



HOUSING  
DEVELOPMENT  
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# Creating Affordability Locally

A Guide for Cities, Counties, and Advocates in Washington State

Housing Development Consortium Seattle-King County (HDC)  
1-1-2016

Dear Housing Leader,

Thank you for taking the time to explore this toolkit. Communities across Washington are experiencing dramatic rent hikes, severe shortages of subsidized units, and an increase in homelessness. Simultaneously, we have seen the continuation of over thirty years in federal disinvestment, diminishing the resources we have at the local level to tackle housing insecurity and homelessness.

Fortunately, there are local tools that cities and counties of all sizes can use to create affordable housing. Designed for advocates, affordable housing practitioners, elected officials, and city staff across Washington, this guide provides information on how to increase affordable housing opportunities using local policy and funding mechanisms. Throughout, you will find information on how to educate others on affordable housing needs and solutions, planning processes that provide opportunity for change on affordable housing, and a number of policy tools available to cities and counties that will help promote affordable housing. While we tried to cover tools that would be applicable across the state, we have likely overlooked some tools that could be useful for rural communities.

Corey Dahl and Talia Kahn-Kravis, Masters students at the University of Washington's Evans School of Public Affairs, were the lead authors of this report, conducting research and drafting content as part of their summer policy internships with HDC. We appreciate their creativity, hard work, and a job well done in the completion of this project.

HDC has worked with many advocates and municipalities throughout King County as they have explored, developed, and implemented the processes and tools you'll find in this report. We are indebted to the many who have helped us gain a better understanding of how these tools work in the real world, particularly to the significant time city staff from across the County have devoted to this work.

While there are many resources that address the tools contained herein, we believe this report highlights the tools that are most likely to result in the development and preservation of affordable housing and ensure that people can safely access and retain housing. Throughout the report, you will see many references to other great resources, where you will often find more detailed information on the various tools.

This report is a living document, and we hope to include new tools and stories over time. As you consider advocating for or adopting the policies contained in the toolkit, we encourage you to reach out to us to discuss your work or provide feedback on the toolkit. Please direct any questions or comments to Kelly Rider, Director of Government Relations & Policy: [Kelly@housingconsortium.org](mailto:Kelly@housingconsortium.org).

At HDC, we strive toward communities where everyone has access to a safe, healthy, affordable place to call home. We hope this report will be useful in helping us get there. Thank you for your leadership, hard work, and advocacy toward this end.

Sincerely,

The HDC Team

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# INTRODUCTION

This guide discusses a number of affordable housing policy tools available to Washington cities and counties, including information about how each tool can address the needs, priorities, and concerns of local leaders and community members. Included you will find information to guide this work related to: the definition, benefits of, and need for affordable housing; the local comprehensive planning framework for changing policy; and, many local policy tools related to land use, preservation, tenant-protections, and funding. The intention is to provide information and resources to local policy makers, advocates, and others interested in addressing local affordable housing needs.

## What is Affordable Housing?

Affordable housing is a relative term. What is affordable for an individual earning \$100,000 per year is entirely different than what is affordable for an individual earning \$15,000 per year. And, unlike many other social programs, eligibility criteria for subsidized, affordable housing is defined as a percentage of area median income (usually county or metropolitan area) rather than as a percentage of the federal poverty level. The US Department of Housing and Urban Development (HUD) defines housing as affordable if a family's housing costs do not exceed 30% of their net income.<sup>1</sup> Families that pay over 30% of their monthly income toward rent or mortgage payments are considered **cost burdened**, and those that pay over 50% of their monthly income for housing are considered **severely cost-burdened**. People with lower incomes are more severely impacted by cost burden because they have fewer total dollars leftover to spend on other basic necessities like groceries, gas, medicine, and childcare. In Washington State, affordable housing programs aim to serve people living at or below 80% of the area median income (AMI), with nearly all subsidized rental housing focusing on those at or below 60% of the area median income.

% of the AMI	HUD Classification	King County Countywide Planning Policies Classification
30% or less	extremely low-income	Very-low income
30%-50%	very low-income	Low-income
50%-80%	low-income	Moderate income
80%-100%	moderate income	n/a

To find the AMI table for your county visit [HUD's FY2015 Income Limits Documentation System](#).

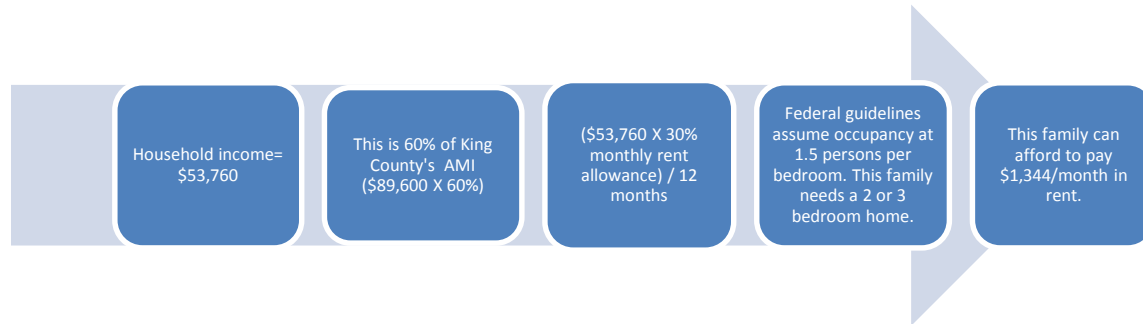
In 2015, the Washington State median family income was \$73,600; however, AMIs vary by county and by family size. For example, King County has a median income of \$89,600 for a family of four.<sup>2</sup> What a family of four in King County can afford depends on their income, with assumptions about the number

<sup>1</sup> US Department of Housing and Urban Development:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/affordablehousing/](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/).

<sup>2</sup> US Department of Housing and Urban Development: <http://www.huduser.org/portal/datasets/il/il15/Medians2015.pdf>.

of bedrooms they will need for their family size. For example, picture a family of four living in King County<sup>3</sup>:



In this guide, we will discuss different tools and programs that serve households at a range of income levels with the overall goal of presenting the multitude of resources a jurisdiction can use to ensure that housing is affordable for all residents.

## The Need for Affordable Housing

Across the country in 2013, there were 10.3 million extremely low-income renters but only 5.8 million units affordable to them.<sup>4</sup> 18.4 million US households were severely housing cost-burdened.<sup>5</sup> This disparity disproportionately affects people of color as they make up 56% of those who are cost-burdened.<sup>6</sup> As housing costs have increased nationally and low-income families struggle to meet housing costs, a family may end up cutting their spending on food or healthcare, thus experiencing an inability to meet basic needs even with a roof over their heads. Other times, an unexpected expense like a medical bill or car breakdown can push severely cost-burdened families over the edge. The financial instability and stress caused by high housing costs can lead to poor mental and physical health as well as lower education and success outcomes.

### Washington State

In Washington State, over one in three households are housing cost burdened. This statistic becomes more drastic when looking at just household who rent: **more than half of renters are housing cost-burdened.**<sup>7</sup> Almost 400,000 Washington households are severely cost burdened.<sup>8</sup> These households are overwhelmingly made up of parents with children, older individuals, individuals with a disability, and working people.<sup>9</sup> With such high housing costs disproportionate to their income, these families are at

<sup>3</sup> City of Seattle Office of Housing 2015 Income and Rent Limits- Multifamily Rental Housing: [http://www.seattle.gov/Documents/Departments/Housing/PropertyManagers/IncomeRentLimits/Income-Rent-Limits\\_Rental-Housing-Program.pdf](http://www.seattle.gov/Documents/Departments/Housing/PropertyManagers/IncomeRentLimits/Income-Rent-Limits_Rental-Housing-Program.pdf).

<sup>4</sup> National Low Income Housing Coalition, "2015 Advocates Guide: An educational primer on federal programs and resources related to Affordable Housing and Community Development," [http://nlihc.org/sites/default/files/AG\\_2015\\_FINAL.pdf](http://nlihc.org/sites/default/files/AG_2015_FINAL.pdf).

<sup>5</sup> Enterprise Community Partners Inc., "Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base," 2014, <http://www.enterprisecommunity.com/resources/ResourceDetails?ID=0093581>.

<sup>6</sup> PERE & PolicyLink. National Equity Atlas: <http://nationalequityatlas.org>.

<sup>7</sup> CFED 2015 Assets & Opportunity State Scorecard: Washington: <http://scorecard.assetsandopportunity.org/latest/state/wa>.

<sup>8</sup> State of Washington Department of Commerce: Housing Needs Assessment- 2015: [http://www.commerce.wa.gov/Documents/Wa\\_Housing\\_Needs\\_Assessment.pdf](http://www.commerce.wa.gov/Documents/Wa_Housing_Needs_Assessment.pdf).

<sup>9</sup> Center on Budget and Policy Priorities: Washington Fact Sheet: Federal Rental Assistance: <http://www.cbpp.org/sites/default/files/atoms/files/4-13-11hous-WA.pdf>.

risk of experiencing homelessness. The Department of Commerce estimates that 87,000 people across Washington State experience homelessness each year.<sup>10</sup> During the 2013-2014 school year, over 35,000 children and youth experienced homelessness.<sup>11</sup>

Homeowners make up 62% of Washington households, while the rest are renters.<sup>12</sup> In 2013, Washington's rental and owner-occupied vacancy rates were both consistently lower than the 5% "natural" vacancy rate, which shows a strong demand for housing across the income spectrum and a highly competitive market that makes it difficult for low-income individuals to compete for housing.<sup>13</sup> 46.2% of owner-occupied houses are unaffordable to a family earning the state median income,<sup>14</sup> indicating that even if there are available homes, they may not be affordable to the average Washingtonian. There are over a million households in Washington that have an income at or below 50% AMI, but there is only enough affordable housing to meet the needs of about half of these households.<sup>15</sup>

From 1980 to 2000, Washington State's population grew by almost 43% and it is expected to grow another 41% by 2030.<sup>16</sup> Since 2000, incomes in the state have decreased by 2.4% while median rents have steadily increased by 7.8% (in real dollars).<sup>17</sup> All the while, funding for affordable housing has undergone serious cuts at the federal level.

With severe and increasing housing needs across the State, it is critical that communities consider how they can begin to fill this gap. While the bulk of subsidized housing relies heavily on federal and state funding, there is significant opportunity for local governments to meet needs through innovative affordable housing development and preservation strategies.

## **The Opportunity: Benefits of Affordable Housing**

Addressing the need for affordable housing is an opportunity to drive local growth and foster strong communities. While affordable housing's first objective is to benefit recipients directly, there are benefits that impact the community, economy, and planet. We know it's better for society, the environment, and families if people can afford stable housing. Below are some of the reasons affordable housing can benefit residents and the entire community. Much of this information is adapted from Enterprise Community Partners' 2014 report on "[The Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base.](#)"

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<sup>10</sup> Ibid.

<sup>11</sup> State of Washington Office of Superintendent of Public Instruction: Education of Homeless Children and Youth Data Collection and Reports: <http://www.k12.wa.us/HomelessEd/Data.aspx>.

<sup>12</sup> CFED 2015 Assets & Opportunity State Scorecard: Washington.

<sup>13</sup> Center on Budget and Policy Priorities: Washington Fact Sheet: Federal Rental Assistance.

<sup>14</sup> CFED 2015 Assets & Opportunity State Scorecard: Washington.

<sup>15</sup> State of Washington Department of Commerce: Housing Needs Assessment- 2015.

<sup>16</sup> Washington State Department of Transportation: <http://www.wsdot.wa.gov/planning/wtp/datalibrary/population/PopGrowthCounty.htm>.

<sup>17</sup> State of Washington Department of Commerce: Housing Needs Assessment- 2015.

### ***Affordable housing will fuel Washington's growing economy.***

- **Brings jobs, wages, and revenue to the local economy:** [A 2015 economic impact study by the Housing Development Consortium](#) shows that the affordable housing activities of HDC members had an estimated economic impact of \$2.6 billion across Washington State.<sup>18</sup> These activities supported an estimated 14,600 jobs across the state. Other studies substantiate local findings regarding the economic impact of the affordable housing sector.<sup>19</sup>
- **Provides housing to meet Washington's growing demand for low-wage workers:** Washington State is currently experiencing above-average job growth which is forecasted to continue for the foreseeable future.<sup>20</sup> National trends show that new job growth has been heavily concentrated in low-wage fields such as child care providers, nursing home aides, hotel housekeepers, office cleaners, retail clerks, and receptionists.<sup>21</sup> People making low wages cannot afford the rising housing costs high-growth markets are experiencing. Building affordable housing will ensure that the people that keep our cities running will have a place to live.
- **Puts money back in the economy:** When housing costs are limited to only 30% of a household's budget, this frees up their budget for other necessities and means more money goes back into different sectors of the economy. HDC estimates that residents of affordable housing developments in King County saved an estimated \$1,651 annually per household, which represents an increase in discretionary income or money available for other basic needs, \$71.5 million in King County alone<sup>22</sup>
- **Increases regional competitiveness and improves employee retention:** A national survey of large companies showed that a majority of the employers acknowledged the lack affordable housing in their proximity and that this shortage has a negative impact on retaining quality employees and reducing turnover.<sup>23</sup> When a city has sufficient housing supply with affordable costs, this can go a long way in attracting business and workers.<sup>24</sup>

### ***Access to affordable housing ensures improved measures of family well-being across the board and reduces public spending.***

- **Decreasing homelessness:** Studies continuously show that when given access to affordable housing, formerly homeless families are less likely to return to shelters or the street and more

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<sup>18</sup> Housing Development Consortium Seattle-King County, *King County Affordable Housing Sector: Economic Impact Report*, Seattle, WA, July 2015, 4, <http://www.housingconsortium.org/wp-content/uploads/2015/08/EconomicImpactReportJuly2015FINAL.pdf>.

<sup>19</sup> Econsult Corporation, *Assessing the Economic Benefits of Public Housing*, Washington, DC: Council of Large Public Housing Authorities, 2007, [https://www.housingcenter.com/sites/default/files/EcoImpactReport03\\_01\\_07.pdf](https://www.housingcenter.com/sites/default/files/EcoImpactReport03_01_07.pdf).

<sup>20</sup> Ibid.

<sup>21</sup> National Low Income Housing Coalition, "2015 Advocates Guide: An educational primer on federal programs and resources related to Affordable Housing and Community Development."

<sup>22</sup> Housing Development Consortium, *King County Affordable Housing Sector*, 4.

<sup>23</sup> Urban Land Institute, "Lack of Affordable Housing Near Jobs: A Problem for Employers and Employees," Press Release, June 4, 2007.

<sup>24</sup> Wardrip, Keith, Laura Williams and Suzanne Hague, *The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development*, Center for Housing Policy, January 2011, <http://www2.nhc.org/media/files/Housing-and-Economic-Development-Report-2011.pdf>.



likely to live stable and healthy lives.<sup>25</sup> Homeless populations are more likely to utilize emergency medical services, emergency shelters, and spend more time in jail or prison than the average population.<sup>26</sup> Reducing homelessness comes with large savings to cities, states, and the federal government in terms of a decreased need for these high cost services.

- **Stable households:** Being cost-burdened means that families frequently do not have enough money to pay for other necessities. A study by the Harvard Joint Center for Housing Studies found that families living in affordable housing had twice as much discretionary income after paying rent than their cost-burdened peers. These families also spent more on healthcare, food and retirement savings<sup>27</sup> This means that families are more self-sufficient and less reliant on outside or public assistance.
- **Healthier Families:** Since less money spent on housing frees up resources for families to spend more on food, health care, medicines, and doctor visits, affordable housing decreases health risks. Children’s Health Watch found that children in subsidized housing had a 35% greater chance of being classified as a “well” child, 28% less risk of being seriously underweight, and 19% less risk of being food insecure than similar children who were waitlisted for subsidized housing.<sup>28</sup> Affordable housing that is better quality than similarly priced housing that is poorly maintained can mean decreased rates of asthma and less exposure to pollutants and allergens.<sup>29</sup> In addition, the stress around housing and financial instability can have lasting effects on one’s health. Affordable housing can mitigate these long-term impacts. In realization of this connection, some states have approved affordable housing and housing support services as a prescribable option for those receiving Medicaid.<sup>30</sup> Healthier families equates to lower costs and less burden on the health care system.
- **Higher educational outcomes and improved child development:** Too often, low-income families are forced to move in search of cheaper housing. These moves can be extremely disruptive to a child’s education. Access to affordable housing can mean that a family can stay rooted in one community, put more time into helping their children grow, and in some cases, can mean access to better schools and other supplemental education programs.<sup>31</sup>
- **Long-term success:** Better health, lower stress and higher educational attainment because of access to stable, affordable, and high quality housing means that families are more equipped to plan for the future and work toward long-term self-sufficiency and success.

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<sup>25</sup> Enterprise Community Partners Inc., “Impact of Affordable Housing on Families and Communities: A Review of the Evidence Base.”

<sup>26</sup> The National Alliance to End Homelessness, “The Cost of Homelessness,” [http://www.endhomelessness.org/pages/cost\\_of\\_homelessness](http://www.endhomelessness.org/pages/cost_of_homelessness).

<sup>27</sup> *The State of the Nation’s Housing 2013*: Joint Center for Housing Studies of Harvard University, 2013, <http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son2013.pdf>.

<sup>28</sup> March, Elizabeth, “Rx for Hunger: Affordable Housing,” Children’s HealthWatch; Medical-Legal Partnership, December 2009, <http://www.childrenshealthwatch.org/page.php?id=206>.

<sup>29</sup> Brennan, Maya, Patrick Reed, Lisa A. Sturtevant, *The Impacts of Affordable Housing on Education: A Research Summary*, Center for Housing Policy, November 2014, [http://media.wix.com/ugd/19cfbe\\_c1919d4c2bdf40929852291a57e5246f.pdf](http://media.wix.com/ugd/19cfbe_c1919d4c2bdf40929852291a57e5246f.pdf).

<sup>30</sup> Moses, Kathy, Rachel Davis, “Housing is a Prescription for Better Health,” Health Affairs Blog, July 25, 2015, <http://healthaffairs.org/blog/2015/07/22/housing-is-a-prescription-for-better-health/>.

<sup>31</sup> Brennan, Maya, Patrick Reed, Lisa A. Sturtevant, *The Impacts of Affordable Housing on Education: A Research Summary*, Center for Housing Policy, November 2014.

### ***Affordable housing helps the environment.***

- **Shorter commutes, more public transit use, and reduced fossil fuels:** Affordable housing gives people the option to commute less and live closer to their work. In addition, transit-oriented affordable housing development means fewer cars on the road and more people using public transportation. As a result, this will limit pollution, reduce vehicle miles traveled, alleviate road congestion, and allow workers to spend more time with families and community. Research shows that planning for affordable housing near transit is key for combatting climate change; living close to transit has a significantly greater impact on lower income households' driving patterns than on those of higher income households.<sup>32</sup>
- **Limits sprawl and protects open space:** When families are not priced out of cities and forced to move farther away, this also helps prevent sprawl, protect open space, waterways, and rural areas.
- **Energy efficient building:** Many new affordable housing developments are built in an energy efficient way which promotes a decrease in energy consumption.

### **Affordable housing saves taxpayer money and makes financial sense.**

- Affordable housing reduces demand for government assistance and social services as families become more self-sufficient, increases spending in the economy which can in turn increase local and state sales tax and other revenues, reduces pressures on the healthcare system, and strengthens the local economy. This, in turn, saves taxpayers money in the long run.

### **Affordable housing creates vibrant, diverse, and inclusive communities for people of all incomes.**

- The US Census projects that **a majority of Washington's population will identify as people of color by 2050**. Housing cost burden disproportionately impacts people of color who have faced historic housing discrimination through past exclusionary housing policies and zoning. Investments in affordable housing are a key strategy for reversing inequity and segregation by race and class.
- **Preventing displacement:** Without affordable housing, lower income families are displaced by higher income families who can afford to live in their neighborhoods. For example, in Seattle's Central District, a historically African American neighborhood, gentrification spurred a 12% decrease in the African-American population over 10 years.<sup>33</sup> Affordable housing ensures that communities can remain intact and can embrace long-term residents as well as new ones.
- **Protects seniors and other vulnerable populations:** Many people living on fixed incomes, such as older individuals and people with disabilities, cannot afford to live near supportive services and amenities. Affordable housing ensures that everyone is able to make ends meet, regardless of age, ability and income.
- With strategic investments, governments can support the construction of **affordable housing throughout the community**, increasing economic integration, stabilizing communities, and ensuring access to opportunity for people of all incomes.

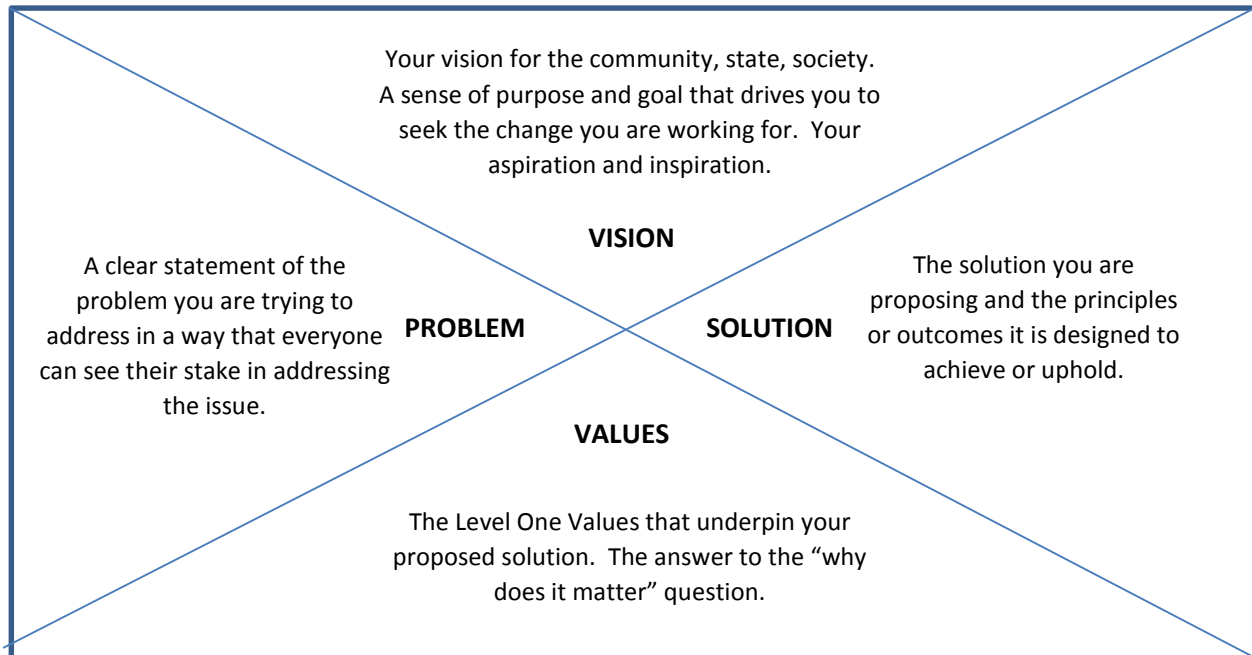
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<sup>32</sup> "Why Creating and Preserving Affordable Homes Near Transit is a Highly Effective Climate Protection Strategy," TransForm and California Housing Partnership Corporation, May 2014, <http://www.chpc.net/dnld/AffordableTODResearch051514.pdf>.

<sup>33</sup> "Basic Population and Housing Characteristics Decennial Census, Neighborhood District: Central," City of Seattle, Department of Planning and Development, March 2011.

## Making the Case for Affordable Housing: Messaging

While the “Benefits of Affordable Housing” section above portrays the positive impact of affordable housing on communities, this may not be enough to convince those who have a negative or uncertain view of affordable housing. Data can be compelling, but appealing to people’s deeply held beliefs, values, and sense of justice and fairness is often more effective. The [Center for Community Change](#) developed a message box template (below) that links your vision, values, problem, and solution to effectively frame affordable housing needs and opportunities in a way that will engage and resonate with others:



The message box is helpful for making a case for affordable housing that appeals to people’s deeper values. In addition, through statewide research, the [Washington Low Income Housing Alliance](#) developed four key messages that resonated broadly among the public:

- Everyone should have the opportunity to live in a safe, decent, affordable home.
- It should be possible for working people to afford housing and still have enough money for the basics like groceries, gas, and childcare.
- Children deserve a chance to succeed in school and in life, which all begins with their family being able to afford a decent place to live.
- It’s better for society, the environment, and families if people can afford to live close to where they work.

These are safe and compelling talking points to use when speaking with any community member about affordable housing.

## Using this Affordable Housing Toolkit

This report explains and assesses a wide variety of tools and strategies designed to build, fund, or preserve affordable housing, in addition to ensuring access to stable, healthy housing. Each approach has unique benefits and qualities that can be leveraged to align with a particular community's goals and values. The criteria outlined below guide the description of the tools in this report. Our hope is that this provides city leaders and advocates with some ideas about what kind of tools work best within their local context.

This report should be viewed as a toolkit and guide, rather than a “one size fits all” set of recommendations. Local leaders and advocates should pick the tools that are tailored to their local housing needs, will create impact, and are realistic in terms of adoption and implementation. With this in mind, critical components of each tool are highlighted to serve as a starting point for these tough, but exciting, choices. The reality is that one single strategy will not provide the definitive, comprehensive solution that is needed to serve community members of all means.

*A Note on HDC Staff Recommended Tools:* The report indicates which tools HDC routinely advocates for and tracks after implementation. This is not to say that other tools are ineffective, but that HDC has more experience with these policies and has seen King County cities – or other municipalities throughout the country – find success with the specified tools.

### **Benefits**

Policies vary in terms of how much impact they can have. This guide evaluates policies based on their potential to create significant community benefit. Often, impact is inversely correlated with ease of adoption, so it is important for communities to consider tools across the impact spectrum.

### **Considerations for Implementation**

Every policy has unique features and actions that must be taken for it to be put into effect. Depending on the tool, there may be different options to consider before moving forward. For example, city leaders may need to receive state authorization to raise new revenue for housing or may need to conduct public outreach to create a tax exemption program. Furthermore, cities face many policy choices when using local tools, such as what incomes should be targeted for housing assistance. These factors affect the capacity needed for adoption and implementation as well as potential steps necessary prior to implementation.

A municipality's internal capacity can also determine which policies are best suited for adoption. Certain tools included in this guide are more complex than others and may require outside technical assistance or support.

Most every policy decision carries unintended consequences and tradeoffs. For instance, existing affordable homes may be removed from the market with the development of new residential homes. As such, it is critical to look at how much an affordable housing policy might inadvertently displace the low- or modest-wage populations they intend to serve. Policies that have a displacement effect could also have an unintended adverse racial impact.

***Populations Served***

Depending on the terms of a specific policy, it may be best-suited to serve certain populations. For example, one policy might best serve moderate-wage, workforce housing and another might best serve people with very low incomes, just emerging from homelessness. Policies could also target a full spectrum of incomes.

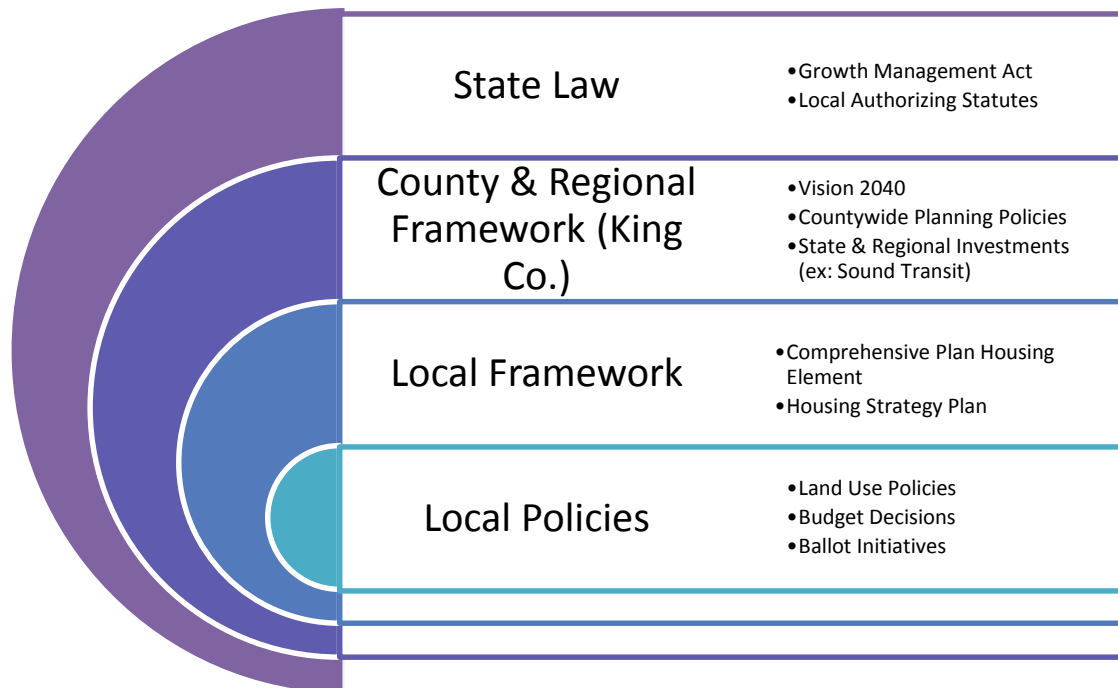
***Special Features***

Some tools may have characteristics that are not captured in the previously mentioned components of this discussion. As these features become important to conveying the benefits of implementing a particular tool, they are included in the tool highlights.

# LAYING THE GROUNDWORK FOR AFFORDABLE HOUSING

## Understanding the Context for Change

Even though a city may want to take action on affordable housing right away, it is important to recognize that there is a larger framework that influences the process to move forward with certain changes to local law or policy. Current city policies/statutes, county-level policy or law, regional governance structures, and state law affect the process of change. For example, a city may want to require the inclusion of affordable housing in any new residential development near a transit investment. State law dictates the way cities must structure this policy, while a regional transit investment has provided the impetus and opportunity for change. Local policy frameworks laid out in the comprehensive plan that support the inclusion of affordable housing near transit can make it easier for cities to support land use code changes. The figure below provides a visual representation of how these different structures fit together and provide multiple opportunities for change.



## How to Pursue Change at the Local Level

Once you and your team have an understanding of the local and overarching structural framework, there are a number of steps that should be taken as you prepare to move the needle on housing affordability.

### Understand Community Needs

Before moving full steam ahead with a suite of policies, community leaders should first gain perspective on community housing needs. Although there are many policies available to support affordable housing, specific policies may be a particularly good fit based on the needs of your community. Some of the questions that can help guide initial discussions include:

- *How many residents are financially burdened by rent or mortgage payments?*
- *What income levels are most in need of affordable housing?*
- *Are there areas of town where housing prices are increasing particularly fast?*
- *What are the city or county's plans around transit investments?*
- *Are specific populations in need of housing, such as seniors, veterans, or families?*

These are a sample of many questions that local leaders might ask to gauge local needs for affordable housing. Comprehensive needs assessments done as part of the Comprehensive Plan process should provide the basis for this discussion, but data should be updated on a yearly basis to ensure it reflects the changing nature of the community.

The federal Department of Housing and Urban Development (HUD) provides city- and county-level estimates describing housing demographics. Examining the [Comprehensive Housing Affordability Strategy data sets](#) (CHAS) can uncover housing problems and whether or not low- and modest-income community members have access to affordable housing. Using readily available federal data can be a great place to start finding answers to the questions posed above.

#### Explore Available Options

Once a city has information on the local need for affordable homes, it is time to weigh available policy options. Of course, the first thing leaders must do is determine what sorts of policies currently exist. If there are policies on the books, then it is worth asking whether or not the terms of each policy meet current needs and, if not, is there a way to strengthen the policy or improve enforcement?

This guide contains a number of options available to Washington cities, in addition to information about how each tool can address the needs, priorities, and concerns of local leaders and community members. Weighing these options against what already exists will help guide further discussion. Ultimately, it is important for local leaders to understand their capacity to enact new laws as it relates to limitations created by state law and the local political climate.

#### Gauge the Political and Economic Climate

Government decisions do not occur in a vacuum, so leaders must be tuned into the pulse of local citizens. Not only is it important to understand what kind of policies local residents want – or need – but it is also important to understand how local developers and business leaders would respond to changes in the law. At this point, conducting proactive public outreach and hearings is crucial to build education and awareness and hear community feedback related to potential policy proposals. Additionally, local economic conditions may also play a role in what kinds of policies are feasible. For example, cities that have a relatively weak real estate market may not be able to leverage affordable development in new construction, as the demand for new market-rate homes might not be significant enough to ensure success of these policies.

#### Craft Policies

Details of affordable housing policies can be based on the local political and economic climate. The stronger the mandate for affordable housing, the more aggressive the policies can be – generally speaking. In this guide, we aim to provide you with details on implementation options and local examples of how each policy has been implemented. Reaching out to other cities for lessons learned in

their approach to adopting and implementing a new affordable housing policy may help guide your steps forward.

### Take Action

After defining local needs and developing legislation, local boards and commissions will generally vet policies and send them to the city council for adoption. During this phase, getting local non-profit organizations, human service providers, and businesses on board can strengthen the support and efficacy of policies that come forward, as well as ensure there is an advocate base for these conversations. The larger the coalition for change, the higher the chances that affordable housing action will work as intended. Furthermore, demonstrating the success of policies can build support for continued – and broadened – action down the road.

Not only is the process for change impacted by the legal and government frameworks, but it is also influenced by dynamics within the community impacted by a potential policy change. These factors that dot the hyper-local landscape are also going to dictate whether a policy will be successful in passage and implementation. Keep the following in mind:

- **Strength of Support and Opposition:** Taking time to deliberately map out who will be an ally and who will be resistant to change is critical. Understanding the dynamics of where potential support and opposition is coming from can prevent your team of local leaders from being blindsided or feeling isolated in the desire to move forward with meaningful affordable housing policy.
- **Identifying and Engaging Local Champions:** After mapping support and opposition, it will be clear who the biggest advocates for policy change are. These individuals or groups could come from within the city government, non-profit organizations, the local business community, or other levels of government. These individuals will be critical in building support to enact change.
- **Keying in on Local Priorities:** Mapping allies and opponents can also help illuminate local priorities for change. These items can also emerge during community outreach in public hearings. Tapping into what local individuals are truly concerned about can help build an understanding of how to frame the case for change and establishing the groundswell of public support needed to enact a change in policy.



## **Paving the Way for Affordable Housing Leadership: A Look at Shoreline's Commitment to Affordable Housing**

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Shoreline is a mid-sized suburban city bordering Seattle with an estimated population of 55,000. Many individuals and families struggle to afford housing in Shoreline. Estimates indicate that 18 percent of local households pay at least half of their monthly income toward housing expenses. City leaders responded to this challenge by working with community organizations to address housing affordability issues.

Beginning in 2010, Shoreline city leaders worked with the Housing Development Consortium on the North King County Affordable Housing and Homelessness workgroup. Through the workgroup, members of the faith community, human services providers, and city staff built relationships and generated an advocate base around local affordable housing issues. Local leaders have worked actively with community members and organizations to gain a better understanding of housing needs since that time, and advocates were committed to laying the groundwork for policy change through participation in the comprehensive planning process. Staff participated and helped organize a community forum on housing issues and facilitated a presentation to the Planning Commission on local affordable housing needs and solutions.

City officials have directly supported affordable housing development, including a partnership with local non-profit organizations and a faith community. Hopelink, Compass Housing Alliance, and Ronald United Methodist Church are developing affordable housing near Shoreline's city hall on church property, with strong encouragement, as well as funding, from the City.

In 2014, Shoreline city leaders took several significant steps forward by creating policies to support an inclusive community, relying on the policy framework developed through the comprehensive plan. Through a transportation impact fee exemption for affordable housing and an inclusionary housing program in the city's new light rail station area, the City is supporting nonprofit housing and leveraging the power of the private market to meet community needs. Most recently, the city has adopted permit and building fee waivers for affordable housing development.

City Planning and Human Services staff members have been key players in developing these policies and facilitating partnerships. Additionally, the City Council's and Planning Commission's recognition of affordable housing needs and commitment to policy action is earning Shoreline respect as a regional leader on housing issues.

The Housing Development Consortium recognized Shoreline with its 2015 Municipal Champion Award for clear leadership and commitment to creating a more inclusive and affordable community. Over the course of a few short years, Shoreline leaders made significant progress in affordable housing by partnering with local organizations, engaging in community awareness and education building, and legislating strong affordability tools.

## **Non-Legislative Actions to Support Affordable Housing**

While the tools in the following sections work to support the preservation and development of affordable housing in a community, there is important "behind the scenes" work that a city can do to set

the stage for policy change and make use of limited capacity and resources to support affordable housing. Jurisdictions can provide education and community engagement opportunities, build partnerships across cities, counties, and with the state, support non-profits doing the on-the-ground work, and advocate for affordable housing at other jurisdictional levels.

### **Education and Community Engagement**

Community members are not always ready to support affordable housing or may have questions about what affordable housing will look like. This may be because of past perceptions of affordable housing or ideas about how it will impact the city or neighborhood. As a local government with facts, information, and a vision to provide housing for all residents, including housing that is affordable, it is important to communicate with and engage the community as much as possible. Holding affordable housing community forums, working groups, and public meetings with the opportunity to comment and listen can be a great way to involve the public. Showing positive examples and visuals of new affordable housing developments can help ease public concern. In addition, using messaging that appeals to widely held values (see section on messaging) can help unite stakeholders with different opinions. With the public on your side, passing new legislation, specifically legislation that must be voter approved, and siting affordable housing will be much easier.

#### Resources

- California Department of Housing and Community Development. [Public Participation and Community Engagement: Selected Resources](#). August 2007.
- Non-Profit Housing Association of Northern California. [“What Works in Affordable Housing Education?”](#) Accessed Sept. 2, 2015.

### **Building Partnerships**

Supplying enough affordable housing to meet Washington’s needs cannot be done in isolation. A dearth of affordable housing in one locality affects the housing market in another. Therefore, local jurisdictions can benefit greatly by partnering with other towns, cities, and at the county and state level. Building inter-jurisdictional partnerships can help cities pool and maximize their resources.

For example, A Regional Coalition for Housing (ARCH) is a partnership of King County and 15 East King County cities who, in 1992, recognized a need for coordinated efforts to preserve and increase the region’s supply of affordable housing for low to moderate income households. Member cities contribute annually to the ARCH Housing Trust Fund and make joint decisions for the use of these funds. ARCH staff provides technical assistance in the form of developing housing policies, strategies, programs, and development regulations; directly assists with affordable housing development processes; implements and administers housing programs; and, engages the broader community on local housing issues. Between 1993 and 2011, the ARCH Housing Trust Fund received over \$34 million from its members, distributing money back into the community as affordable housing has been developed.

Source: [A Regional Coalition for Housing](#)

### **Supporting Non-Profits and Housing Authorities**

Non-profits and housing authorities play a key role in advocating for, creating, and maintaining affordable housing as well as providing services and support to residents living in affordable housing. A 2008 survey of public administrators found that while there has been an increased “nonprofitization” in

implementing affordable housing policies, the viability of these non-profits and community based organization is largely dependent on positive perceptions and support of local administrators.<sup>34</sup>

**Cities can support nonprofits and housing authorities in a variety of ways:**

- Set housing affordability as a city priority and acknowledge the work of these partners in accomplishing housing goals.
- Proactively develop relationships, solicit input, and ask non-profit and housing authority leaders to serve on a housing advisory board/work group or task force.
- Partner with non-profits and housing authorities, including supporting housing projects financially.
- Educate on the need for affordable housing at community forums.
- Keep non-profits and housing authorities apprised of available or surplus land that can be used for affordable housing.
- Write or sign letters of support for entities applying for grants, county, state, or federal funding.
- Support nonprofits and housing authorities in all stages of siting and project planning, including assistance with community outreach and engagement.
- Convene joint meetings with city planning and human services staff; invite nonprofits to participate.
- Partner with nearby cities, counties, or housing authorities to assess collective affordable housing needs, create housing opportunities, and layer funding.
- Work within local regions to encourage private funding for affordable housing.
- Express support for affordable housing policies on a county and state level.

The City of Renton, to take one example, has done an excellent job proactively supporting affordable housing through partnerships. Although, like all cities, Renton is strapped for affordable housing funding, it proactively supported the Renton Housing Authority in applying to HUD's Choice Neighborhoods grant. This grant would have brought up to \$30 million to the City of Renton for rehabilitating an affordable housing complex and providing a multitude of support services for low-income residents in Renton. A lot of work went into creating a competitive proposal, including coordinating community, county, and state partnerships. The City of Renton has set a strong vision of development that embraces affordable housing.

*Resources*

- Rase, Nancy, Paul Weech. "[Growing a Stronger Nonprofit Housing Sector.](#)" National Housing Institute, July 17, 2013.
- Silverman, Robert Mark. "[The Influence of Nonprofit Networks on Local Affordable Housing Funding: Findings from a National Survey of Local Public Administrators.](#)" Urban Affairs Review, Volume 44, Number 1, September 2008.
- City of Renton. "[Sunset Area \(Renton Highlands\).](#)" Accessed Sept. 8, 2015.

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<sup>34</sup> Silverman, Robert Mark, "The Influence of Nonprofit Networks on Local Affordable Housing Funding: Findings from a National Survey of Local Public Administrators," Urban Affairs Review, Volume 44, Number 1, September 2008, <http://uar.sagepub.com/content/44/1/126.short>.

## Advocating at the State and Federal Level

State and federal resources and authority are critical for supporting local action on affordable housing. Cities can play a role in advocating for state and federal affordable housing policies and funding by informing legislators of their support for specific legislation and depicting how a policy would positively impact their residents. Putting affordable housing as a priority on the city's formal legislative agenda is a great way to consistently advocate for affordable housing policies that will benefit city residents and all Washingtonians. City officials can also ensure that affordable housing legislation is a priority within city membership associations. For example, participating members of the [Association of Washington Cities](#) and the [Sound Cities Association](#) can make sure that the association's public policy committees know of and are tracking affordable housing legislation.

Cities can also align themselves with coalitions and campaigns that work to further affordable housing goals. Leading up to the 2015 legislative session, HDC worked to rally support in favor of [HB1223/SB5208](#), which allows the use of lodging taxes for workforce housing. Over 50 stakeholders endorsed the bill including six King County cities, as well as King County, the Puget Sound Regional Council, and the Sound Cities Association. This crucial support helped the bill gain traction and pass in the State Legislature.

## Advancing Racial Equity through Affordable Housing

Historically, housing policy has often furthered racial inequality and segregation, in many cases, by design. Even after explicitly race-based discrimination was forbidden in housing policies and provisions, the impacts of decades' long efforts to exclude entire classes of people are still felt today. Present day housing policies must be closely scrutinized to ensure they do not perpetuate discrimination and structural inequality.

Due to this legacy—and the legacy of structural racism more broadly—people of color are disproportionately burdened by housing affordability problems. On a national level, about half of African American and Latino children live in cost-burdened households. Comparatively, only 27 percent of white children live in similar circumstances.<sup>35</sup>

Policymakers throughout the country are setting racial equity as a top priority. Intentional analysis and conversations can ensure policies promote equitable outcomes for people of color and reduce the risk of disparate impacts. This section outlines key concepts and a basic framework to apply a racial equity lens to creating and implementing affordable housing policies.

### Key Terms

In order to begin a conversation about housing policy and its relation to racial equity, it is important to establish a foundation of critical concepts and terms.

- *Equality*: Providing the same level of access to everyone.
- *Equity*: Providing access to resources, services, or opportunity in a way that recognizes that there are societal and institutional barriers that prevent or have prevented marginalized people

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<sup>35</sup> The Annie E. Casey Foundation, "Housing Burden Disproportionately Affects Children of Color," Dec. 8, 2014, <http://www.aecf.org/blog/housing-burden-disproportionately-affects-children-of-color/>.

from experiencing the world in the same way as privileged individuals. This term is used as a synonym for “equality,” but in fact, it describes something different.

- *Individual Racism*: Perpetuated prejudice, stereotypes, or bias directed at a particular racial group. This advances individual feelings of white superiority and privilege and oppression among people of color.
- *Institutional Racism*: This describes organizational policies, procedures, and culture that benefits white people over people of color. Institutional racism can manifest as the result of intentional or unintentional actions.
- *Structural Racism*: The broader scope and effect of institutional racism embedded in the practices of several organizations.

### **Conducting a Racial Equity Analysis**

HDC worked with partners to create a Racial Equity Toolkit, available via the links below. Below is a summary of the steps municipal leaders can take to critically analyze and discuss the racial impacts of a proposed affordable housing policy. This process can be adapted for creating legislation, implementation, service delivery, and non-housing policies.

#### **1) Set Outcomes**

- Local leaders should set clear goals for conducting racial equity analysis
- Define what racial equity would look like in policy formation and administration
- Use this as guidance through analysis and evaluation

#### **2) Communicate with Key Stakeholders & Involve Community Members in the Policymaking Process**

- Speak directly to community members, city staff, or others who would come in direct contact with policy
- Conduct outreach to communities of color to discuss effects of the proposed policy and potential unintended consequences
- Gain an understanding of how marginalized community members interact with policy and could help reveal unknown biases/disparate impacts

#### **3) Determine Benefit and/or Burden**

- Create an assessment of how the policy (in formation and practice) could help or hinder communities of color
- Evaluate what racial equity goals the policy will address
- Consider and assess unintended consequences
- Use outcomes and stakeholder engagement to guide this determination

#### **4) Use Opportunity to Mitigate Harm**

- After conducting analysis, city leaders can intentionally revise components of policy to reduce – or ideally remove – disproportionate racial impacts or increase racial equity

#### **5) Evaluate Progress**

- As the policy is put into effect, pay careful attention to the effects of the policy
- Continue communication of observations with key stakeholders
- Document areas for improvement – and work toward solutions

#### **6) Report Back**

- Let your staff and stakeholders know about findings and ongoing efforts to curb negative, disproportionate impacts on communities of color

#### *Additional Resources*

- Annie E. Casey Foundation. [Race Matters Toolkit](#). Dec. 2006.
- Joe, Monica and Reuben Waddy, “[Racial Equity Toolkit](#),” Housing Development Consortium. Fall 2014.
- [Just Growth](#). Accessed Sept. 15, 2015.
- PolicyLink/USC Program for Environmental and Regional Equity. [National Equity Atlas](#). Accessed Sept. 15, 2015.
- Seattle Race and Social Justice Initiative. [Applying a Racial Equity Lens to HALA Advisory Committee Policy Review](#). Accessed October 1, 2015.
- Seattle Race and Social Justice Initiative. [Resources](#). Accessed Sept. 15, 2015.

## Comprehensive Plans

### Comprehensive Plans and Housing Elements

The Growth Management Act (GMA) ([RCW 36.70A](#)), enacted in 1990, requires communities to plan for their share of anticipated population growth as provided by the state and county population allocation process by creating a 20-year Comprehensive Plan. Comprehensive Plans must be consistent with guiding regional documents, including Countywide Planning Policies (CPPs) ([WAC 365-196-305](#)) and, for the Puget Sound Region (King, Pierce, Snohomish, and Kitsap counties), [Vision 2040](#).

The GMA specifies a Housing Goal to “encourage 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.” To meet this goal, communities must include a Housing Element in their comprehensive plan that<sup>36</sup>:

- 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.

Comprehensive planning provides a great opportunity for a jurisdiction to build support and momentum around the creation and preservation of affordable housing. Additionally, comprehensive plan conversations are useful for educating Planning Commissions, City Councils, and the public on affordable housing issues.

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<sup>36</sup> RCW 36.70A.070.

Creating a strong comprehensive plan – with a particular focus on the housing element – takes a significant amount of time. Local officials should consider outlining and drafting many months before they are due for submission. In fact, many jurisdictions begin the stages of drafting and revising plans nearly a year before plans are due.

After the initial planning stages, it is important to bring public voices into the process. Holding public meetings well in advance of the update can help local planners and leaders understand the public’s concerns and how they feel about leaders’ proposed direction for the city. Hearings should be conducted throughout the drafting process up until the comprehensive plan is adopted. Engaging the public early and often will help build the support necessary for implementing the plan in the long run. The City of Edmonds provides a clear [visual representation](#) of an example planning process, suggesting times when public hearings are appropriate.

Strong Housing Elements call attention to local affordable housing needs, and they establish a work plan of the policy and land-use tools that the city commits to considering, analyzing, and implementing over the next two decades to address those needs. Below are some factors to consider when creating your city’s Housing Element:

### ***Checklist for a strong Housing Element:***

#### **Have I Engaged the Right Stakeholders?**

- City Human Services staff
  - Particularly for background on homelessness and need data
- City Code Enforcement and Public Safety staff
  - Particularly for information on housing quality and preservation needs as well as neighborhood safety
- Community Stakeholders, including:
  - Local faith communities
  - Groups representing diverse cultures and ethnicities including immigrants and refugees
  - Owners and residents of affordable housing developments
  - Neighborhood organizations

#### **Does my Housing Element.....**

#### **Align with Countywide Planning Policies?**

- Includes a Monitoring Policy
- Includes an Implementation Policy—Housing Strategies Plan
- Includes a Housing Needs Assessment & Identification
- Sets goals around affordable housing production and preservation to ensure needs will be met as growth occurs

#### **Promote Partnerships & Collaboration: Non-profit, Jurisdictional, Regional, State?**

- Supports work of non-profit organizations
- Recognizes the benefits of inter-regional collaboration

- Commits to supporting policies and funding at the state and regional level that promote affordable housing

#### **Promote Communities of Opportunity?**

- Recognizes intersection between housing, transit, and other opportunity factors
- Promotes mixed-use neighborhoods in at least some locations

#### **Promote Diverse Housing Supply?**

- Allows for diverse housing models (ADUs, cottage, infill, townhouse)
- Limits Maximum Densities (or large lot zones)

#### **Explore All Available Tools to Build & Preserve Market-Rate and Subsidized Affordable Housing?**

- Promotes preservation/maintenance of affordable housing
- Promotes Development incentives
- Engages in public awareness campaign
- Prioritizes land for affordable housing
- Encourages 50-year affordability of city supported affordability
- Includes or explores funding strategies—particularly for 30% AMI and below housing
- Promotes homeownership for low and moderate-income households

#### **Recognize the Need for and Support Housing for Populations with Specific Needs?**

- Promotes a wide range of special needs housing (seniors, people with developmental disabilities, homeless, etc.)
- Recognizes and addresses homelessness
- Coordinates with City's Human Services program and other human services providers.
  - Contains a Human Services element either separately or combined

While a Comprehensive Plan lays the groundwork for meeting a community's affordable housing needs, a plan is still just a plan. A solid comprehensive plan will use active language to describe detailed strategies or implementation plans that will help the city realize its housing goals. It can also create synergy among stakeholders for taking action on those needs. Once the plan has been created, the real work of implementation begins.

#### *Additional Comprehensive Planning Resources*

Puget Sound Regional Council. [Housing Element Guide: A PSRC Guidance Paper](#). July 2014.

Washington State Department of Commerce. [Growth Management Act Periodic Update](#).

Housing Development Consortium. [Comprehensive Plan Updates](#).



# LAND USE TOOLS

Land use tools can be used to support, encourage, or require affordable home construction in the private market or by non-profit developers. Depending on the terms of the selected tools, developers may be incentivized or required to contribute to a community's affordable housing needs.

Municipalities that have enacted certain land use tools, such as inclusionary housing, find them particularly appealing because they leverage the strength of the private market to develop affordable homes at no additional cost to the government or citizens. Furthermore, pursuing inclusionary housing policies also have the ability to create affordable homes in the same neighborhoods and complexes as market-rate homes, which can disrupt racial and socioeconomic segregation.

At the same time, local leaders can support affordable housing by taking steps that reduce the cost of developing affordable units for nonprofit developers. Sometimes, cities find it useful to offer these incentives to for-profit developers as well. Fee waiver or exemption programs, even if they represent a fraction of the overall cost of project construction, can put the reality of moving forward with an affordable housing development within reach. Additionally, these tools can be used as incentives for mandatory or voluntary inclusionary zoning programs. Whenever cities chose to forgo revenue to incentivize affordable housing, they should ensure that public benefit is maximized by requiring housing to be affordable for the longest possible term.

Land use tools are very flexible policies. Depending on the strength of the local real estate market or political climate, city leaders can determine whether or not to make policies mandatory and how strong affordability requirements should be for private developers. Beyond that, most of these tools can be individualized to target high-opportunity areas of a city, helping to produce affordable homes near jobs and services.

*In this Chapter:*

[Accessory Dwelling Units](#)

[Affordable Housing Development on Surplus Land](#)

[Expedited Permitting](#)

[Fee Waivers and Exemptions](#)

[Inclusionary Zoning](#)

[Linkage Fees](#)

[Multi-Family Tax Exemption](#)

[Parking Requirement Reductions](#)

## Accessory Dwelling Units

### Description

Popularly called “mother-in-law units,” accessory dwelling units (ADUs) are small residential structures either connected to or disconnected from a single-family home (detached accessory dwelling unit, or DADU). Homeowners can choose to construct these units if they have excess land and are permitted to do so under local zoning laws. The relatively small size of ADUs often makes them more affordable than many homes – even at market rates.

### Tool Highlights

- ✓ Benefits renters *and* property owners
- ✓ Encourages density
- ✓ Works in small cities
- ✓ *Target Population: 80% AMI*

Cities could make ADUs an explicit tool for affordability by tying specific income requirements to zoning laws. In order to promote affordability, local codes could be eased to allow more flexibility for the construction of ADUs so long as the property owners offer the unit to low- or modest-income tenants.

### Benefits

One of the major benefits of this tool is that it requires no financial investment from cities. Affordable homes, in this case, are built at the will and financial expense of private homeowners. ADUs and DADUs also increase housing diversity and density in areas that are often low density and have historically been zoned for single-family homes. With this in mind, there is no guarantee that homeowners will choose to construct these homes, thus, limiting the overall potential yield of this tool.

One major appeal of ADU or DADUs as an affordable housing tool is that both owners and renters stand to benefit. While renters are able to live in a place that fits their financial limits, property owners can earn rental revenue. In other words, the owner is allowed to maximize the value of their property as both parties benefit from the arrangement.

### Considerations for Implementation

This type of policy could face opposition from some single-family neighborhood groups who believe that ADUs/DADUs create overcrowding or are eyesores. In some instances, it may be useful to create an “owner-occupancy” requirement to ease neighborhood tensions, which would require that the owner of the property remain on-site during the rental period. At the same time, this tool could win public support, since it provides homeowners with the opportunity to create an additional revenue stream that makes their mortgage payments more accessible.

### Applications

**Mercer Island:** City leaders took steps in line with their comprehensive plan to provide for affordable housing by significantly reducing barriers to ADU and DADU construction. City code indicates that, in addition to improving local affordable housing stock, ADUs are a means for owners to earn rental income ([MIMC 19.02.030](#)). Observers often note that Mercer Island’s ADU code is a local model – given that it does not include many of the barriers to construction found in other municipalities.

**Kirkland:** The city’s comprehensive plan and land use code both include provisions for ADUs. The comprehensive plan specifically indicates that ADUs are one way to achieve some level of affordability. Despite this, there is no affordability requirement tied to ADU or DADU development in Kirkland. ([KMC 115.07](#))

*Resources*

- City of Seattle. “[Accessory Dwelling Units.](#)” Accessed Sept. 5
- Durning, Alan. “[ADUs and Don’ts.](#)” Sightline Institute. March 15, 2013.
- Macht, Will. “[Rethinking Private Accessory Dwellings.](#)” Urban Land Institute. March 6, 2015.
- Municipal Research and Services Center. “[Accessory Dwelling Units.](#)” Accessed Sept. 5, 15.
- Puget Sound Regional Council. “[Accessory Dwelling Units.](#)” Accessed Sept. 5, 2015.

## Affordable Development on Surplus Public Lands

### Description

Affordable housing may be developed on excess public land owned by cities, transit agencies, or other municipal districts. If publicly owned land no longer serves a purpose for a municipal organization, it can be re-developed for an important community purpose. Washington state law permits public lands to be “sold, leased, or exchanged” to developers if they construct affordable homes for very-low income to moderate-income families ([RCW 43.63a.510](#)). Alternatively, governments can sell public lands to private entities and use the funds to pay for affordable housing.

Tool Highlights	
✓	Reduces development costs
✓	Brings affordable homes more quickly to market
✓	Promotes partnerships with local non-profits
✓	<i>Target Population: 80% AMI &amp; Below</i>

### Benefits

For jurisdictions that have excess land, this could be a feasible option to expand the supply of affordable homes. However, the overall public value of this strategy depends entirely on the availability of such land and conditions set during the exchange of land ownership. These considerations, in turn, determine how much affordable housing can be developed.

### Considerations for Implementation

In order for this tool to even be considered, public agencies (e.g. school districts, transit authorities) or jurisdictions must have excess land available. Without this condition, cities will have to turn to other options to generate affordable housing. However, for smaller cities with additional stocks of land, this could be a very accessible way to improve the local stock of affordable housing on available property.

Of course, there will be competing priorities for unused local land. In addition to those who envision land being used for affordable housing, others might advocate for additional public park land or other community amenities.

### Application

In September 2014, Imagine Housing opened the doors of [Velocity](#), a transit oriented, energy efficient affordable housing development in the South Kirkland Park and Ride area. Before Velocity existed, the South Kirkland Park and Ride consisted of seven acres of land split evenly between Kirkland and Bellevue, but the land itself was owned by King County. To address shared goals of providing affordable housing with access to transit, King County and the City of Kirkland proposed utilizing the surplus land as an opportunity to build housing affordable for low and moderate income families. The building, with 58 units, now offers housing to people with incomes at or below 60% AMI.

### Resources

- Puget Sound Regional Council. [“Tool: Public Land for Affordable Housing.”](#) Accessed Sept, 14, 2015.
- RCW 43.63a.510. [“Affordable housing — Inventory of state-owned land.”](#) Accessed Sept, 14, 2015.

## Expedited Permitting

### *Description*

In addition to adding to the cost of development, the permitting process also increases the amount of time it takes for affordable housing providers to move forward with construction. Depending on the nature of the project, meeting local and state requirements for project approval can take several months. In turn, this can create a backlog of permits to process. City governments can help those producing affordable housing cut through some of this red-tape by expediting and/or prioritizing their permit applications. Alternatively, expedited permitting can be used as an incentive for private developers to construct affordable housing.

Tool Highlights	
✓	Low technical knowledge needed to implement
✓	Reduces development cost
✓	Brings affordable homes more quickly to market
✓	<i>Target Population: 60-80% AMI &amp; Below</i>

### *Benefits*

Residents of many cities face extraordinary pressure to secure housing they can afford, so reducing the amount of time it takes to complete construction of affordable homes will provide a more immediate community benefit. In addition to reducing the time it takes to complete a construction project, expediting permitting could reduce development costs. Non-profit developers would not have to dedicate as much personnel resources to managing and shepherding permits, and developers may be more likely to build affordable housing.

### *Considerations for Implementation*

Establishing permitting priority (or expediency) is a relatively simple act; however, cities planning under the Growth Management Act would still be expected to meet all of the substantive and procedural requirements established by state law ([RCW 36.70b](#)). Cities cannot simply cut out steps to accelerate permitting; rather, city staff resources would have to be shifted or increased. This could create an additional financial or managerial burden.

### *Application*

**Kirkland:** The city code allows permit processing to be expedited, so long as it does not delay any other permits queued for handling ([KMC 5.74.090](#)). Although this process exists, there is no specific priority established for affordable housing construction.

### *Resources*

- Municipal Research and Services Center, "[Streamlining Local Permit Review Procedures.](#)" Accessed Sept. 5, 2015.

## Fee Waivers and Exemptions

### *Description*

Cities can incentivize affordable housing development by lowering the cost of development. Many municipalities charge residential developers a variety of fees, including impact fees and permit fees, during the construction process. Fees typically account for a relatively small share of overall development costs, yet waiving or exempting developers from these charges can further incentivize affordable housing production and lessen financial burdens on nonprofit developers.

Tool Highlights
<ul style="list-style-type: none"><li>✓ Low technical knowledge needed to implement</li><li>✓ Reduces development cost</li><li>✓ <i>Target Population: 60-80% AMI &amp; Below</i></li></ul>
<i>HDC Recommended Tool</i>

Washington state statute allows municipalities to grant fee waivers or exemptions for the purpose of affordable housing production, so long as the housing is made available to individuals or families earning no more than 50 percent AMI. Municipalities have latitude to adjust the qualifications for fee waivers and exemptions as they see fit within this context, up to 80 percent AMI ([RCW 36.70A.540](#)).

For impact fees, specifically, state law allows up to an 80 percent fee exemption without having to replenish foregone fee revenue. Any revenue lost from exemptions above 80 percent of the total cost of the impact fee must be reallocated from other public funds ([RCW 82.02.060](#)).

### *Benefits*

Fee waivers or exemptions alone may not incentivize an optimum amount of affordable housing, given that they represent a relatively small share of overall residential development costs. However, if combined with other inclusionary housing policies, they can serve as an additional strategy to leverage affordable residential development in the private market or support nonprofit developers. When implemented alongside inclusionary zoning, municipalities can align affordability and resident-income requirements for fee waivers and exemptions with those included in other tools or deepen affordability by incentivizing developers to produce lower AMI units.

Exempting non-profit providers from fees provides those organizations with additional funds to convey community services and ensures housing subsidies are going toward their intended purpose, and not to pay municipal fees. This has potential to produce an additional, broader community benefit.

Much like [MFTE programs](#), fee waivers and exemptions encourage affordable development within market rate development and also reduce costs for non-profit developers. Implementing this tool can help promote local economic development and socioeconomic diversity, particularly in proximity to transit, educational, and employment centers.

### *Considerations for Implementation*

Waiving or exempting fees results in foregone revenue for cities, and may require reallocation of other city funds. However, knowing that fees are a small portion of city revenues, implementing this type of program is generally not a major burden for municipalities. Despite no explicit state requirement to

replenish foregone revenue from permit fee waivers, cities will often have to replenish revenue in practice. Officials account for permit fee revenues in budget projections, so losing some of that revenue will have an impact on financial planning.

#### *Applications*

**Shoreline:** The City of Shoreline has developed a Transportation Impact Fee exemption program to reduce the costs associated with affordable housing construction. ([SMC 12.40.070](#)) City leaders have also adopted a building and development fee waiver to further promote affordable home construction.

**Everett:** City officials provide permit fee waivers for affordable housing construction. The city applies the condition that the homes must remain affordable for at least 30 years. ([EMC 16.72.040](#))

#### *Resources*

- Municipal Research and Services Center. "[Affordable Housing.](#)" Accessed Aug. 31, 2015.

## Inclusionary Zoning

### Description

Inclusionary zoning (IZ) requires or incentivizes new developments over a certain size to allot a portion or number of units as affordable housing. Developers can sometimes opt out of building the units themselves by paying a fee in lieu, which often occurs with commercial development. Inclusionary zoning can be mandatory or voluntary. Mandatory inclusionary zoning is seen as a more effective tool for increasing affordable housing supply as past voluntary programs have shown meager results. Inclusionary zoning can be tied to incentives such as upzones, reduced parking requirements, or reduced fees and taxes in order to help offset the cost to developers of providing affordable housing. This tool does not cost the government or typical taxpayer money and developers benefit from incentives.

Tool Highlights
✓ No public cost
✓ Flexible program design
✓ Provides incentives for developers and promotes affordability alongside growth
✓ <i>Target Population: 60-80% AMI</i>
<i>HDC Recommended Tool</i>

In 2006, the Washington State legislature enabled jurisdictions to implement mandatory inclusionary zoning programs tied to incentives through an amendment to the Growth Management Act ([RCW 36.70A.040](#)). State law provides further details on what the state allows in terms of implementing incentives ([WAC 365-196-870](#)). The state requires these newly developed affordable housing units to remain affordable for 50 years and indicates that incentives can include but are not limited to:

- Density bonuses allow a developer to build higher or bigger beyond the site’s zoning designation. They usually occur along with a neighborhood upzone. The density bonus is often based on the “set-aside requirement” (the allotted portion of housing designated to be affordable) as well as the area’s capacity for increased density. Usually, municipalities set the density bonus equal to or larger than the set-aside requirement. Similarly, a height or bulk bonus allows a developer to add to the saleable floor area. Adding density, height, or bulk either allows a developer to build more units or increase the size of its units, thus increasing the profitability of a development. For more on density bonuses visit [PSRC’s website](#).
- Property Tax Exemptions allow developers to forgo the payment of property taxes for up to 12 years in exchange for providing affordable housing. See section on [Multifamily Tax Exemption](#).
- Fee waivers or exemptions call for waiving or exempting developers from permit or impact fees which are often costly for development. In some cases, this may mean lost income for a municipality (See section on [Fee Waivers and Exemptions](#)).
- Parking requirement reductions: The cost of building parking to meet jurisdictional requirements adds to development costs. Many developments create parking spots that go unutilized and may not be necessary in areas that are well connected to other transit options. Decreasing minimum parking requirements saves developers money to offset the costs of building affordable housing. (See section on [Parking Requirement Reductions](#).)
- Expedited permitting allows the developer to begin construction sooner so that the units can be put on the market faster. When jurisdictions allow for expedited permitting of the affordable



housing projects, affordable housing developers save time and money. (See section on [Expedited Permitting](#).)

Some incentives may be offered to all program participants, while others may be reserved for only to those developers who are serving lower-income households.

### *Benefits*

IZ programs address the need for more affordable homes by harnessing the power of the marketplace rather than relying on public funding. A strong IZ program will help communities increase the supply of affordable homes, support workforce and economic development, and reduce sprawl, traffic congestion and pollution. By distributing affordable homes throughout market-rate developments, IZ can build economically and racially-integrated communities and allow modest wage workers the chance to live in job and opportunity-rich neighborhoods.

In Washington, IZ provides opportunity to create homes affordable for renters earning 80% or less of the Area Median Income (AMI) and owners earning 100% or less of AMI. State law allows cities the flexibility to decide what income levels they will target based on community need ([RCW 36.70A.540](#)). Homes affordable at this income level are particularly needed in high opportunity neighborhoods, where high demand drives up rent levels and prices modest wage workers out of the communities in which they work. While this does not address the high affordable housing need of lower income residents, in lieu fees and other funding mechanisms can be directed to a housing trust fund that focuses on building homes for people at lower income levels.

Inclusionary zoning is a way to assure that a certain amount of new housing is affordable. Depending on the set aside requirement, whether in-lieu fees are allowed, and the rate of new development, the number of affordable homes will vary. Since the cost of building housing for very-low income households is high, usually, if the housing is built on-site by developers, it will need to target moderate-income households in order to get a sufficient number of units. In-lieu fees are a way of pooling funding to create housing for lower income households, and can be leveraged with other subsidy sourced to serve those most in need.

### *Considerations for Implementation*

Since the 1970s, 482 local jurisdictions across the country have adopted 507 inclusionary housing programs to address affordable housing needs. Approximately 83% of these policies are mandatory.<sup>37</sup> Often, inclusionary housing programs require developers to ensure 12-35% of homes in their buildings remain affordable for low or moderate-income households.<sup>38</sup> Inclusionary zoning has been implemented on a voluntary and mandatory basis throughout Washington State in Federal Way, Kirkland, Marysville,

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<sup>37</sup> Robert Hickey, Lisa Stuertevant, and Emily Thaden, "Achieving Lasting Affordable Through Inclusionary Housing," Lincoln Institute for Land Policy Working Paper, 2014, 18-19, [https://www.lincolnst.edu/pubs/2428\\_Achieving-Lasting-Affordability-through-Inclusionary-Housing](https://www.lincolnst.edu/pubs/2428_Achieving-Lasting-Affordability-through-Inclusionary-Housing).

<sup>38</sup> "Affordable by Choice: Trends in California Inclusionary Housing Programs," Non-Profit Housing Association of Northern California, California Coalition for Rural Housing, San Diego Housing Federation, and the Sacramento Housing Alliance, 2007, 26. <http://www.wellesleyinstitute.com/wp-content/uploads/2013/01/NPH-IHinCA2006.pdf>.

Poulsbo, Redmond, Seattle, Shoreline, Snohomish, Woodinville, King County, Pierce County and San Juan County, among others. You can find links to their zoning codes [here](#).

[Cornerstone Partnerships](#) has many great resources on inclusionary zoning, including webinars on implementation. When implementing a new inclusionary zoning program, here are some key things to consider:

- Will the program be mandatory?
- What is the minimum number of units for a development to comply with inclusionary zoning (what is the trigger point)?
- What will be the “set-aside requirement”, or the percentage/ number of units designated for affordable housing? (Across the country this ranges from as low as 5% to as high as 35%.)
- What incentives will be offered to developers? One of the most popular incentives is a density bonus.
- What income range will the new affordable units target? (This can depend on the housing needs or nexus study of the jurisdiction.) Washington State legislation stipulates that the rental housing is affordable to people with incomes that are 50% of AMI, but commonly, this cap is raised to 80% of AMI if a city or county determines there is a need for affordable rental housing at this level.
- How and by whom will the program be monitored and enforced?
- What regulations will be set for the size/look/quality of required affordable housing units?
- Will affordable housing units be built on or off site?
- Will fee in lieu be allowed? If so, how will it be managed and distributed?

#### *Application*

**Redmond:** In 1994, the City of Redmond adopted a mandatory inclusionary housing policy called Affordable Housing Zoning ([RCZ 21.20](#)). This policy is restricted to upzoned neighborhoods and has been implemented on a neighborhood-by-neighborhood basis. In each applicable neighborhood, any new development with ten units or more must allot 10% of new units to housing that is affordable for people living at an income of 80% or less of the AMI.

#### *Resources*

- Anderson, Mary. [Opening the Door to Inclusionary Housing Report](#). Regional Inclusionary Housing Initiative, BPI, 2014.
- Cornerstone Partnerships. [“Inclusionary Housing.”](#) Accessed Sept. 7, 2015.
- Hickey, Robert. [Inclusionary Upzoning: Tying Growth to Affordability](#). Center for Housing Policy. July 2014.
- Hickey, Robert, Lisa Sturtevant and Emily Thaden. [Achieving Lasting Affordability through Inclusionary Housing](#). Lincoln Institute of Land Policy (Working Paper). 2014.
- Hollingshead, Ann. [When and How Should Cities Implement Inclusionary Housing Policies?](#) Cornerstone Partnership. June 24, 2015.
- The Housing Partnership. [The Ins and the Outs: A Policy Guide to Inclusionary and Bonus Housing Programs in Washington](#). Aug. 2007
- Jacobus, Rick. Inclusionary Housing: [Creating and Maintaining Inclusive Communities](#). Lincoln Institute of Land Policy (Policy Focus Report). September 2015.

- Puget Sound Regional Council. "[Tool: Inclusionary Zoning.](#)" Accessed Sept. 9, 2015.
- Regional Inclusionary Housing Initiative. [Issues to Consider When Creating and Inclusionary Housing Ordinance.](#) 2014.
- Schwartz, Heather L., Lisa Ecola, Kristin J. Leuschner and Aaron Kofner. [Is Inclusionary Zoning Inclusionary? A Guide for Practitioners.](#) Santa Monica, CA. RAND Corporation. 2012.

## Linkage Fees

### *Description*

Commercial development often outpaces housing growth, especially the growth of affordable housing, and also may create a need for more affordable housing. By charging a “linkage fee,” cities can meet this need for more affordable housing at no cost to the typical taxpayer. Linkage fees require developers to pay a fee, usually charged per square foot, for all new development. While linkage fees can be adopted for residential development, commercial linkage fees are more common. Cities across the country, including Boston, Berkeley, Cambridge, Sacramento, San Diego, and San Francisco, have implemented linkage fees.

### Tool Highlights

- ✓ No public cost
- ✓ Limits displacement of low-income renters caused by commercial development
- ✓ Significant funding source
- ✓ *Target Population: Based on labor market conditions*

*HDC Recommended Tool*

Often the fee rate varies based on type of development: hotel, retail, office, and industrial. Ideally, the linkage fee rate should be related to the new need for affordable housing created by the commercial development. A nexus study, research that shows a causal connection between new development and the growing need for affordable housing, can inform a city’s fee amount and distribution.

### *Benefits*

While new commercial development creates new jobs, it can also drive up housing prices. As a dedicated revenue source for affordable housing production and preservation, linkage fees are a way to balance out the impacts of new development and ensure that there is affordable housing within proximity to the new jobs. This is a gain for workers and businesses alike. If a jurisdiction is undergoing a substantial amount of commercial development, the linkage fee can be a steady and sizable source of revenue, not dependent on changing political will. Linkage fee revenue can go into a housing trust fund and be allocated to different income targets based on a city’s nexus study. This means that linkage fees are an effective tool to ensure that a city can build affordable housing in proportion to the needs of its growing population.

### *Considerations for Implementation*

Linkage fees have been enacted throughout the country and are an emerging tool in Washington State. Factors to consider for implementing linkage fees include:

- Charges:
  - What type of development will pay the fee?
  - How much will the fee be?
  - What measurement will the fee be charged on (square feet, floor area ratio, etc.)?
- Restrictions:
  - How will the funds be used?
  - What income levels will they target?
  - Will funds be limited to certain geographic areas?

- What are the terms of affordability (how many years must the homes remain affordable?)?

#### *Application*

**Boston:** Through a campaign led by grassroots organizations and tenants, Boston became an early adopter of the linkage fee when the Massachusetts legislature passed a bill allowing the City of Boston to implement a fee in 1986. Boston's linkage fee requires developers to pay a fee on any square footage over 100,000 square feet of new commercial development, and developers have up to seven years to pay the fees in full. This money goes into a Neighborhood Housing Trust Fund as well as a Neighborhood Jobs Trust (\$8.34 and \$1.57 per square foot respectively). The Neighborhood Housing Trust Fund is used to "prevent overcrowding and deterioration of existing housing; to preserve and increase the City's housing amenities; to facilitate the adequate provision of low and moderate income housing; and to establish a balance between new large-scale real estate development projects and the low and moderate income housing needs of the City of Boston" ([BZC Section 80B-7](#)). By 2000, Boston's linkage fee had brought in \$45 million that funded the creation of almost 5,000 homes.

**Chicago's variation on linkage fees:** Chicago's Regional Jobs and Housing Fund (legislation and implementation is forthcoming) embraces the same premise of linkage fees: cities should ensure a balance of economic growth and access to affordable housing. However, it acknowledges that this is a regional issue. Instead of charging private developers, it puts the onus on municipalities who benefit from private development within their jurisdiction, but fail to maintain a balanced jobs-to-affordable housing ratio. If a municipality's job-to-affordable housing ratio is below the regional average, it will be taxed on a portion of its industrial and commercial growth. These funds will be used to improve the jobs-to affordable-housing ratio throughout the region.

#### *Resources*

- Boston Redevelopment Authority. [Survey of Linkage Programs in Other US Cities with Comparisons to Boston](#). May 2000.
- Business and Professional People for Public Interest. [A Community Guide to Creating Affordable Housing](#). 2005.
- City of Seattle. "[Resolution Number 31551](#)." Accessed Sept. 1, 2015.
- Mixed Income Transit Oriented Development (MITOD). "[Linkage Fees](#)." Accessed Sept. 2, 2015.
- Policy Link. [Equitable Development: Commercial Linage Fee Strategies](#). Feb. 2002.
- Puget Sound Regional Council. "[Tool: Commercial Linkage Fees](#)." Accessed Sept. 1, 2015.

## Multi-Family Tax Exemption

### Description

Jurisdictions can incentive affordable home construction through the implementation of a multi-family tax exemption (MFTE). Given the long-term expense that taxes create for property owners, the MFTE is a valuable incentive for market-rate developers to build affordable housing. According to state law, cities can grant a property tax exemption for 12 years in exchange for a developer building affordable housing ([RCW 84.14.020](#)).

Statute requires that at least 20 percent of the units constructed meet affordability requirements if

developers take advantage of the 12-year MFTE. Jurisdictions can offer an 8-year exemption to stimulate general multifamily construction, but there are no requirements for affordable development, which ultimately prevents additional public value from being realized.

Tool Highlights
<ul style="list-style-type: none"><li>✓ Broad support</li><li>✓ Works for students</li><li>✓ Workforce housing</li><li>✓ Supports economic development and affordability</li><li>✓ <i>Target Population: 60-70% AMI</i></li></ul>
<i>HDC Recommended Tool</i>

### Benefits

A 12-year exemption, properly targeted, can be a powerful method for incentivizing affordable housing production wherever new development occurs. Additional affordable housing benefit may be achieved if city leaders choose to deepen the affordability levels to 60-70% AMI, increase the proportion of affordable housing required onsite above 20 percent, and/or extend the mandatory affordability period beyond 12 years. Taking these additional steps will help meet local housing needs, while still providing developers the incentive to build.

Additionally, subsidized housing providers can participate in a MFTE program for developments that might not qualify for other types of tax exemptions under state law.

### Considerations for Implementation

This policy is particularly applicable to cities that want to increase affordable housing supply and/or encourage more residential development in specific residential or mixed-use zones. State law designates this as an option for cities subject to the Growth Management Act, which also creates population parameters in order to use this tool. For example, in King, Snohomish, Pierce, and Kitsap Counties, a city must have at least 5,000 residents in order to incorporate this housing incentive into local law.

Cities may also wish to consider the fiscal implications of implementing an MFTE program. Introducing a new tax exemption may result in some foregone city revenue. On the other hand, this tool can also encourage economic and housing development that otherwise would not occur without additional incentives. Even though there are financial considerations related to revenue, communities can benefit tremendously from new development and greater diversity of income levels.

In addition to the aforementioned considerations, city leaders must also make decisions about policy targets. The following details and tradeoffs are set every time a city establishes or renews an MFTE program:

- **Income Targeting:** HDC recommends that MFTE programs be targeted for those earning 60-70% AMI, depending on the market. As such, this can be considered a productive workforce housing tool if implemented at this AMI. Another reason to set AMI at 60-70% is that this is an incentive-driven program. Developers are not likely to participate if the income requirements are too strict.
- **Set-aside Requirement:** The primary policy tradeoff in MFTE programs relates to target AMI and the set-aside requirement. With lower AMI requirements, the lower the percentage of units set aside for affordability would be to ensure a successful program. Cities in Washington are required to have a set-aside no less than 20% of units.
- **Length of Affordability Requirement:** Requiring affordability beyond the 12 years set by state law will help achieve the greatest public value. Increasing the requirement to 25-50 years will ensure that affordable homes supported by the MFTE will be preserved for the natural life of the housing unit. The tax exemption would only be granted for 12 years, regardless of the length of this requirement.
- **Geographic Targeting:** Cities can decide to apply the MFTE program to a specific high-growth part of town or throughout all “urban centers” within the City (defined by statute). The latter option may be particularly helpful if housing demand is strong citywide.

#### *Application*

**Seattle:** Since being first enacted in 1998, [Seattle’s MFTE program](#) has supported the creation of over 3,400 affordable homes in both market-rate and subsidized developments across the city, with thousands more in development. In 2015, Seattle updated its MFTE legislation to expand the program to new areas of the city. During this update, the City created incentives for family-sized units. Now participating developers who do not produce family-sized units must provide a larger number of rent- and income-restricted affordable units.

#### *Resources*

- Puget Sound Regional Council. “[Multifamily Tax Exemption \(MFTE\).](#)” Accessed Aug. 31, 2015.
- RCW 84.14. “[New and Rehabilitated Multiple-Unit Dwellings in Urban Centers.](#)” Accessed Aug. 31, 2015.

## Parking Requirement Reductions

### *Policy Description*

Many municipalities require multi-family developers to provide a certain number of off-street parking stalls for each residential unit constructed. At times, parking requirements force developers to construct more parking stalls than local demand dictates. Reducing mandatory parking requirements increases for-profit developers' incentive to build and lowers construction costs for non-profit housing developers.

Although reducing parking requirements can increase the overall supply of housing, creating a policy that reduces parking requirements *in exchange for affordability* can increase the supply of income-restricted homes in a jurisdiction.

### Tool Highlights

- ✓ Endorsed by developers
- ✓ Reduces construction costs
- ✓ Low technical knowledge to implement
- ✓ *Target Population: 60-80% AMI & Below*

### *Benefits*

Parking reductions with affordability requirements are another way to leverage the strength of the private market to build affordable homes. They can also reduce construction costs for resource-strapped non-profit developers relying on public subsidy. Additionally, reduced parking creates an incentive for residents to use public, shared, or active modes of transportation.

### *Considerations for Implementation*

A parking requirement reduction may not be enough by itself to incentive a private developer to build affordable housing. Parking requirements can be layered with other programs, such as tax exemptions, fee waivers or exemptions, or density bonuses, to create a robust incentive system. Reduced parking requirements could also be used as an incentive for a mandatory inclusionary housing program.

### *Application*

**Bellevue:** City code indicates that including affordable homes in multi-family developments allows for reduced parking requirements. In downtown Bellevue, the requirement drops by as much as 15 percent and drops up to 25 percent in non-downtown areas ([BLUC 20.20.128.C.2](#)).

**Kirkland:** The requirement is reduced to one parking stall for each additional unit of affordable housing in multifamily development ([KZC 112.20.4.b](#)). Otherwise, city code requires between 1.2 and 1.8 stalls per housing unit, depending on the size of each unit ([KZC 20.20.590.F.1](#)).



# PRESERVATION STRATEGIES

Many cities face challenges in preserving the affordable housing that already exists in their community. A shrinking stock of affordable housing can lead to displacement, particularly when the demand for market-rate and luxury housing is very high. Oftentimes, this creates distance between individuals, their communities, employers, and families. It is essential cities prioritize preservation alongside new development of affordable housing.

There are policies that can help extend the life of subsidized housing and tools to keep “naturally-occurring” affordable housing in the private market from becoming more expensive.<sup>39</sup> If implemented properly, affordable housing preservation policies can help ensure that people are able to live and work in their community of choice.

Preservation also encompasses efforts to maintain the safety and soundness of affordable homes. Ensuring that residents and their families have a safe and healthy place to live is just as critical as maintaining affordability. Local governments can help ensure that homes comply with local codes and property owners bring them up to standard as necessary.

In this chapter:

[City or Regional Acquisition Funds](#)

[Code Compliance Loans](#)

[Right of First Refusal and Right to Purchase Laws](#)

[Preservation Property Tax Exemption](#)

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<sup>39</sup> “Naturally-occurring” affordable housing refers to unsubsidized housing in the private market that has rents below market-rate.

## City or Regional Acquisition Funds

### *Description*

One way to prevent affordable housing from switching over to market-rate, or to prevent market-rate housing from becoming more expensive, is to provide funding to non-profit developers to purchase properties. This tool requires a single city or group of neighboring cities to contribute to a fund used to acquire properties before they slip out of affordability. Providing ownership to a non-profit housing developer provides long-term assurance that the property will remain affordable. In addition, funds received through this program can be used to renovate the property to ensure that it is up to code.

Tool Highlights
✓ Supports nonprofits
✓ Promotes collaboration
✓ <i>Target Population: 60% AMI &amp; Below</i>
<i>HDC Recommended Tool</i>

A slight variation of an acquisition fund is creating an acquisition loan program. Similar to the aforementioned fund, cities work with non-profit housing developers to maintain affordability; however, rather than simply giving money to these organizations, a city or regional coalition provides a loan to the non-profit organization until they have the necessary funding on hand. Both varieties of this tool help address preservation and the reality that many non-profit housing developers simply do not have the excess capital to act fast enough to purchase properties in danger of becoming market rate.

### *Benefits*

This tool addresses the need for preservation while encouraging voluntary cooperation between municipalities and local nonprofit organizations. It prevents net losses in affordable housing stock and maintains the safety of older homes. Providing support to nonprofit developers provides assurance that the partner organization is driven by a mission to serve low- or modest-income residents, both in terms of promoting physical and financial health.

### *Considerations for Implementation*

For many smaller cities, gathering the funds necessary to support this kind of tool poses a significant challenge. Even if municipalities decide to combine resources and create a regional fund or loan program, this tool requires a significant cash outlay in order to be effective.

### *Resources*

- Calkins, Andrew, Andrew Desmond, Andrew Wong. "Improving Health and Housing in South King County." Evans School Report, pgs. 72-76. 2015.

## Code Compliance Loans

### *Description*

Keeping up with housing safety and health standards is very costly for property owners. Single-family or multi-family homeowners simply may not have the capital on hand to conduct necessary maintenance, renovations, or repairs – even if they wish to do so. To compound the problem, traditional lenders are often unwilling to loan money to property owners in these situations. Local governments can respond by establishing a code compliance loan program in order to incentivize property owners to take the steps needed to maintain healthy housing.

### Tool Highlights

- ✓ Incentivizes property owners to maintain health of housing
- ✓ Adds long-term affordability to market-rate housing
- ✓ *Target Population: 60-80% AMI & Below*

*HDC Recommended Tool*

Typically, municipal code compliance loans have favorable lending requirements for property owners to encourage participation, including low interest rates. Municipalities can also establish additional criteria for code compliance loans in order to target affordable homes. For example, cities can offer loans to fund maintenance in homes with residents at or below a specific AMI, in addition to specifying what type of repairs can be conducted with loan funds, and requiring that affordability be maintained once repairs are completed. Including an affordability requirement with the extension of public funds will help ensure that property owners do not complete the repairs and raise rent as a result of the newly added value.

### *Benefits*

This type of policy will have a significant impact on preserving the quality and extending affordability for “naturally-occurring” affordable housing if municipalities choose to establish clear terms for the loan program. So long as the terms are favorable and interest rates are low enough to induce participation, homes that would otherwise fall into disrepair and out of compliance with local codes would be brought up to the necessary levels of safety for residents.

Marginalized groups could benefit significantly from this program, particularly if loans are made with specific conditions. Maintaining affordability while mitigating safety risks limits the likelihood of displacement and health-related issues. Additionally, increased and/or proactive code compliance reduces the need for cities to conduct inspections in response to potential code violations.

### *Considerations for Implementation*

Cities choosing to offer this program must have the financial capacity to begin offering loans. In addition to immediate cash outflows from lending, the city must also have staff with the necessary expertise to administer the program. In order to ease the financial burden, cities could consider partnering with other cities, seek state or federal funds, or use interest payments as an additional revenue stream.

For those cities with necessary financial and staff capabilities, this type of policy could be popular with property owners. With low-cost financing available, property owners may become more proactive about maintaining property, rather than waiting for local fines or serious issues to arise onsite.

Cities may choose to implement this program in conjunction with increased code standards related to the health of housing and/or a proactive rental inspection program.

Some additional compliance loan terms to consider include, but are not limited to:

- Setting a 20- to 30-year term
- Consider partial loan forgiveness for prompt repayment
- Extending term of loan with additional affordability requirement

#### *Application*

**Central Minnesota Housing Partnership:** Although this program operates through a non-profit organization, it is a prime example of how this program can work. Loans are made to abate lead, install fire alarms, and other critical home safety improvements to existing homes for those with 80 percent AMI or less. The CMHP receives funding from the state Department of Employment and Economic Development, HUD, the state housing fund, and private donors.

#### *Resources*

- Calkins, Andrew, Andrew Desmond, Andrew Wong. "Improving Health and Housing in South King County." Evans School Report, pgs. 62-66, 2015.
- Central Minnesota Housing Partnership. "[About Us.](#)" Accessed Sept. 5, 2015.

## Right of First Refusal and Right to Purchase Laws

### Description

Right of First Refusal (ROFR) laws require property owners to notify tenants, nonprofits, and/or the city before selling an affordable housing property in order to give the entity first chance of purchase. Right to Purchase laws go a step further and give tenants, nonprofits, and/or the city an exclusive chance to purchase the property. If the entity makes an offer, the property will not be put on the market for other bidders.

### Tool Highlights

- ✓ Cost-effective
- ✓ Prevents displacement
- ✓ Encourages no net-loss of affordable housing
- ✓ *Target Population: 60% AMI & Below*

### Benefits

A 2013 study by the Center for Housing Policy found that construction of new subsidized rental housing costs 25-40% more than rehabilitating existing housing.<sup>40</sup> With Washington's excess demand for affordable housing, preserving existing affordable housing is of utmost importance and will save money in the long run. Strong ROFR or Right to Purchase laws help preserve existing affordable housing, decreases displacement of low-income tenants, and ensures that city development meets the needs of all city residents new and old of all income levels.

### Considerations for Implementation

Here are some factors to consider when deciding to implement this policy:

- Do you want to implement a Right of First Refusal or Right to Purchase law?
- What type of property will the ordinance apply to (buildings with a certain number of affordable units, any property with a Section 8 contract, certain type of developments in a targeted area, etc.)?
- Who is eligible to receive the advanced notification or right to purchase in addition to the City (only designated nonprofits, tenants?)?
- What will trigger the ROFR or Right to Purchase (the end of a regulatory affordability period or any sale of affordable property)?
- How much advanced notice will be required and how much time will a qualified entity have to make an offer?
- What will be used to determine a fair sales price or "strike price formula"?
- What financing possibilities are in place to facilitate the City's or a designated entity's purchase and/or rehabilitation of the property?

### Application

**Washington, D.C.:** [Washington DC's Tenant Opportunity to Purchase Act \(TOPA\)](#) stipulates that a property owner must give notice to each tenant and the mayor before selling any rental housing unit.

<sup>40</sup> Brennan M, Deora A, Heegaard A, Lee A, Lubell J, Wilkins C, *Comparing the Costs of New Construction and Acquisition-Rehab In Affordable Multifamily Rental Housing: Applying a New Methodology for Estimating Lifecycle Costs*, Washington D.C.: Center for Housing Policy, 2013, [http://www.nhc.org/media/files/CostComparison\\_NC\\_AR.pdf](http://www.nhc.org/media/files/CostComparison_NC_AR.pdf).

Tenants have right of first refusal to purchase the property and up to 120 days to negotiate the sale. Tenants can work in conjunction with partner organizations to finance the purchase.

**San Francisco:** In response to expiring Section 8 property contracts and concern over a drop in affordable housing property, San Francisco implemented a Right to Purchase law in 1990. Under [this Assisted Housing Preservation Ordinance](#), property owners are required to give the City and tenants 18 months advance notice of intent to prepay or terminate participation in local, state or federal subsidy programs. The City or a designated nonprofit, has exclusive right to purchase the property for eight months at a “fair return price” which guarantees the owners a minimum of a 10% return on their investment. Through this ordinance, San Francisco was able to ensure that all its expiring Section 8 properties remained affordable. In addition to the legislation, this success was due in large part to the City’s flexibility and planning around financing of the property.

Chicago and New York City also have notice and purchase opportunity ordinances. Maryland, Maine and Massachusetts have state-wide notice and purchase legislation.

#### *Resources*

- Allbee, Allison, Rebecca Johnson, and Jeffrey Lubell. [Preserving, Protecting, and Expanding Affordable Housing: A Policy Toolkit for Public Health](#). ChangeLab Solutions, 2015.
- Brennan M, Deora A, Heegaard A, Lee A, Lubell J, and Wilkins C. [Comparing the Costs of New Construction and Acquisition-Rehab In Affordable Multifamily Rental Housing: Applying a New Methodology for Estimating Lifecycle Costs](#). Washington D.C.: Center for Housing Policy; 2013.
- Grow, James R. [State and Local Regulatory Initiatives to Preserve At-Risk Affordable Housing](#). CFED, 2007.
- Wolf, Evelyn J and Duverney+Brooks. [Roadmap to Permanent Affordability: Analysis Observations and the Future of Subsidized Housing in New York City](#). Association for Neighborhood and Housing Development Inc, November 2008.

## Preservation Property Tax Exemption

### Description

A preservation property tax exemption incentivizes multi-family property owners to maintain the health and affordability of housing. Owners must agree to keep their rental units affordable for a specified period of time in exchange for receiving a property tax exemption (which could free up capital for rehabilitation). The tax exemption can be especially useful for buildings in high-cost areas or near transit lines and for buildings undergoing renovations or changing ownership.

Tool Highlights
<ul style="list-style-type: none"><li>✓ Works with private market landlords</li><li>✓ Promotes healthy housing &amp; affordability</li><li>✓ <i>Target Population: 60% AMI &amp; Below</i></li></ul>
<i>HDC Recommended Tool</i>

### Benefits

Providing incentives for property owners to preserve and maintain their affordable housing units means minimal displacement and better quality of housing. This tool can be used in high cost markets to “buy down” rents and ensure units are available to the families that need them, to prevent displacement by creating long-term affordability of “naturally occurring” affordable housing, and to ensure the health and safety of housing in both low and high cost markets. A preservation property tax exemption represents a tax shift, rather than forgone revenue, as other property taxpayers pay a slightly higher amount to make up for the preserved buildings. This policy could also provide long-run cost savings since municipalities will not have to worry about replacing as much lost affordable housing stock.

### Considerations for Implementation

This tool requires state legislative action for local implementation. Many cities and stakeholders are interested in working with legislators to authorize this tool as soon as possible. When implementing a preservation property tax exemption it is important to consider:

- What type of property qualifies for the exemption?
- How long will the exemption last?
- Should the exemption require that properties meet certain health, safety, and quality standards?
- What will be done to further preserve the affordable units once the exemption expires?

### Application

**New York City:** New York City has a variety of tax incentives specifically aimed at preserving affordable housing. The J-51 Property Tax Exemption and Abatement is an incentive for rehabilitation of residential property. Rehabilitation of low- and moderate-income housing, or conversion of a building to low- and moderate-income housing is just one of the ten targeted activities specified in J-51. The abatement (applicable only for major renovations) reduces the amount of property tax property owners pay and the exemption freezes the building’s assessed value so that the property taxes remain the same even though a rehabilitation would increase the assessed value of the property. J-51 is seen as a popular and effective program in NYC. As of 2011, almost 600,000 housing units were receiving J-51 tax benefits and is the most widely used housing tax incentive program in NYC (Schultz et al, 2011).

## Resources

- Allbee, Allison, Rebecca Johnson, Jeffrey Lubell. [Preserving, Protecting, and Expanding Affordable Housing: A Policy Toolkit for Public Health](#). ChangeLab Solutions. 2015.
- City of New York Independent Budget Office “[J-51 Property Taxes and Abatements.](#)” [June 4, 2003.](#)
- New York Appleseed. [Preserving Affordable Housing in Gentrifying Neighborhoods: Strategies to Prevent Displacement. 2013.](#)
- Schultz, Harold, Jerilyn Perine, Daniela Feibusch. [The Future of Real Estate Tax Exemptions for Affordable Housing in New York City](#). Citizens Housing and Planning Council. 2011.
- Seattle Housing Affordability and Livability Agenda Committee. [Final Advisory Committee Recommendations \(P.3\). July 13, 2015.](#)



# TENANT PROTECTIONS

The work does not stop once affordable housing has been funded, built, and/or preserved. It is important that residents have fair access to housing and feel safe and protected in their own homes. Without the enforcement of proper protections, tenants living on low incomes often have no choice but to endure discrimination, poor housing conditions, and unhealthy housing. Washington's [Residential Landlord-Tenant Act](#) provides a framework for landlord and tenant rights. Beyond that, jurisdictions across Washington are working to strengthen tenant protections for people of all incomes through local legislation. This chapter provides examples of some of the best and most promising practices to help people access housing and remain stable and safely housed.

*In this chapter:*

[Criminal History Discrimination Protection](#)

[Just Cause Eviction](#)

[Notice of Rent Increase](#)

[Proactive Rental Inspection](#)

[Source of Income Discrimination Protection](#)

[Tenant Relocation Assistance](#)

## Criminal History Discrimination Protection

### Description

Searching for affordable housing can be a pain-staking, competitive process. Along the way, property owners may require applicants to undergo a background check. For those who have a criminal record, it may be impossible to secure stable housing because landlords are generally allowed to deny applications for any past offense. Even applicants who have completely reformed their lives or committed a minor offense decades ago

can be denied rental housing. In some cases, inaccurate information on background reports follows an individual for years. As such, municipalities can implement an ordinance limiting the circumstances under which a person can be denied housing because of a criminal background.

Tens of thousands of people face serious barriers to secure housing every year in our state. According to the Washington State Department of Corrections, in 2009 alone 17,000 people were released from incarceration statewide.

One model for this type of policy prevents housing providers from eliminating individuals with a criminal record without any additional consideration. Instead, housing applicants who have a criminal history would be considered on a case-by-case basis. As a result, individuals who are currently engaged in criminal activity would not be protected by this type of ordinance.

### Benefits

Stable housing is a critical aspect of becoming and remaining a contributing, productive community member. Without housing, it may be impossible for a person to re-integrate into society post-incarceration. Protection from criminal background discrimination provides longer-term housing security, as it limits the possibility of sudden eviction due to a past offense and the subsequent struggle to find new housing.

Many individuals face discrimination based on criminal records, even if offenses were not serious enough to result in incarceration, occurred long ago, or never occurred at all. African-Americans, particularly African-American men, are disproportionately impacted by criminal convictions and incarcerations and may thus face more barriers to housing than other populations. By protecting against criminal background discrimination in the housing market, cities can help mitigate racial inequities.

### Considerations for Implementation

Introducing this type of protection would require thoughtful public outreach, since misinformation could cause fear among landlords and residents. Those who have a repeated history of committing criminal acts or are currently engaged in such activity would not automatically be protected.

Although enforcing this type of ordinance is not likely to create a huge financial burden, cities will have to consider dedicating staff resources to handling claims of criminal history discrimination that emerge.

### Tool Highlights

- ✓ Expands anti-discrimination laws
- ✓ Positive impact on racial equity
- ✓ *Target Population: All*

*HDC Recommended Tool*

### *Application*

**San Francisco:** Beginning in 2014, rental applications for affordable homes within the city could no longer include questions about the applicant’s criminal history. This law applies only to housing that receives financial support from or is regulated by the city. Supporters of the 2014 ordinance, which also included provisions for public and private employment applications, hope that this will open the door to better outcomes for those released from incarceration.

### *Resources*

- American Civil Liberties Union of Washington State. “[Second Chances.](#)” Accessed Sept. 15, 2015.
- Seattle Housing Affordability and Livability Agenda Committee Report. [Recommendation T.1.](#) July 2015.
- Seattle Human Rights Commission. “[Eliminating Barriers to Jobs and Housing: Addressing the Impacts of Arrests and Conviction Records.](#)” Updated March 2011.

## Just Cause Eviction

### Description

A Just Cause Eviction Ordinance (JCEO) protects tenants from being evicted from their rental home without reasonable justification. Washington state law prohibits unfair, retaliatory evictions, a critical tenant protection ([RCW 59.18.240](#); [RCW 59.18.250](#)). However, locally enforced JCEOs clearly enumerate the grounds on which landlords can evict tenants. Any evictions outside those specified by the ordinance are considered illegal once the JCEO is in effect.

### Tool Highlights

- ✓ Provides stability and protection for renters of all incomes
- ✓ Promotes healthy housing
- ✓ *Target Population: All*

This policy also lays the groundwork for recourse when tenants are unfairly evicted. Depending on the terms of the local law, tenants generally have a right to compensation, in addition to reimbursement for costs associated with the unfair eviction, including legal fees.

### Benefits

Establishing a citywide JCEO sets clear terms for both tenants and landlords. Furthermore, this tool can also help balance the power dynamic between landlords and renters. With clear legal rights, residents dealing with inattentive or negligent landlords will feel more secure in reporting serious legal or health code violations. In this way, JCEOs provide a layer of assurance for the health of residents and act as a catalyst to help cities enforce health and safety regulations.

In addition to shorter-term enforcement benefits, JCEOs can help ensure long-term housing stability for renters. Having an eviction on record can make it difficult for a person to rent in the future – regardless of whether it is justified. Preventing unfair evictions lowers additional, unnecessary barriers to renting that low- or modest-income individuals already face during a housing search.

### Considerations for Implementation

Enacting a JCEO includes enforcement costs related to responding to new instances of unjust evictions. Although this could demand additional resources up front, enforcement costs could level out overtime as responding to housing-related issues becomes more proactive in nature (as opposed to bringing property owners into compliance with the law in the most dire cases).

One of the limitations of JCEOs, however, is that tenants may not be aware of their rights if they are threatened with eviction. As such, this type of policy may be best paired with community outreach and education to all involved parties.

JCEO will likely face significant opposition from landlords, both in your local community and from across the state who worry about precedent being set. Cities should ensure they have strong allies in the community and within their elected leadership ready to support this policy.

### Application

**Seattle:** The city has a strong JCEO outlining the 18 situations in which eviction is justified. Additionally, the law also outlines exactly what tenants are entitled to in the event of an illegal eviction. About 500

instances of unfair eviction have surfaced since the JCEO was enacted in 2005, and the city has responded to these cases.

**Oakland, California:** In 2007, the city of Oakland introduced just-cause eviction protections for tenants. Similar to Seattle’s ordinance, the Oakland law establishes clear grounds for just evictions and provides for tenant recourse in the case of an unfair eviction. Parts of the law have changed due to legal challenges, but the ordinance remains in effect today.

*Resources*

- Calkins, Andrew, Andrew Desmond, Andrew Wong. “Improving Health and Housing in South King County.” Evans School Report: pgs. 67-71.
- Seattle Department of Planning and Development. “[Landlord-Tenant Laws](#).” Updated Sept. 2008.
- Tenants Union of Washington State. “[Just Cause Eviction Protections](#).” Accessed Sept. 15, 2015.

## Notice of Rent Increase

### Description

Washington state law ([RCW 59.18.140](#)) requires landlords to give tenants 30 days' written notice of an increase in rent if the tenant is on a month-to-month lease. For tenants under a fixed lease, a landlord cannot increase rent until the lease term is up. There is no restriction on how much a landlord can increase the rent. Cities may choose to extend notice requirements to allow tenants more time to plan for rent increases and seek alternative housing options. The City of Seattle, for instance, requires 60 days' notice for any rent increase of 10% or more ([SMC 7.24.030](#)).

### Tool Highlights

- ✓ Provides stability and protection for renters of all incomes
- ✓ Minimal steps for implementation
- ✓ *Target Population: All*

Legislation has been introduced at the Washington State Legislature that would allow local jurisdictions to increase the notice to 90 days for any landlord increasing rent beyond 10% of a tenant's current rent.

### Benefits

As rents continue to rise in Washington State, this increased notice time could help renters save for moving costs or find a new home in competitive rental markets, leading to less disruption to individual and family housing stability.

### Considerations for Implementation

This is a relatively easy policy to implement, however it is important to think about opposition from landlords as well as program details:

- How many days' notice will landlords be required to give tenants?
- What is an acceptable form of notice?
- How will this policy be enforced?

### Resources

- Tenants Union. ["Rule Changes and Rent Increases."](#) Accessed Sept. 9, 2015.
- Seattle Times Editorial. ["Giving Renters More Notice When Rents Rise."](#) Jan. 6, 2015.

## Proactive Rental Inspection Program

### Description

Tenants deserve a safe place to live. Local building maintenance codes require property managers and owners to maintain the safety of rental properties. However, if property owners neglect their duty, tenants must take up the issue with their landlords or file a complaint with the city. Many renters are discouraged from taking this course of action due to fear of retaliation from their landlords, despite the fact that Washington state law prohibits this type of response ([RCW 59.18.240](#)). In order to combat this reactive approach and protect the health and safety of tenants, municipalities can enforce proactive rental inspection ordinances. Municipal inspectors can go out into the field and inspect rental properties before issues reach a boiling point.

Tool Highlights
<ul style="list-style-type: none"><li>✓ Supports housing condition and health</li><li>✓ Reduces spending on healthcare</li><li>✓ Protects low-income tenants from retaliation</li><li>✓ <i>Target Population: All</i></li></ul>
<i>HDC Recommended Tool</i>

### Benefits

Taking a proactive approach to rental inspections can help protect tenants who fear speaking up about sub-standard housing conditions or are unaware of latent health threats. Periodic inspections will prevent major issues from going unaddressed indefinitely. Pairing this program with a JCEO provides a strong set of protections for tenants against unfair retribution and infrequent property maintenance.

Furthermore, municipalities can use this tool intelligently to target rental properties that might be particularly susceptible to sub-standard conditions and maintenance within the state’s limitations that prevent inspections from occurring more than once every three years ([RCW 59.18.125](#)).

### Considerations for Implementation

This type of policy may meet initial resistance from landlords and property management groups, since they might perceive it as a policy that will increase their costs. Over time, however, these inspections can be viewed as a way to keep costs down: proactive maintenance would not be as expensive as massive repairs or fines issued by the city. Furthermore, many landlords may be unaware their buildings are in disrepair because tenants are hesitant to report maintenance issues.

Proactive rental inspections are likely to require additional staff capacity – at least initially. Over time, however, municipalities can adjust how they schedule and conduct inspections. Costs are also likely to drop over time, given that reactive inspections and subsequent enforcement-related actions would become less frequent.

Any city-level rental inspection ordinance program must comply with Washington state law, which prevents inspectors from looking into all of the units in a multi-family property with 20 or more units and limits inspections to once every three years ([RCW 59.18.125](#)). Cities can inspect up to 20 percent of units in these properties.

## Moving Toward a National Healthy Housing Standard

Most Washington jurisdictions abide by the International Building Code (IBC), International Property Maintenance Code (IPMC), or some combination of the two in order to create local standards for housing safety and conditions. In recent years, however, healthy housing advocates have indicated that these frequently used standards do not go far enough to protect the health of residents.

In response to these concerns, the National Center for Healthy Housing (NCHH) and experts in the housing and health fields collaborated to create the National Healthy Housing Standard. This set of codes is designed to work alongside existing codes and give housing inspectors specific guidelines to identify mold proliferation, pest infestations, and other serious health-related concerns. The IBC and IPMC do not provide this level of specificity to help inspectors identify and abate issues.

Low-income individuals and families are often at risk for living in unhealthy conditions. Adopting new safety codes could lead to improvements in housing conditions and health outcomes.

Portland, Oregon leaders have taken major steps forward in updating their building safety codes to meet the revised National Healthy Housing Standard. They worked with the NCHH in order to ensure the updated codes worked within the existing framework. Your city could also take a major step forward by updating building safety codes to align with evidence-based best practices.

### *Application*

**Tukwila:** Beginning in 2011, all rental properties within city limits are subject to inspections every four years. This policy has helped to ensure the health and safety of local renters, and city officials report less tenant-initiated complaints since the program was enacted. Inspectors currently follow the International Building Code and International Property Maintenance Code, but the City recently updated the code to the National Healthy Housing Standard to better address common health-related issues in rental homes. In the time since Tukwila's proactive move, state legislators placed restrictions on inspection programs, as described above ([RCW 59.18.125](#)).

### *Resources*

- Calkins, Andrew, Andrew Desmond, Andrew Wong, "[Improving Health and Housing in South King County](#)," Evans School Report, pgs. 56-62



## Source of Income Discrimination Protection (SOID)

### Description

In a competitive housing market, Section 8 voucher holders and people whose primary income comes from public assistance often face discrimination in the private market, making it difficult for them to access housing. Source of Income Discrimination (SOID) disproportionately affects African Americans, who make up the majority of Section 8 voucher recipients in Washington State, as well as people with disabilities, veterans, and elderly people. Under the [Fair Housing Act](#) and the [Washington Law Against Discrimination](#), it is already illegal for landlords to discriminate based on gender, race, ethnicity, religion, familial status and other characteristics. Local and state legislation to prevent discrimination based on source of income can decrease barriers to accessing housing.

Tool Highlights
<ul style="list-style-type: none"><li>✓ Expands anti-discrimination laws</li><li>✓ Increases access to housing for vulnerable and very low income residents</li><li>✓ Increases success of public benefit programs</li><li>✓ <i>Target Population: 50% AMI &amp; Below</i></li></ul>
<i>HDC Recommended Tool</i>

### Benefits

This policy ensures that people already facing high barriers to housing are not discriminated against and have access to available housing that they can afford. A 2001 study showed that Section 8 voucher holders experiences higher success rates in areas with SOID Protection legislation in place.<sup>41</sup> Without SOID protection, many public benefit programs cannot achieve their goals of stabilizing individuals and preventing homelessness.

### Considerations for Implementation

This policy is relatively easy to enact from a technical perspective. However, the policy will likely face significant political opposition from the property owner and management community. When implementing, it is important to consider how that ordinance will be enforced and what consequences landlords may face if they violate the ordinance. Advocates in Washington State have been working for many years to pass SOID legislation at the state level.

### Application:

**Redmond:** After one of Redmond's large property owners, a national company called Archstone, terminated tenancies of all their Section 8 voucher holders throughout the country, the [Tenants Union](#) and the [Northwest Justice Project](#) started organizing to fight for the tenants who lost housing. Archstone responded to the public pressure and reinstated the residents, however only three of the residents returned to Archstone housing, one after temporarily being homeless. After this incident, Redmond City Council recognized the importance of protecting residents in their city against source of income

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<sup>41</sup> Meryl Finkel and Larry Buron, "Study on Section 8 Voucher Success Rates: Volume I Quantitative Study of Success Rates In Metropolitan Areas," Abt Associates, Cambridge, MA, 2001, <http://www.huduser.gov/publications/pdf/sec8success.pdf>.

discrimination. In February 2012, Redmond City Council went on to pass [Ordinance 2645](#) which bans discrimination against Section 8 voucher holders.

Other cities in Washington State with SOID protection:

- Bellevue
- Kirkland
- Redmond
- Unincorporated King County
- Seattle
- Vancouver

#### *Resources*

- Galvez, Martha. [What do We Know About Housing Choice Voucher Program Location Outcomes: A Review of Recent Literature](#). What Works Collaborative. Aug. 2010.
- Finkel, Meryl, and Larry Buron. "Study on Section 8 Voucher Success Rates: Volume I Quantitative Study of Success Rates In Metropolitan Areas." Cambridge, MA: Abt Associates. 2001.
- Poverty & Race Research Action Council. [Expanding Choice: Practical Strategies for Building a Successful Housing Mobility Program, APPENDIX B: State, Local, and Federal Laws Barring Source-of-Income Discrimination](#). Updated March 2015.
- Washington Low Income Housing Alliance. ["Provide Choice & Mobility for Renters: Outlaw Discrimination."](#) Jan. 23, 2015.
- Tenants Union of Washington State. ["Source of Income Discrimination."](#) Accessed Sept. 9, 2015.

## Tenant Relocation Assistance

### *Description*

In Washington, landlords are required to pay relocation and rental assistance to tenants forced to relocate when substandard property becomes condemned ([RCW 59.18.085](#)). Landlords must pay \$2,000 or three times the monthly rent (whichever is greater) to families forced to move under these circumstances. If the landlord does not pay, the local jurisdiction can collect the money from the landlord with interest and penalties.

Additionally, jurisdictions are able to implement an additional local option to protect tenants forced to move because of demolition or substantial rehabilitation. According to [RCW 59.18.440](#), any jurisdiction that is required to form a comprehensive plan (see [RCW 36.70A040](#) for more details on which jurisdictions this applies to), is allowed to require property owners to provide reasonable tenant relocation assistance to low-income tenants “upon the demolition, substantial rehabilitation whether due to code enforcement or any other reason, or change of use of residential property, or upon the removal of use restrictions in an assisted-housing development.” Low-income residents include people living at 50% AMI or below. The amount of relocation assistance takes into account moving costs, advance payment costs for new housing, utility connection fees and deposits, and anticipated additional rent and utility costs in new residence for one year after relocation. State law allows for up to \$2,000 or three times the rent (whatever is greater) in relocation assistance per dwelling unit, up to half of which is paid for by the property owner and the rest is covered by the jurisdiction. This amount can be increased by the jurisdiction in accordance with inflation.

Legislation has been introduced at the state level that would give local jurisdictions the authority to extend relocation assistance to tenants at or below 80% AMI and would allow tenants to retroactively receive relocation assistance in a property owner violated permit protocol for a change in use of property. The bill also calls for a notice time of 90 days for any landlord increasing rent beyond 10% of a tenant’s current rent.

### *Benefits*

Moving can be costly and cause financial instability for anyone living on a low or modest income. Tenant relocation assistance provides much needed support to low-income residents who are uprooted and face the financial barriers of moving to a new home. Additionally, mandating relocation assistance when housing becomes condemned reduces the conflict cities face when they are trying to balance the interests of maintaining healthy and safe housing with the interests of tenants who may be displaced because of code violations.

### *Considerations for Implementation*

Local jurisdictions wishing to enact relocation assistance under [RCS59.18.440](#) need to determine the relocation assistance amount, create a body for issuing a tenant relocation license, and identify funds

Tool Highlights
<ul style="list-style-type: none"><li>✓ Promotes stability of low-income renters</li><li>✓ Prevents homelessness</li><li>✓ Mitigates conflict between code enforcement and displacement</li><li>✓ <i>Target Population: 50% AMI &amp; Below</i></li></ul>

for the jurisdictions' contribution to relocation assistance. Money from a Housing Trust Fund may be a source of these contributions.

### *Application*

**Seattle:** Seattle's Tenant Relocation Assistance Ordinance ([SMC 22.210](#)), passed in 1990, follows state guidelines (see above) on providing tenant relocation assistance to low income residents. In addition, property owners must obtain permits before demolition, rehabilitation or change of property use, apply for a tenant relocation license, and give tenants 90-days' notice before the vacate date. Tenants may receive up to \$3,400 for relocation assistance, half of which is paid for by the landlord and half by the City of Seattle.

### Resources

- SB 5577 (2005-2006). [Making available relocation assistance payments to tenants.](#)
- Michele Thomas, "[A Victory Over the Slumlords](#)," *Shelterforce* 142, July/August 2005.
- Department of Planning and Development. "[Seattle's Tenant Relocation Assistance Ordinance.](#)" Updated Aug. 1, 2015.
- Tenants Union of Washington. "[Relocation Assistance.](#)" Accessed Sept. 8, 2015.

# FUNDING AFFORDABLE HOUSING

You have the evidence, political will, and community support to increase affordable housing, but the big question is, how will you fund it all and who will bear the cost? Funding affordable housing is complicated. Governments at all levels have many opportunities to collect revenue for affordable housing from varying sources including taxes, levies, and fees. Usually one source will not be enough to finance an entire project. One housing development may utilize five or more different types of funding coming from federal, state, regional, local and/or private sources.

In this chapter, we primarily focus on local tools to increase city or county revenue that can be dedicated to affordable housing. However, it is important to keep in mind other funding sources that can be leveraged alongside local funding (see: [Other Funding Sources](#)).

Once you have established funding for affordable housing, you should establish a mechanism for holding and distributing these funds. Generally, cities establish Housing Trust Funds to ensure housing funds are stewarded and allocated appropriately.

A Housing Trust Fund can serve as a receptacle and distributor of funds designated for affordable housing projects. There are over 700 HTFs in cities, counties, and states throughout the country. HTFs have become popular throughout the nation due to their flexibility and as a tool that can adapt to meet a jurisdiction’s local needs.

In order to establish an HTF, a jurisdiction must select feasible revenue sources. The funding sources laid out in this chapter are all eligible sources to funnel into a HTF. Typically funding decisions are made through a competitive request for proposals or notice of funding availability process. Alternatively, funds can be channeled through existing programs. Ultimately, HTFs provide a way to support affordable housing in a reliable way that is not dependent on the often volatile budgetary process.

## Housing Trust Funds in Washington

- [Washington State Housing Trust Fund](#)
- [Bainbridge Housing Trust Fund](#)
- [Bellingham Home Fund](#)
- [City of Seattle Office of Housing](#)
- [East King County ARCH Housing Trust Fund](#)

## ONE PROJECT, MANY SOURCES

Affordable housing developments use a variety of funding sources. For example, here is a breakdown of funding for Imagine Housing’s transit oriented development, Velocity, which created 58 homes that serve a range of incomes in Kirkland, WA.

<i>Funding Source</i>	<i>Amount</i>
State Housing Trust Fund	\$2,000,000
King County	\$980,000
ARCH	\$940,367
Low Income Housing Tax Credit (LIHTC)	\$10,829,848
General Partner Equity	\$1,085
Deferred Developer Fee	\$188,409
WA Community Reinvestment Association (WCRA)	\$1,334,000
Total Cost	\$16,273,708

Source: King County Council

- [King County Housing Opportunity Fund](#)

*Housing Trust Fund Resources*

- Brooks, Mary. [A Workbook for Creating a Housing Trust Fund](#). Center for Community Change Housing Trust Fund Project. July 1999.
- Brooks, Mary. [Advocates Guide: State and Local Housing Trust Funds](#). National Low Income Housing Coalition. 2014.
- Center for Community Change "[Housing Trust Funds](#)." Accessed Sept. 1, 2015.
- Hsu, Fenlene, Florin Ivan, Bret Trani, Joe Silins. [Recommendations on Local and Regional Trust Funds](#). Local Initiatives Support Corporation. April 2008.
- Wikipedia. "[Housing Trust Funds](#)." Accessed Sept. 1, 2015.

*In this chapter:*

[City Growth Funds](#)

[HB 2263](#)

[Housing Levies](#)

[Local Fee Options](#)

[Mental Illness and Drug Dependency Tax](#)

[Real Estate Excise Tax](#)

[Other Local Funding Options](#)

[Outside Funding Sources](#)

## City Growth Funds

### *Description*

One major concern related to new, market-rate housing construction is that it has the potential to replace affordable homes, thus, displacing individuals in need of secure housing. City Growth Funds target this issue by recapturing additional property tax value generated through new construction. Oftentimes, this policy relies on a calculation of added property value, and cities can dedicate the new revenue to a housing trust fund.

### *Benefits*

Recaptured property tax revenue can be targeted to specific areas of a city. For example, if a city is realizing a huge influx of new residential development in the downtown area, the policy can be focused on collecting added property tax revenue from residential properties located in that part of town.

### *Considerations for Implementation*

Given Washington's stringent state-level restrictions on increasing property tax rates, revenue emerging from this type of program would be focused on dedicating funding from existing property tax streams, as opposed to raising the local property tax rate. For this reason, a growth fund is a re-allocation of existing resource, making it potentially competitive with other civic priorities that were previously receiving this funding.

### *Application:*

**Seattle:** The city created a growth fund in 1985 amid concerns of rapid affordable housing displacement in the downtown area. In 2002, however, this downtown-focused policy was abandoned. More recently, Mayor Ed Murray's Housing Affordability and Livability Agenda Committee suggested that the city reestablish the growth fund in order to harness the current residential construction boom and increase local affordable housing funding.

### *Resources*

- Housing Affordability and Livability Agenda Committee Report, "[Recommendation R.7](#)," July 2015

Tool Highlights	
✓	No new taxes
✓	Captures added value of new construction
✓	Target Population: 60% AMI & Below

## HB2263: State Authorized Sales Tax to Support Affordable Housing and Related Services

### Description

In July 2015, the Washington State legislature approved [HB2263](#), which provides the opportunity for local governments to obtain funding to house their most vulnerable residents by implementing a one tenth of 1% sales tax. This new revenue stream is meant to serve people living with incomes at 60% or below of a given county's AMI. Special groups designated for funding include:

- people with mental illnesses
- veterans
- senior citizens
- homeless families with children
- unaccompanied homeless youth
- persons with disabilities
- survivors of domestic violence

### Tool Highlights

- ✓ Allows for flexible use of funds according to community need
- ✓ Supports housing and services for vulnerable populations
- ✓ Dedicated and significant revenue stream
- ✓ *Target Population: 60% AMI & Below; special populations, including homeless individuals and families*

*HDC Recommended Tool*

The majority of the funding (at least 60%) is designated for building new affordable housing and facilities to deliver mental health services and/or, the operation and maintenance of newly constructed affordable housing or mental health services. The remainder of the funds can be used for the operation, delivery and evaluation of mental health programs or housing-related services. Local jurisdictions have the authority to prioritize their spending within these categories based on community's needs.

Note: HB2263 also has a section on cultural access provisions, but this is not related to the affordable housing sections. Both provisions operate separately, do not require the other to be in use, and are not mutually exclusive.

### Benefits

HB2263 provides funding that targets residents facing high barriers to housing stability. Access to mental health or supportive services in conjunction with affordable housing can be key to keeping vulnerable residents healthy, safe, and housed. This bill also provides flexibility for counties or cities to decide how much of the funds will support housing and how much will support mental health and supportive services according to specific community need. This option is not meant to replace funding from the Mental Illness and Drug Dependency Tax and the Washington State Housing Trust Fund; rather, it is meant to augment existing funding streams.

### Considerations for Implementation

Currently, counties have sole authority to put this tax on their ballot, but as of October 2017, a city in a county that has not passed this option can put it on the local municipal ballot. The only exception is King County, which has until October 2018 before cities have the ability to put the tax on the local ballot. If a



county does not impose the full amount of the allowed tax, when the time comes (either October 2017 or 2018), cities can put to voters the option to impose the rest of the tax.

Communities should consider what type of tax is most likely to meet their needs and achieve voter approval. The Washington Low Income Housing Alliance (WLIHA) has put together a resource (see Appendix B) to assist jurisdictions in comparing their options.

*Resources:*

- Washington Low Income Housing Alliance. "[Community members rally to support legislative action on affordable housing crisis and underfunded mental health services.](#)" June 8, 2015.
- Washington Low Income Housing Alliance. "HB 2263 Local Option for Funding Affordable Housing Q&A." September 23, 2015.
- Washington State Legislature. "[Engrossed Substitute House Bill 2263.](#)"
- Washington State Legislature. "[Final Bill Report ESHB 2263.](#)"

## Housing Levies

### Description

Voter-approved property tax levies are an important and reliable way of funding state and local services, including affordable housing. The Washington State Constitution limits the total amount of property tax levies to 1% of a property's true and fair value. This means \$10 of every \$1000 of assessed property value can be levied and, out of that, up to \$0.50 can go toward affordable housing among other services ([RCW 84.55](#) and [RCW 84.52.105](#)). Local jurisdictions have the agency to decide how much of that \$0.50 to ask voters for in order to fund affordable housing. This money can be put in a local Housing Trust Fund and leveraged to create and preserve affordable housing.

Tool Highlights
<ul style="list-style-type: none"><li>✓ Allows for flexible use of funds according to community need</li><li>✓ Supports housing and services for vulnerable populations</li><li>✓ Dedicated and significant revenue stream</li><li>✓ <i>Target Population: 60% AMI &amp; Below; Often used at 30% AMI &amp; Below</i></li></ul>
<i>HDC Recommended Tool</i>

Local jurisdictions have the option to institute a Regular Housing Levy (7 years) or an Emergency Housing Levy (10 years). For the differences between these programs, see Appendix B.

### Benefits

Depending on the size, a housing levy has the potential to provide a substantial amount of money for affordable housing that can be leveraged with other funding sources. For example, the 2009 [Seattle Housing Levy](#) has brought in \$145 million which has funded 10,000 affordable homes for seniors, formerly homeless individuals and families, and low- to moderate-wage workers, and provided loans to more than 600 first-time homebuyers and rental assistance to over 4,000 households.

### Considerations for Implementation

The Washington State constitution explicitly allows for property tax levies that can be used toward affordable housing. Housing levies provide a predictable and dedicated revenue stream that allows cities to work toward meeting demand for the development, operation, and preservation of affordable housing. However, a housing levy requires a vote of the people and electoral campaign, and therefore creates a high barrier to implementation. Cities would need to ensure their voters are ready to support a housing levy before taking it to the ballot. As of 2015, only two cities in Washington State have approved property tax levies for affordable housing (Seattle and Bellingham).

Communities should consider what type of tax is most likely to meet their needs and achieve voter approval. The Washington Low Income Housing Alliance (WLIHA) has put together a resource (see Appendix B) to assist jurisdictions in comparing their options.

### Application:

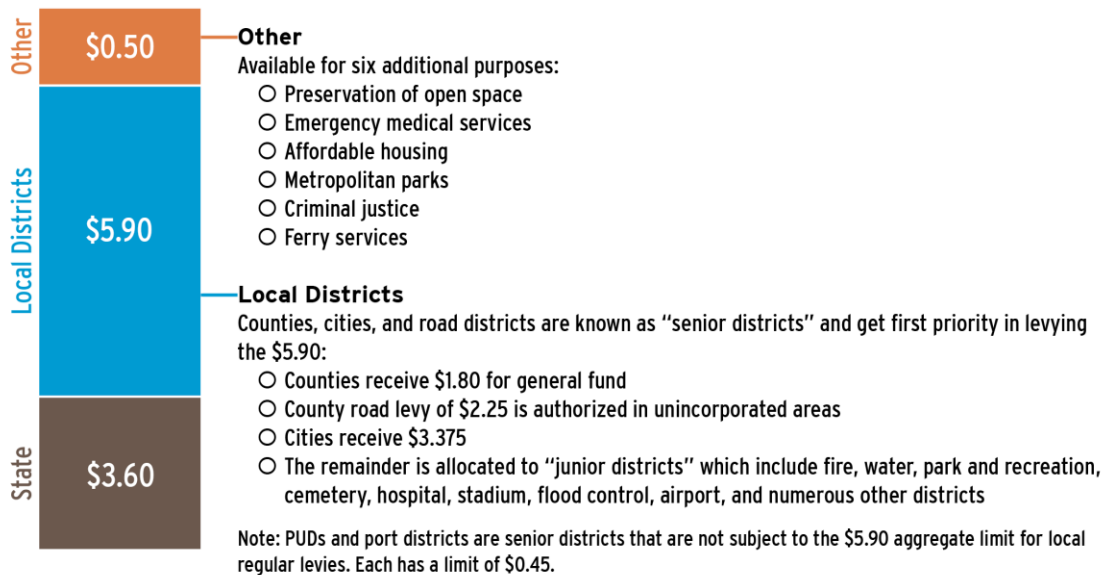
**Bellingham:** In 2011, housing and homelessness advocates formed a coalition to campaign for a Bellingham Home Fund. Seventy-seven organizations rallied to build support, and the City Council unanimously voted to put the levy on the ballot for the upcoming election. In November 2012, the levy, modeled on the Seattle Housing Levy, passed with 56% of Bellingham voters in support. It imposes a tax

of 36 cents per thousand dollars of assessed property value and is expected to generate \$21 million over seven years. Two-thirds of housing levy dollars are reserved for housing people at or below 50% AMI and the remaining third for people above 50% AMI and below 80% AMI. It is overseen by a Community Development Advisory Board and funds are administered by the Planning and Community Development Department. Housing levy funds are allocated to four focus areas: 1) Production and Preservation of Homes, 2) Rental Assistance and Support Services, 3) Low-income Homebuyer Assistance and, 4) Acquisition and Opportunity Loans. Read the [Bellingham Housing Levy Handbook](#) for additional information.

*Resources*

- Municipal Research and Services Center. "[Property Tax in Washington State.](#)" Updated July 15, 2015
- Washington State Legislature. "[Chapter 458-19: Property Tax Levies, Rates and Limits.](#)" Updated Jan. 21, 2015.

### \$10 Property Tax Limit In Washington



Source: [MSRC](#)

## Mental Illness and Drug Dependency Tax (MIDD)

### Description

The Mental Illness and Drug Dependency Tax (MIDD), signed into law in 2005, allows counties to impose a sales-and-use tax of one-tenth of 1% to fund programs serving people with mental illness or chemical dependencies.

Since 2011, any Washington city with a population greater than 30,000 has the authority to implement the MIDD tax if it has not yet been passed by the county. Programs and

services that can be funded by this revenue stream include, but are not limited to, “treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service” ([RCW 82.14.460](#)).

### Tool Highlights

- ✓ Already widely adopted throughout Washington State and proven successful
- ✓ Supports vulnerable populations and hard-to-fund services
- ✓ *Target Population: Any*

### Benefits

The Washington State Department of Social & Health Services estimates that 3.83% of adults suffer from mental illnesses and 7% of youth face “serious emotional disturbance.”<sup>42</sup> Yet federal and state funding for mental health services has been cut over the past decade. Support and housing for people living with mental health issues can save a jurisdiction money in the form of reduced spending on emergency care and the criminal justice system and decreased strain on local shelters. This tax has already made a difference across Washington state: 23 local jurisdictions, including 19 counties, have taken advantage of the MIDD tax, and in 2014, the tax generated \$96.6 million statewide.<sup>43</sup>

### Considerations for Implementation

If your county has already implemented the MIDD tax, you should work with the county Mental Health Department to see how MIDD funds can benefit your community, including the funding of affordable homes. Renewals of the MIDD provide an opportunity to have conversations about funding plans. If the MIDD tax has not been implemented, cities are now eligible to pass a MIDD tax independent of the county.

Communities should consider what type of tax is most likely to meet their needs and achieve voter approval. The Washington Low Income Housing Alliance (WLIHA) has put together a resource (see Appendix B) to assist jurisdictions in comparing their options.

### Application

In 2007, King County passed a MIDD tax ([Council Ordinance 15949](#)) and developed a [MIDD Action Plan](#). Since then, the MIDD tax has raised an estimated \$45 million annually and has been invested in community-based mental health and substance use disorder intervention, youth services, and jail and

<sup>42</sup> Stevens County, “Fast Facts About the Mental Illness and Drug Dependency Tax,” Accessed Sept. 2, 2015, [http://www.co.stevens.wa.us/Z\\_Public\\_Information/Stevens\\_FAQs\\_2009-3\\_Final.pdf](http://www.co.stevens.wa.us/Z_Public_Information/Stevens_FAQs_2009-3_Final.pdf).

<sup>43</sup> Washington Low Income Housing Alliance, “Community members rally to support legislative action on affordable housing crisis and underfunded mental health services,” June 8, 2015, <http://wliha.org/blog/community-members-rally-support-legislative-action-affordable-housing-crisis-and-underfunded>.

hospital diversion services. For each of these services and interventions, funding for supportive housing is a key strategic component.

In King County, among many outcomes, at least 33,929 individuals (20,421 adults and 13,508 youth/children) received one or more MIDD-funded services in 2013-2014. During this time, the Harborview Medical Center emergency department saw a significant decrease in admissions and 869 people received supportive housing services that reduced their risk of becoming homeless.<sup>44</sup>

#### *Resources*

- King County. [MIDD Oversight, Implementation and Evaluation Plan](#). Updated Jan. 6, 2009.
- King County. [MIDD Seventh Annual Report](#). Feb. 2015.
- Stevens County. [“Fast Facts About the Mental Illness and Drug Dependency Tax.”](#) Accessed Sept. 2, 2015.
- Vimont, Celia. [“Sales Tax in Washington Funds Substance Abuse and Mental Health Services.”](#) Partnership for Drug Free Kids. July 31, 2012.

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<sup>44</sup> King County, MIDD Seventh Annual Report, February 2015, [http://www.kingcounty.gov/~media/health/MHSA/MIDD\\_ActionPlan/Reports/MIDDSeventhAnnualReport.ashx?la=en](http://www.kingcounty.gov/~media/health/MHSA/MIDD_ActionPlan/Reports/MIDDSeventhAnnualReport.ashx?la=en).

## Real Estate Excise Tax (REET)

### Description

Current state law permits the state, counties, and cities to collect revenue from the sale of real estate, based on the full selling price of the property. The Real Estate Excise Tax (REET) rate is 1.28 percent for the state, and local jurisdictions can collect an additional 0.5 percent depending on the size of the municipality. Local REET collection capabilities are as follows:

- **All Washington Cities and Counties:** According to RCW [82.46.010](#), all cities or counties are permitted to levy a 0.25 percent REET. This portion of revenue is known as REET 1.
- **Washington Cities and Counties Planning under the Growth Management Act:** Municipalities that have opted to submit a growth management plan are allowed to levy an additional 0.25 percent REET, on top of the first 0.25 percent tax. [RCW 82.46.035](#) permits this additional revenue for GMA cities and counties. This second quarter-percent tax is known as REET 2.

Tool Highlights
✓ Dedicated and significant revenue source for affordable housing
✓ Councilmatic
✓ <i>Target Population: 60% AMI &amp; Below</i>
<i>HDC Recommended Tool</i>

Cities are also restricted in the ways that REET revenues can be spent. For large and small cities, REET 1 revenues must be spent on capital improvements, as it relates to city population and requirements made under state law. A limited amount of REET 1 revenue can be spent on operations and maintenance of a city's capital goods, as well. REET 2 revenues, for cities planning under the GMA, must also be spent on capital projects, which are defined by state law.

In 1989, King County levied a REET for affordable housing. However, in 1992, the state legislature removed housing as an eligible REET use. Current state law *does not* permit REET revenue to be dedicated to affordable housing (except for San Juan County). However, there are legislative proposals to (a) allow a portion of current local REET revenues to be dedicated to housing with local approval or (b) allow municipalities to increase REET rates in order to create dedicated funding for affordable housing. The Washington Low Income Housing Alliance (WLIHA), Housing Development Consortium of Seattle-King County, Futurewise, the City of Seattle, and other groups are working to ensure the state legislature enables an increase in REET for affordable housing.

### Benefits

A REET for affordable housing would give a local option for a stable, dedicated revenue stream in communities across the state. Unlike sales taxes, which many consider regressive, REETs are only charged on the sale of real estate and may thus be seen as a more fair form of taxation. A local option REET could be instituted councilmatically by each jurisdiction wishing to adopt, not requiring a vote of the people or an electoral campaign.

### Considerations for Implementation

The ability to leverage this tool to fund affordable homes is entirely dependent upon the state legislature's willingness to act. If lawmakers give cities the ability choose whether or not they want to levy an additional REET, then municipalities could have a new, relatively stable stream of funding

committed to affordable housing. Cities can opt to join into the effort to provide this option if affordable housing funding is a local priority.

Communities should consider what type of tax is most likely to meet their needs and achieve voter approval. The Washington Low Income Housing Alliance (WLIHA) has put together a resource (see Appendix B) to assist jurisdictions in comparing their options.

#### *Resources*

- Municipal Research and Services Center, "[Real Estate Excise Tax](#)." Accessed Sept. 15, 2015.
- RCW 35.43.040, "[Authority generally](#)." Accessed Sept. 15, 2015.
- Washington Department of Revenue, "[Real Estate Excise Tax](#)." Accessed Sept. 15, 2015.

## Other Local Funding Options

### Description

City fees within the nexus of housing are an appropriate source to be leveraged to help fund local affordable housing. A share of condominium conversion fees or business licensing fees could be allocated into a housing fund. Cities may also dedicate revenue from construction sales or utility taxes to affordable housing or consider exploring new sources of revenue such as a housing demolition fee. This provides the opportunity for cities to use existing revenues sources to help improve local affordable housing stock.

Tool Highlights	
✓	Could work in small cities
✓	Low technical knowledge necessary for implementation
✓	Strong nexus with housing
✓	Target AMI: 60% AMI & Below

Under [RCW 82.14.370](#) rural counties can use special revenue from sales and use taxes to “finance public facilitates serving economic development” strategies. Although these funds cannot be used directly for affordable using, they could pay for impact fees, utility charges, and other public facility costs associated with affordable housing construction.

### Benefits

If cities have pre-existing authority to levy a fee, they may dedicate funding to an affordable housing fund through a budget allocation. Each city has discretion about how much fee revenue to dedicate, and this is a straightforward way to create a funding stream. That said, city budget cycles have numerous steps, and the budget process begins long before official budget hearings. Advocates and staff should put in budget requests long before a budget is introduced.

### Considerations for Implementation

If the state has already authorized cities to charge taxes and fees, each municipality is permitted to designate where that revenue goes without restriction. However, cities have many competing priorities, and it may not be easy to redirect money to affordable housing. In addition, cities may need to get state authorization to raise fees or taxes for the purpose of affordable housing. Cities and advocates should balance using existing, limited revenue sources with pursuing additional authority for new funding.

### Resources

- Roger Kemp. [“The Local Government Annual Budget Process: Seeing the Big Picture.”](#) PM Magazine, ICMA Publications.
- Paul Schissler. [“Building a Skagit County Housing Affordability Strategy: Interim Report.”](#) Skagit County Community Services Department.



## Outside Funding Sources

While local revenue sources are key, they can be combined with other funding streams to stretch each local dollar invested in affordable housing further. Below is information on common federal, state, and other funding sources that can be used to better leverage local funding. Keep in mind that many of these sources are competitive or may change year to year based on the federal and state budgets.

### Federal Resources:

- Low Income Housing Tax Credit (LIHTC): The LIHTC, a dollar for dollar tax credit that incentivizes private investment in affordable housing construction and rehabilitation, has contributed funding to about 90% of affordable housing built in the US since its inception in 1986.<sup>45</sup> In Washington State, the [Washington State Housing Finance Commission \(HFC\)](#) administers the tax credits as one source of funding out of the many that housing developers leverage for a single project. Investors in affordable housing projects can apply to the HFC for the 4% or 9% tax credit depending on project type.<sup>46</sup> In 2013, the Washington HFC awarded over \$300 million in tax credits which resulted in the creation of almost 4,000 affordable homes through Washington State.
  - Corporation for Supportive Housing. [Understanding the Low Income Housing Tax Credits: How to Secure Equity Investments and Evaluate Syndication Options](#). March 2006.
  - Internal Revenue Code. [“Section 42: Low Income Housing Credit.”](#) Accessed Sept. 14, 2015.
  - Office of the Comptroller of the Currency. [“Low-Income Housing Tax Credit Program Fact Sheet.”](#) July 2015.
  - Strategic Tax Credit Investments. [“Overview: the Low Income Housing Tax Credit.”](#) Accessed Sept. 14, 2015.
  - Washington State Housing Finance Commission. [Low Income Housing Tax Credits in Washington State: 2013 Annual Report](#). 2013.
- The U.S. Department of Housing and Urban Development (HUD): HUD oversees all federal housing programs and the implementation of federal housing policies. Often, HUD provides money to state and local government or housing authorities who then oversee the distribution of the funding through program such as:
  - The Housing Choice Voucher Program (HCV, or referred to as Section 8): The HCV program comes in two forms: tenant-based assistance and project-based assistance. With both voucher types, residents generally pay 30% of their monthly household income in rent. Tenant-based vouchers stay with a low-income tenants and can be applied to any market rate housing. Project-based vouchers are tied to a specific property. Public Housing Authorities can use up to 20% of their project voucher funds not only to house low income families, but also for the construction or rehabilitation of

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<sup>45</sup> *New York Times* Editorial, “A Tax Credit Worth Preserving,” 12/21/12.

<sup>46</sup> 9% tax credits are allocated based on a state’s population to be utilized for construction and substantial rehabilitation and are awarded to housing developers through a competitive process. The 4% tax credit comes with state bond financing and is to be used for acquisition of affordable housing.

affordable homes. Vouchers are allocated to local housing agencies each year. In 2014, almost 50,000 low-income households in Washington used HCVs.<sup>47</sup>

- Center on Budget and Policy Priorities. "[Policy Basics: The Housing Choice Voucher Program](#)." July 7, 2015.
  - US Department of Housing and Urban Development. "[Housing Choice Voucher Fact Sheet](#)." Accessed Sept. 14, 2015.
- **Community Development Block Grants (CDBG):** Affordable housing is just one of the community development activities that CDBGs fund. CDBG funds are allocated to state and local jurisdictions based on population size and growth and different measures of community need. Grantees must solicit community feedback to create a proposal for use of funds that align with community needs. Cities can use CDBG to support affordable housing projects in their jurisdictions. For a list of Washington's CDBG grantees visit [HUD's website](#).
- HUD Exchange. "[Community Development Programs](#)." Accessed Sept. 14, 2015.
- **HOME Investment and Partnership Program:** The HOME program is similar to CDBG, except that the funds are for the sole use of providing affordable housing for low and very low income individuals. Funding is allocated to states or participating jurisdictions. Funds can be used for home purchase or rehabilitation financing assistance, building or rehabilitation of housing (for rent or ownership), site acquisition and improvement. 15% of the funding must go to community housing development organizations.<sup>48</sup>
- US Department of Housing and Urban Development. "[HOME Investment Partnerships Program](#)." Accessed Sept. 14, 2015.

***A note on federal funding volatility:*** In recent years, cuts to non-defense discretionary spending have meant cuts to HUD's budget. As federal funding becomes less stable, local jurisdictions have had to become less reliant on federal programs and think creatively about providing their own funding for affordable housing. For information on how to advocate for the importance of federal funding for affordable housing visit the [National Low Income Housing Coalition](#) website or contact the Housing Development Consortium.

**State Resources:**

- **Washington State Housing Trust Fund:** The Washington State Department of Commerce administers a State Housing Trust Fund (HTF) that is funded through the capital budget. Since 1987, the Washington HTF has contributed over \$1 billion toward the construction and maintenance of over 40,000 affordable homes. The majority of the state HTF funding goes

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<sup>47</sup> Center on Budget and Policy Priorities, "Washington Fact Sheet: The Housing Choice Voucher Program," 2015, [http://www.cbpp.org/sites/default/files/atoms/files/3-10-14hous-factsheets\\_wa.pdf](http://www.cbpp.org/sites/default/files/atoms/files/3-10-14hous-factsheets_wa.pdf).

<sup>48</sup> A community housing development organization (CHDO) is a private nonprofit organization with a 501 (c) federal tax exemption, dedicated to providing decent, affordable housing to low-income households. It must serve a specific geographic area. Read the federal CHDO definition at <http://www.hcd.ca.gov/financial-assistance/home-investment-partnerships-program/federalchdodefinition.pdf>.

toward projects serving people with special needs or with an income below 30% AMI. Every year, the Department of Commerce issues a Notice of Funding Availability (NOFA) through which local jurisdictions can apply for HTF money. Find out more about the Washington State HTF and the competitive application process [here](#).

- **Document Recording Fees:** Document recording fees are the state's largest source of funding for homelessness programs. Counties across Washington collect document recording fees and are permitted to retain 65% for affordable housing serving very low-income households. Approximately 35% of the funds are redirected to the state to fund operation and maintenance of affordable housing as well as other homelessness services.

#### Other Resources:

- **Nonprofit Partners:** Community Development Corporations, Community Financial Development Institutions, and other community development housing organizations have funding streams that can be utilized in conjunction with local, state, and federal support.
- **Private Funds**
  - **Social Impact Bonds** (or Pay for Success Bonds): Social Impact Bonds (SIBs) are a new tool utilized to fund affordable housing projects. Upfront capital funds are provided by investors or philanthropic entities and a local government pays back those funds based on the success of the project. In Washington State, a bill ([HB 2337](#)) to enable the use of SIBs was introduced but has not yet passed. For more information on SIBs visit the Corporation for Supportive Housing website [here](#).
  - **Philanthropic Support:** Nonprofits will raise money from foundations and private donors to support their work. Often, capital campaigns for the construction of a new affordable housing development leverage large investments from private donors and funders.
- **Population Specific Funding:** There are other funding sources that are population specific. For example, if you are building housing for seniors you can access Section 202 or Section 811 funding. If you are building housing for people with HIV/AIDs you can apply HUD's [Housing Opportunities for Persons with AIDs](#) (HOPWA) funding.

#### Other Resources on Funding

- Community Planning and Development. [HOME and NSP A Guide for Successfully and Effectively Combining Funding Sources](#). U.S. Department of Housing and Urban Development. Accessed Sept. 14, 2015.
- The Corporation for Supportive Housing. "[Supportive Housing Quality Toolkit: Financing.](#)" Accessed Sept. 14, 2015.
- Klein, Jay, Darrell L. Jones, David Horvath, Sally Burchfiel. [Funding Sources Successfully Used by States to Support Development of Integrated, Affordable, and Accessible Community Housing](#). CIL-NET, National Training and Technical Assistance Program, 2008.

# Additional Resources

**[2015 Advocate's Guide: an Educational Primer on Federal Programs and Resources Related to Affordable Housing and Community Development](#)**: This guide, created by the National Low Income Housing Coalition, targets affordable housing advocates and provides a plethora of information on affordable housing policy, funding and tools.

**[American Planning Association's \(APA\) Affordable Housing Resources](#)**: A list compiled by the APA, geared toward planners.

**[Municipal Research and Services Center \(MRSC\)](#)**: supports local governments through a variety of resources and information on their website. Here are some highlights (beyond those cite in this report):

- [Washington State Statutes/Administrative Codes- Housing](#)
- [Short Courses on Local Planning](#)

**[Policy Link Equity Tools](#)**: Policy Link has several toolkits for affordable housing development, preservation and renter protection with an emphasis on creating equitable communities.

**[Puget Sound Regional Council \(PSRC\)](#)**: PSRC, a regional planning body for the Puget Sound, has a variety of resources on comprehensive planning, Vision 2040, and affordable housing on its website. Its [housing website](#) may be particularly useful.

**[Small Towns Toolkit](#)**: Created by the Corporation for Supportive Housing, this toolkit is a guide to creating supportive housing in suburban and small towns.

## **Books:**

Schwartz, Alex. *Housing Policy in the United States*. New York, NY: Routledge, 2010.

# Glossary of Affordable Housing Terms and Acronyms

## Affordability Gap

The difference between the home price a household can afford and the current market price of a typical home for that household size. A *deficit* or *shortage* in affordable housing for a region is the difference between the number of affordable homes available and the number of homes needed to house all of that region's low-income residents.

## Affordable Housing

According to federal government standards, housing, including utilities, should cost no more than 30% of your total income. Publicly-subsidized rental housing usually has income restrictions, dictating that tenants cannot not earn more than 60% of area median income (see "Area Median Income" below). For King County in 2014, this equates to an annual income of \$37,080 (\$3,090 monthly) for a one-person household, or \$47,640 (\$3,970 monthly) for a three-person households. At these income levels, an individual can afford to spend \$927 per month on rent, and a three-person household can afford \$1,191 in rent without spending more than 30% of their monthly income.

Homeownership programs generally serve residents earning up to 80% of median.

## Area Median Income (AMI)

This number can be calculated for a specific area, for instance, Seattle, King County, and Pierce County will have different AMIs based on income in each of these areas, and will compare differently with local housing prices.

AMI is used to determine affordability at varying income levels, and different agencies have different definitions for these levels. For example, the U.S. Department of Housing and Urban Development (HUD) defines "Low-Income" as households earning below 80% AMI. The King County Countywide Planning Policies, on the other hand, define households earning 50-80% AMI as "Moderate Income" households.

## Emergency Shelter

An intervention that places homeless families directly in permanent housing, rather than putting them through a succession of programs. Families reside in shelters for the minimum time necessary to secure housing. Individually tailored support services assist families in attaining housing and achieving stability.

## HAMFI

HUD Area Median Family Income.

## HUD

U.S. Department of Housing and Urban Development.

### Homeless

A person who lacks a fixed and regular nighttime residence. The general public tends to think of “homeless” as persons living on the streets, whereas it can include persons living involuntarily with a friend or family member, living in a car, etc.—anyone without a fixed address.

### Housing Authority

A federally recognized public corporation with boards appointed by the local government. Their mission is to provide affordable housing to low- and moderate-income people. In addition to public housing, housing authorities also provide other types of subsidized housing for seniors or others with special needs and via housing vouchers such as Section 8, Veterans Affairs Supportive Housing (VASH) or Family Unification Program (FUP).

### Housing First

An innovative approach to ending chronic homelessness in which people are provided rapid access to low-cost apartments, with vital medical, mental health and other support services available on site. It is a more humane, a more successful and a more cost-effective method than paying for these same individuals to cycle in and out of the emergency room, the sobering center, or jail.

### Low Income Housing Tax Credit (LIHTC)

Many for-profit and nonprofit-developed rental properties use federal income tax credits to create financially viable projects. The Washington State Housing Finance Commission allocates these credits to developers to build or rehabilitate low-income housing. Large corporations, financial institutions, pension funds, and insurance companies invest in the housing as a method to gain the tax credits and reduce their income tax obligations. Projects funded through this source must serve residents below 60% of median income and must accept Section 8 vouchers.

### Market Rate Rent

The prevailing monthly cost for rental housing. It is set by the landlord without restrictions. The rate varies on market conditions but historically trends higher over time.

### Median Income

This is a statistical number set at the level where half of all households earn incomes above this level and half below. The U.S. Department of Housing and Urban Development Regional Economist calculates and publishes this median income data annually in the Federal Register.

### Nonprofit Housing

Nonprofit housing is developed by nonprofit corporations with a community board of directors and specific mission. Most housing developed by nonprofit housing developers is affordable with rents or prices below market-rate. Income generated from the housing is put back into the buildings and the mission of the organization, rather than being distributed to stockholders or individual investors as would be the case in for-profit housing.

### Nonprofit Housing Developer

A nonprofit organization with a mission that involves the creation, preservation, renovation, operation and/or maintenance of affordable housing.

### Operating Subsidy

This is a type of subsidy going to property owners to reduce the management, maintenance and utility costs of housing. It is needed for projects housing extremely low-income residents who can't afford rents covering the actual costs of housing.

### Permanent Housing

Rental apartments or ownership homes that provide individuals and families with a fixed street address and residence. Most housing is permanent.

### Private Market or For-profit Housing

This housing rents or sells at market rate and is developed and owned by for-profit individuals, partnerships, or corporations. Most housing is privately developed.

### Project-Based Section 8 Housing

This federal program created in the mid-1970's initially pledged 20-year commitments of rent subsidy to developers of privately owned rental housing stock in the community to encourage them to build affordable housing. The program is subsidized and regulated by HUD.

### Public Housing

Public housing is housing owned and run by a local housing authority under the oldest federal housing program—the Housing Act of 1937. To be eligible to live in public housing, you must meet program requirements including being low income. In most cases, rent including utilities can comprise no more than 30% of your income.

### Rapid Re-Housing Program

Short-term intervention for homeless families, which includes housing attainment, employment, and financial assistance services. Support is provided for up to one year.

### Permanent Affordable Housing for Homeless Families

Permanent affordable housing with tenant services serves homeless families with barriers to sustaining sufficient income to maintain independent housing. Like Rapid Re-Housing, emphasis is placed on rapid placement into housing from shelters or homelessness to support families in establishing permanent housing as quickly as possible.

Rent obligations remain affordable by an established standard (based on fund sources). Supportive services are not required, but Tenant Services may be made available for families.

### Section 8 Vouchers

This federal program is administered by local housing authorities. Also known as Housing Choice Vouchers, eligible tenants receive vouchers they can use to help them pay for apartments in the private

market. With a voucher, tenants pay between 28 and 40 percent of their household income for rent and utilities, and the housing authority pays the difference between this amount and the amount the landlord requests.

### Shelters

Also called emergency housing. Provides temporary overnight living accommodations. Shelters often are not open during the day.

### SRO

Single room occupancy units. The traditional SRO unit is a single room, usually less than 100 square feet, designed to accommodate one person. Amenities such as a bathroom, kitchen or common areas are located outside the unit and are shared with other residents. Many SROs can be found in renovated hotels and provide affordable options for recently homeless individuals and may be linked with supportive services.

### Subsidized Housing

A generic term covering all federal, state or local government programs that reduce the cost of housing for low- and moderate-income residents. Housing can be subsidized in numerous ways—giving tenants a rent voucher, helping homebuyers with down payment assistance, reducing the interest on a mortgage, providing deferred loans to help developers acquire and develop property, giving tax credits to encourage investment in low- and moderate-income housing, authorizing tax-exempt bond authority to finance the housing and/or providing ongoing assistance to reduce the operating costs of housing and others.

### Supportive Housing

Combines affordable housing with individualized health, counseling and employment services for persons with mental illness, chemical dependency, chronic health problems, or other challenges. Generally it is transitional housing, but it can be permanent housing in cases such as a group home for persons with mental illness or developmental disabilities. Supportive housing is a solution to homelessness because it addresses its root causes by providing a proven, effective means of re-integrating families and individuals into the community by addressing their basic needs for housing and on-going support.

### Transitional Housing

This housing model provides stability for residents who need more intensive support services. Length of stay is flexible to allow them to recover from a crisis such as homelessness or domestic violence before transitioning into permanent housing. Transitional housing providers often offer supportive services, which enable a person to transition to a more independent living situation in market rate or other permanent housing.

Low income housing providers and funders have moved away from this model, and toward permanent supportive housing or housing with transitional services due in part to difficulties for residents to secure and maintain market-rate housing.



### Vacancy Rate

The percentage of unoccupied units in a particular rental building or complex. A desirable low vacancy rate is generally considered to be 5% and factors for recently-vacated units beings prepared for the next occupants. Generally, in boom times, vacancy rates fall; while in recessions, vacancy rates rise. Low vacancy rates often are a signal for market-rate landlords to raise rents.

### Waiting List

Because there is a shortage of affordable housing, many individuals and families must sign up to be on a waiting list for a particular apartment or type of affordable housing.

# Data Resources

## [Government and Nonprofit Data Sources](#)

### [US Census Community Facts](#)

*Useful for: median household and family income, quick census statistics*

Popular facts (population, income, etc.) and frequently requested data about your community.

### [HUD Comprehensive Housing Affordability Strategy \(CHAS\) Table Generator](#)

*Useful for: income distribution, housing problems, housing cost burden*

HUD periodically receives “custom tabulations” of data from the Census Bureau that are largely not available through standard Census products. These data, known as the “CHAS” data (Comprehensive Housing Affordability Strategy), demonstrate the extent of housing problems and housing needs, particularly for low income households. This table generator produces a small number of tables that focuses on some of the most commonly used CHAS figures. It is meant to help find data for a specific jurisdiction.

### [CHAS Download Tool](#)

*Useful for: affordability of housing stock, rent levels, supply of housing stock, demand for housing stock, downrenting/uprenting*

Allows you to download the raw data files for CHAS. Best for data users who are comfortable working with large datasets and have appropriate data management software. The data download tool includes data from 2006-2008, 2005-2009, 2006-2010, and 2008-2010.

### [HUD Data Matrix](#)

*Useful for: choosing a data source*

HUD USER provides interested researchers with access to the original data sets generated by Policy Development and Research (PD&R)-sponsored data collection efforts, including the American Housing Survey, HUD median family income limits, as well as microdata from research initiatives on topics such as housing discrimination, the HUD-insured multifamily housing stock, and the public housing population. Each data set is rated by its relevance and usefulness for research in the designated categories.

### [American Housing Survey & American Community Survey \(American FactFinder\)](#)

*Useful for: detailed census data*

Free data from several censuses and surveys, including the American Community Survey and the American Housing Survey.

### [Housing Affordability Data System](#)

*Useful for: housing tenure, monthly housing costs, cost burden, assisted housing, income*

The Housing Affordability Data System (HADS) is a set of files derived from the 1985 and later national American Housing Survey (AHS) and the 2002 and later Metro AHS. This system categorizes housing units by affordability and household by income, with respect to the Adjusted Median Income, Fair

Market Rent (FMR), and poverty income. It also includes housing cost burden for owner and renter households.

#### US Census Housing Topics

*Useful for: vacancy rates, mortgages, market absorption, historical tables*

A variety of Census data products related to housing.

#### Integrated Public Use Microdata Series (IPUMS)

*Useful for: historical data, long-term change*

High-precision samples of the American population drawn from fifteen federal censuses and from the American Community Surveys of 2000-2012. Quantitative information on long-term changes in the American population.

#### King County Comprehensive Plan Technical Appendix B: Housing\*

*Useful for: units by gross rent, affordability, income distribution (by King County City)*

Includes tables with data on housing occupancy, gross rent, and affordability for each King County city.

Check your local comprehensive plan for similar data.

#### Runstad Center for Real Estate Studies

*Useful for: home sales, building permits average rents and vacancy rates by county (WA state)*

The Runstad Center for Real Estate produces quarterly reports on Washington home sales and a twice yearly apartment market survey.

#### Working Draft of Appendix A, 2012 Needs Assessment: King County Consortium Consolidated Housing and Community Development Plan for 2010-2014

*Useful for: units by gross rent, affordability, income distribution*

Another source of King County data on housing needs and affordability. Check your local consolidated plan to find a similar source for your community.

#### The National Low Income Housing Coalition Out of Reach Report

*Useful for: fair market rent, housing wage, area median income*

Reports the annual Housing Wage for different metropolitan areas. "Housing Wage" refers to the hourly wage a full-time worker must earn to afford a decent two-bedroom rental home at HUD-estimated Fair Market Rent (FMR) while spending no more than 30% of income on housing costs.

#### The Urban Institute: Housing Assistance Matters Initiative

*Useful for: county-level supply and demand of rental units*

A county-by-county measure of extremely low-income renter households.

#### Mapping

##### eGIS: HUD's Enterprise Geographic Information Systems Portal

*Useful for: CHAS mapping, federal investment mapping, federal grantees*

Mapping tools that allow the general public to map HUD and Census data. CPD are maps particularly useful, allowing for CHAS data mapping. No GIS software required.

### National Historical Geographic Information System

*Useful for: mapping historical census data*

Free, aggregate census data and GIS-compatible boundary files for the United States between 1790 and 2012.

### Zillow Affordability in the Seattle Metro Area

*Useful for: homeownership affordability visualization*

Mapping tool of homeownership affordability in the Seattle Metro Area. Similar resources available for other areas.

### Homelessness

Seattle/King County Coalition on Homelessness One Night Count

*Useful for: city/county specific homelessness data*

A count of unsheltered homeless individuals in selected areas of King County. One Night Count statistics are available for communities across Washington.

### State of Washington, Superintendent of Public Instruction, Homeless Student Data

*Useful for: homeless schoolchildren count*

A count of homeless schoolchildren in Washington State, by school district.

### Subscription or Pay-Per-Use

#### Dupree + Scott Apartment Vacancy Report

*Useful for: most current local housing data source*

Current and historical absorption, rents, vacancies, rent projections, concessions, parking charges, and more for various age and size groups of property, for each of the 60+ neighborhoods in King, Pierce, Snohomish, Kitsap and Thurston counties.

#### MPF Apartment Market Reports and Research

*Useful for: rent levels, occupancy, job change, permits, demand, completions*

MPF publishes 66 apartment market reports, covering 100 markets. The King-Pierce-Snohomish report covers sixteen submarkets.

#### Apartment Insights Washington

*Useful for: rents, concessions, ownership, management, amenities, unit mix, sales data, photographs, maps, construction information*

Data for every property over 50 units in the King, Snohomish, Pierce, Kitsap and Thurston areas.

#### Marcus & Millichap

*Useful for: market analysis, job growth, investor yields, location of building concentration*

Quarterly reports on trends in multifamily housing in the Seattle area.

## Appendix A: Tool Matrix

<b>TOOL</b>	<b>Conditions Needed for Implementation</b>	<b>Unique Benefits</b>	<b>Support for Inclusive Communities</b>	<b>Population Served</b>
<b>ADU+</b>	Code change	Benefit to homeowners and renters; promotes density; works in small cities	Encourages affordability in single-family zones	Moderate-income
<b>Affordable Development on Surplus Public Lands+</b>	Non-profit partners	Reduces development costs; brings affordable homes more quickly to market; promotes partnerships	Often promotes affordable housing near transit investments or schools	Moderate to very-low income
<b>Expedited Permitting+</b>	Permitting used in jurisdiction	Supports non-profit and for-profit developers; reduces development costs; brings affordable homes more quickly to market	Can be used in conjunction with IZ program	Moderate to very-low income
<b>Fee Waivers &amp; Exemptions*+</b>	Impact or permit fees used in jurisdiction	Supports non-profit and for-profit developers; reduces development costs; brings affordable homes more quickly to market	Can be used in conjunction with IZ program	Moderate to very-low income
<b>Inclusionary Zoning*</b>	Large incentive available, such as an upzone; strong real estate market; technical knowledge; code change	No public cost; flexible design; incentives for developers; fees represent significant funding source in hot markets	Limits displacement; promotes affordable housing in high-growth areas	Moderate to very-low income
<b>Linkage Fees*</b>	Nexus study; strong commercial market; technical knowledge/consultants; code change	No public cost; significant funding source	Limits displacement; promotes affordable homes throughout city	Moderate to very-low income
<b>MFTE*</b>	Moderate level of technical knowledge; code change	Works for students; broad support; promotes economic development	Encourages affordable homes throughout city	Moderate-income
<b>Parking Requirement Reductions+</b>	Code change; possible parking study	Endorsed by developers; reduced construction costs		Moderate to very-low income
<b>Acquisition Fund*</b>	Interjurisdictional cooperation; council approval; budget allocation	Supports non-profits and collaboration	Limits displacement	Low to very-low income
<b>Code Compliance Loans*</b>	Code change; budget allocation	Gives owners incentives for maintaining healthy housing in exchange for affordability	Promotes health of residents; limits displacement	Moderate to very-low income

<b>TOOL</b>	<b>Conditions Needed for Implementation</b>	<b>Unique Benefits</b>	<b>Support for Inclusive Communities</b>	<b>Population Served</b>
<b>Right of First Refusal/Right to Purchase+</b>	Code change	Promotes long-term affordability of at risk properties	Limits displacement	Low to very-low income
<b>Preservation Property Tax Exemption*</b>	State authorization; code change	Works with private market landlords; promotes health	Limits displacement	Low to very-low income
<b>Criminal History Discrimination Protection*+</b>	Code change	Applicable in all size cities; can be tested with subsidized housing	Removes legal discrimination	All
<b>Just Cause+</b>	Code change	Applicable in all size cities; works well in conjunction with healthy housing policies	Promotes stability of all renters; prevents displacement	All
<b>Notice of Rent Increase+</b>	Code change	Applicable in all size cities	Promotes stability of all renters	All
<b>Rental Inspection*</b>	Staff capacity; budget allocation; code change	Maintains healthy housing	Ensures quality housing in all neighborhoods	All
<b>SOID Protection*+</b>	Code change	Works in communities of all sizes; promotes success of public benefit programs	Increases access to housing for vulnerable populations; removes legal discrimination	Low to very-low income
<b>Tenant Relocation Assistance</b>	Code change; budget allocation	Shared public/private cost	Promotes stability of low-income renters	Low to very-low income
<b>City Growth Funds+</b>	Budget allocation; strong real estate market	Captures new value on growth; redirects existing revenue		Low to very-low income
<b>HB 2263*</b>	Council and voter approval	Opportunity for high impact; flexible application; funds capital, services, and operation	Significant funding for affordable housing	Low to very-low income
<b>Housing Levies*</b>	Council and voter approval	Opportunity for high impact; flexible application; funds capital, services, and operation	Significant funding for affordable housing	Low to very-low income
<b>MIDD+</b>	Council and voter approval	Widely adopted throughout Washington State; funds services	Supports vulnerable populations	All
<b>REET*</b>	State legislative approval	Opportunity for high impact; council, rather than voter, approved	Significant funding for affordable housing	Low to very-low income

**\*HDC Recommended tool**

**+ Low technical knowledge needed to implement**



## Appendix B: Comparison of Local Affordable Housing Funding Options

Regular Housing Levy			
<b>RCW:</b>	<a href="#">84.55</a>		
<b>Maximum Statutory Levy Rate:</b>	\$0.50/\$1,000 Assessed Value		
<b>Voter Approval Required:</b>	Yes		
<b>Affecting Levy Limits:</b>	Levy Limit	Statutory Rate	District budget
	1%	Ballot	
<b>Governing Body:</b>	City and/or County		
<b>Time Period:</b>	7 Years		
<b>Purpose:</b>	Finance affordable housing and O&M for low-income (80% AMI) households		
<b>Potential Stakeholders:</b>	Affordable housing/homelessness advocates, nonprofit development corporations, architects, banks and other financial institutions, community groups and organizations including faith groups, labor groups, and school organizations		

Emergency Housing Levy			
<b>RCW:</b>	<a href="#">84.52.105</a>		
<b>Maximum Statutory Levy Rate:</b>	\$0.50/\$1,000 Assessed Value		
<b>Voter Approval Required:</b>	Yes		
<b>Affecting Levy Limits:</b>	Levy Limit	<del>Statutory Rate</del>	District budget
	1%	Ballot	
<b>Governing Body:</b>	City and/or County		
<b>Time Period:</b>	10 Years		
<b>Purpose:</b>	Finance affordable housing and O&M for very low-income (50% AMI) households.		
<b>Note:</b>	This amount can exceed the levy lid/aggregate limit of \$5.90		
<b>Potential Stakeholders:</b>	Same as the regular housing levy.		

For more information, contact **Michele Thomas** at 206.442.9455 x205 or at [Michele@wliha.org](mailto:Michele@wliha.org)

## HB 2263 "Local Option" Sales Tax

<b>RCW:</b>	<a href="#">82.14</a>
<b>Maximum Rate:</b>	1/10 <sup>th</sup> of 1% Sales Tax Increase
<b>Voter Approval Required:</b>	Yes
<b>Governing Body:</b>	Counties; Cities outside of King County on 10/9/2017, Cities in King County on 10/9/2018
<b>Time Period:</b>	N/A
<b>Purpose:</b>	At least 60% of the funds At least 60% of the funds for affordable housing; mental health facilities; and/or O&M. Must serve 60% AMI or below within certain population groups.  Remaining funds would be used for behavioral health treatment programs and services or housing-related services.
<b>Potential Stakeholders:</b>	Same as for the regular and emergency housing levies. Because of the mental health linkages, mental health service providers and constituencies that advocate for mental health could be particularly key stakeholders.

## Mental Illness and Drug Dependency Tax

<b>RCW:</b>	<a href="#">82.14.460</a>
<b>Maximum Rate:</b>	1/10 <sup>th</sup> of 1% Sales Tax Increase
<b>Voter Approval Required:</b>	No
<b>Governing Body:</b>	Counties and Cities
<b>Time Period:</b>	N/A
<b>Purpose:</b>	Operation or delivery of chemical dependency or mental health treatment programs and services and for the operation or delivery of therapeutic court programs and services. "Programs and services," includes, but is not limited to, treatment services, case management, and housing that are a component of a coordinated chemical dependency or mental health treatment program or service.



**[PROPOSED] Real Estate Excise Tax or “REET 3”**

<b>RCW:</b>	<a href="#">84.25</a>
<b>Maximum Rate:</b>	Potentially ¼ of 1 percent of the selling price on the purchase and sale of real property
<b>Voter Approval Required:</b>	Current REET options are councilmatic (do not require additional voter approval)
<b>Governing Body:</b>	Counties and Cities
<b>Time Period:</b>	N/A
<b>Purpose:</b>	To finance the development of affordable housing, including the acquisition, building, rehabilitation, and the operations and maintenance of housing.

**HB 2263 “Cultural Access Program”**

**[NOT FOR AFFORDABLE HOUSING]**

<b>RCW:</b>	<a href="#">82.14</a>
<b>Maximum Rate:</b>	Counties can choose either a 1/10 <sup>th</sup> of 1% sales tax increase <b>OR</b> property tax levy that would generate an amount equal to what the 1/10 <sup>th</sup> of 1% sales would generate, subject to the \$5.90 local tax limit. Note: King County can only implement the sales tax.
<b>Voter Approval Required:</b>	Yes
<b>Governing Body:</b>	Counties
<b>Time Period:</b>	7 Years
<b>Purpose:</b>	Advancement or preservation of science or technology, the visual or performing arts, zoology, botany, anthropology, heritage, or natural history.
<b>Note:</b>	Although HB 2263 also authorized this option, it is not linked in any other way to the affordable housing/mental health funding option. The two options are entirely separate from one other.

# Affordable Housing Planning and Policy Index 2016 Municipal Assessment (example)



HOUSING  
DEVELOPMENT  
consortium

Appendix C

Anytown, WA

#	QUESTION	INCLUDED IN COMPREHENSIVE PLAN	
		Y	N
<b>H</b>	<b>Housing Element Planning Process (Comprehensive Plan)</b>		
<b>H1</b>	<b>Engagement of Key Stakeholders and Participants</b>		
H1.1	Human Services Staff and Includes a Human Services Element Separate or Combined		x
H1.2	Code Enforcement and Public Safety Staff	x	
H1.3	Diverse Community Representatives, i.e. Faith, Immigrants, Residents, Neighborhood Orgs.	x	
<b>H2</b>	<b>Alignment with Countywide Planning Policies</b>		
H2.1	Includes Housing Needs Assessment and Identification	x	
H2.2	Includes an Implementation Policy—Housing Strategies Plan	x	
H2.3	Includes a Monitoring Plan		x
H2.4	Has Goals for Production and Preservation to Ensure Needs Will Be Met as Growth Occurs	x	
<b>H3</b>	<b>Promotes Partnerships and Collaboration: Non-Profit, Jurisdictional, Regional, State</b>		
H3.1	Recognizes the Benefits of Inter-Region Collaboration		x
H3.2	Supports the Work of Non-Profit Organizations	x	
H3.3	Commits to Supporting Policies and Funding at State and Regional Level That Promote Affordable Housing	x	
<b>H4</b>	<b>Promotes Communities of Opportunity</b>		
H4.1	Promotes Mixed-Use Neighborhoods in at Least Some Locations		x
H4.2	Recognizes Intersection Between Housing, Transit and Other Opportunity Factors	x	
<b>H5</b>	<b>Promotes Diverse Housing Supply</b>		
H5.1	Allows for Diverse Housing Models i.e. ADUS, Cottages, Infill, Townhouses	x	
H5.2	Limits Maximum Densities (or large lot zones)	x	
<b>H6</b>	<b>Explores All Available Tools to Build and Preserve Market-Rate and Subsidized Affordable Housing</b>		
H6.1	Promotes Preservation and Maintenance of Existing Affordable Stock		x
H6.2	Promotes the Use of Development Incentives	x	
H6.3	Prioritizes Land Utilization for Affordable Housing	x	
H6.4	Engages Utilization of Public Awareness and Education Campaign		x
H6.5	Encourages Minimum 50 Year Affordability Requirement For Income and Rent Restricted Housing	x	
H6.6	Includes or Explores Funding Strategies with Particular Emphasis on Housing for 30% or Below AMI		x
H6.7	Promotes Homeownership for Low and Moderate-Income Households	x	
<b>H7</b>	<b>Recognizes and Supports the Need for Housing for Populations with Specific Needs</b>		
H7.1	Promotes Wide Range of Special Needs Housing i.e. Seniors, Developmental Disabilities		x
H7.2	Recognizes and Addresses the Housing Needs of Those Who Are Homeless	x	

✓ This tool is designed to be a self-assessment for municipalities throughout King County. HDC Staff will periodically review assessments to ensure responses accurately reflect adoption, implementation, and effectiveness of policies.

#	QUESTION	ACTION TAKEN	IMPACT ASSESSMENT
<b>T</b>	<b>Tools and Policies Enacted to Ensure Preservation and Production of Affordable Housing and Livability</b>		
<b>TI</b>	<b>Inclusionary Housing Strategies</b>		
T1.1	Mandatory Inclusionary Zoning	PP	-
T1.2	Voluntary Incentive Zoning	I	ME
T1.3	Linkage Fees	NA	-
T1.4	Multi-Family Property Tax Exemption	I	E
<b>T2</b>	<b>Promote Production of Affordable Housing</b>		
T2.1	Prioritize Use of Surplus and Underutilized Land for Affordable Housing	PP	-
T2.2	Expedite Permit Process and/or Provide Permit Waivers	PA	ME
T2.3	Provide Impact Fee Exemptions	PP	-
T2.4	Reduce Parking Requirements	H	-
T2.5	Allow for ADUs and DADUs and Require Affordability	PA	ME
<b>T3</b>	<b>Promote Preservation of Existing Housing</b>		
T3.1	Inventory Existing Income & Rent Restricted Housing and Affordable Non-Income & Rent Restricted Stock	H	-
T3.2	Enact and Right of First Notice or Refusal for Affordable Housing	PP	-
T3.3	Provide Loans for Code Compliance	H	-
T3.4	Provide Loans for Upgrading and Weatherization in Exchange for Affordability Covenants	PP	-
T3.5	Enact a Preservation Property Tax Program	PP	-
<b>T4</b>	<b>Provide Tenant Protections</b>		
T4.1	Eliminate Source of Income Discrimination	PA	E
T4.2	Provide Tenant Relocation Assistance	PA	E
T4.3	Require Notice of Rent Increase	H	-
T4.4	Enact a Just Cause Eviction Ordinance	H	-
T4.5	Implement a Rental Inspection Program	PP	-
T4.6	Improve Access for Individuals with Criminal Backgrounds	H	-
<b>T5</b>	<b>Provide Additional Resource Opportunities for Production and Preservation</b>		
<b>T5.1</b>	Enact an Affordable Housing Levy	H	-
<b>T5.2</b>	Enact Local Fee Options	PP	-
<b>T5.3</b>	Establish a Growth Fund	H	-
<b>T5.4</b>	Increase a Real Estate Excise Tax for Affordable Housing	PP	-
<b>T5.5</b>	Implement an Acquisition Fund	PP	-
<b>T5.6</b>	Deploy Other Local Tax Options	PP	-
<b>T5.7</b>	Utilize a Mental Illness and Drug Dependency Option	PA	E
<b>T5.8</b>	Enact Local Option Sales Tax HB2263	PP	-

Action Taken Rating: PP=Policy Proposed, PA=Policy Adopted, I=Implemented, H=Hearing or Workshop Held, NA=Not Applicable

Impact Assessment Rating: E=Effective, ME = Moderately Effective, I = Ineffective

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HOUSING  
DEVELOPMENT  
consortium

Sometown, WA

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<b>H1</b>	<b>Engagement of Key Stakeholders and Participants</b>		
H1.1	Human Services Staff and Includes a Human Services Element Separate or Combined	x	
H1.2	Code Enforcement and Public Safety Staff		x
H1.3	Diverse Community Representatives, i.e. Faith, Immigrants, Residents, Neighborhood Orgs.		x
<b>H2</b>	<b>Alignment with Countywide Planning Policies</b>		
H2.1	Includes Housing Needs Assessment and Identification	x	
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H3.2	Supports the Work of Non-Profit Organizations		x
H3.3	Commits to Supporting Policies and Funding at State and Regional Level That Promote Affordable Housing		x
<b>H4</b>	<b>Promotes Communities of Opportunity</b>		
H4.1	Promotes Mixed-Use Neighborhoods in at Least Some Locations		x
H4.2	Recognizes Intersection Between Housing, Transit and Other Opportunity Factors		x
<b>H5</b>	<b>Promotes Diverse Housing Supply</b>		
H5.1	Allows for Diverse Housing Models i.e. ADUS, Cottages, Infill, Townhouses		x
H5.2	Limits Maximum Densities (or large lot zones)		x
<b>H6</b>	<b>Explores All Available Tools to Build and Preserve Market-Rate and Subsidized Affordable Housing</b>		
H6.1	Promotes Preservation and Maintenance of Existing Affordable Stock	x	
H6.2	Promotes the Use of Development Incentives		x
H6.3	Prioritizes Land Utilization for Affordable Housing	x	
H6.4	Engages Utilization of Public Awareness and Education Campaign		x
H6.5	Encourages Minimum 50 Year Affordability Requirement For Income and Rent Restricted Housing	x	
H6.6	Includes or Explores Funding Strategies with Particular Emphasis on Housing for 30% or Below AMI		x
H6.7	Promotes Homeownership for Low and Moderate-Income Households	x	
<b>H7</b>	<b>Recognizes and Supports the Need for Housing for Populations with Specific Needs</b>		
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T2.3	Provide Impact Fee Exemptions	PP	-
T2.4	Reduce Parking Requirements	PP	-
T2.5	Allow for ADUs and DADUs and Require Affordability	H	-
<b>T3</b>	<b>Promote Preservation of Existing Housing</b>		
T3.1	Inventory Existing Income & Rent Restricted Housing and Affordable Non-Income & Rent Restricted Stock	PP	-
T3.2	Enact and Right of First Notice or Refusal for Affordable Housing	PP	-
T3.3	Provide Loans for Code Compliance	H	-
T3.4	Provide Loans for Upgrading and Weatherization in Exchange for Affordability Covenants	PP	-
T3.5	Enact a Preservation Property Tax Program	PP	-
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<b>T5.7</b>	Utilize a Mental Illness and Drug Dependency Option	PA	E
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