategy could be implemented potentially at two different levels.</p> <p>A) <u>Consistent Policy</u>. Cities could work more collaboratively so that when they adopt regulations allowing innovative housing, the regulations would be as consistent as possible. It is unclear to what extent ARCH could add value to such an effort. ARCH staff does not have the same level of experience or expertise as local staff. If ARCH were to have a role, it might be to help convene or facilitate collaboration of communities.</p> <p>B) <u>Demonstration Project</u>. There was a strong vote for innovative housing, but not a strong vote for demonstration projects. Therefore there may not be an interest to pursue demonstration projects. However, if doing demonstration projects were considered an important step to allowing innovative housing, then ARCH could potentially help facilitate such an effort. Such a role had been previously envisioned for the Homechoice Way concept. ARCH's objective would be to help facilitate a development in a manner that multiple jurisdictions could potentially be involved, or benefit from the lessons learned from the demonstration project.</p>

LONGER TERM – LEGISLATIVE/REGIONAL STRATEGIES (3 – 5 Years)

There was discussion around the idea of looking at some strategies that would involve legislative efforts by other levels of governments which would presumably entail a longer term and different type of local investment. In the workshops it was noted that success with these strategies would require a united effort and ‘voice’ not only of ARCH members, but other interest groups from around the region and/or state. However, given the potential gain if successful, they were considered strategies worth participating in at some level of long term effort.

	Sales Tax Exemption for Affordable Housing
	Tax increment financing
	<p>* Allow Outright ‘Waiver’ of Impact fees. During the workshop it was mentioned that impact fees have to be replaced with other public funds. Staff wanted to add this to the list of potential legislative items for the group’s consideration, with the idea being to allow outright waiver of impact fees.</p>
	<p>Countywide/Regional Bond Issue/Levy A countywide/regional bond levy would not require state legislative action, but would likely require cooperation of multiple local and County government(s) in either the County or the larger region.</p>