September 11, 1987
1251E/DE:lt

INTRODUCED BY: Gruger Sullivan

PROPOSED NO.: 85-702

ORDINANCE NO. 8279

AN ORDINANCE relating to affordable housing; adopting the King County Affordable Housing Policy Plan as the county-wide affordable housing plan for King County; repealing Ordinance 2555 in its entirety.

PREAMBLE:

On April 8, 1985 the King County Council unanimously adopted Ordinance 7178 thereby adopting the King County Comprehensive Plan which was subsequently signed into law by the King County Executive on April 15, 1985.

The King County Comprehensive Plan contains Goal 5 which states: Encourage affordable housing and diversity in housing types, and lifestyle choices ranging from urban to rural.

The King County Comprehensive Plan contains residential development policy R-101 which states: King County should encourage and promote a wide range of residential development types and densities in various parts of King County to meet the needs of a diverse population and provide affordable housing choices for all income levels.

Ordinance 7178 provides for the amplification and augmentation of any or all of the elements of the King County Comprehensive Plan, including a housing element consisting of surveys and reports upon housing conditions and needs as a means of establishing housing standards to be used as a guide in dealings with official controls related to land subdivision, zoning, traffic and other related matters.

On April 23, 1984 the King County Council passed Ordinance 6762 approving the preparation of the King County Affordable Housing Policy Plan.

On June 21, 1984 King County sponsored an Affordable Housing conference attended by more than 70 people. The participants identified issues related to regulations, higher density zoned land, creative design, manufactured housing and housing finance which required further study.

On October 29, 1984 the Director of the Department of Planning and Community Development formed a Land Use and Development Issue Committee and a Housing Finance Issue Committee consisting of King County citizens to study high priority issues and develop recommendations. The committees submitted reports and recommendations to the King County Executive in April, 1985.

A Steering Committee of elected officials and staff of all affected departments evaluated the recommendations made by both issue committees, evaluated additional recommendations made by King County staff and developed the Executive Proposed Affordable Housing Policy Plan, which was submitted to the King County Council in December, 1985.

The King County Council conducted a series of community meetings and presentations on the proposed plan in 1986, followed by a public hearing on October 6, 1986. The revised plan dated August, 1987 reflects citizen participation and changing State and Federal legislation.

King County should encourage diversity of housing types and costs throughout the County to meet the affordable housing needs of existing residents and those households expected to reside in all urban areas and rural activity centers of King County.

King County should increase the supply and accessibility of housing that is affordable to very low income households.

King County should increase the supply of housing affordable to moderate income households, including both renters and those who wish to purchase their own home.

King County should pursue changes in its land use policies and regulations that result in lower development costs without loss of adequate public review, environmental quality or public safety, or increased maintenance costs for public facilities.

King County should promote a fair share of affordable housing in all urban areas and rural activity centers through land use planning and housing assistance initiatives to increase housing opportunities for its low and moderate income households.

Existing housing objectives and policies contained in Ordinance 2555 are out of date and insufficient to guide systematic planning, coordination and development of affordable housing in King County.

BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

SECTION 1. The goals, policies, objectives and strategies and the short range work program and mid-range work program contained in the revised Executive Proposed Affordable Housing Policy Plan dated September, 1987 are adopted as a functional plan of the King County Comprehensive Plan. As an amplification and augmentation of the King County Comprehensive Plan they constitute official county policy which affect housing supply, conditions, occupancy, cost, design, mix and location.

SECTION 2. Ordinance 2555 is hereby repealed.

INTRODUCED AND READ for the first time this 30th day of December, 1985.

PASSED this 19th day of October, 1987.

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Gary Grant
Chair

ATTEST:

Gerald A. Peterson
Deputy Clerk of the Council

APPROVED this 28th day of October, 1987.

Tim Hill
King County Executive

8279

EXECUTIVE PROPOSED AFFORDABLE HOUSING POLICY PLAN

KING COUNTY, WASHINGTON

King County Executive
Randy Revelle

King County Council
Gary Grant, Chairman
Paul Barden
Ruby Chow
Bob Greive
Audrey Gruger
Bruce Laing
Lois North
Bill Reams
Cynthia Sullivan

Affordable Housing Policy Plan Steering Committee

The Honorable Gary Grant, Chairman, King County Council
The Honorable Ervin Harder, Mayor, City of Duvall
Tom Fitzsimmons, Program Development Manager
Bob Cowan, Director, Finance Office
Peter Jamero, Director, Department of Human Resources
Donald LaBelle, Director, Department of Public Works
Dr. Bud Nicola, Director, Public Health Department
Jim Wiley, Executive Director, King County Housing Authority
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Prepared by King County, Washington
December 1985

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Planning and Community Development Department
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EXECUTIVE PROPOSED
KING COUNTY
AFFORDABLE HOUSING POLICY PLAN

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Ben Bonkowski
Washington State Department of Community Development

Martin Castaneda
Seattle First National Bank

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Affordable Housing Policy Plan responds to the problem of housing affordability and the need for local government to take an active role in addressing it. King County's Comprehensive Plan - 1985 directed the plan to evaluate the impact of County codes and regulations on housing affordability, and the availability of tools and incentives for housing, including government programs. The Affordable Housing Policy Plan sets out a work program for the next five years to implement a broad range of affordable housing strategies.

The Need for Affordable Housing

Problems with housing affordability have affected both renter and homeowner households in King County. Some low income renter households, especially single parent families, pay an excessive proportion of their income on housing costs. Other renter households are unable to purchase a house due to recent price increases and high financing costs. Low income homeowners can have difficulty affording needed maintenance.

For the purposes of this plan, the need for affordable housing has three parts. First there is a need to increase the supply and affordability of housing for low income households. The basic shelter needs of King County residents is a primary concern. The supply of lower cost and subsidized housing is inadequate to meet the growing need of low income households, and the tools available for construction of subsidized housing or rental assistance are limited. And there is a continuing need to assist low income homeowners with necessary housing repairs. Second, there is a need to improve affordability for first time homebuyers. The basic economics of household incomes and housing costs have changed over the past decade, shutting out many first-time buyers. Homeownership is highly valued among King County residents, and demonstration projects in King County and elsewhere have shown that affordable homes can be built while still protecting environmental quality and neighborhood compatibility. Third, there is a need to reduce the cost of housing development at all price levels. Rising costs of development have increased prices for all housing and have made it difficult to build new lower cost housing. Although market forces determine much of the cost of building and financing housing, King County land use policies can affect what sort of housing is built, and County development regulations and procedures affect the cost of development.

The Role of King County in Affordable Housing

The role of local government in housing is changing. King County recognizes that its actions influence the cost and type of housing built, and that it must use all available tools to adequately shelter those county residents who cannot find affordable housing. Briefly, King County can use five types of strategies:

(1) Financial Assistance. Because direct expenditures for housing are severely limited by the State Constitution, King County must use sources of funds other than County revenues. Federal programs such as the Community Development Block Grant Program or funds generated through a local housing bond issue can finance assisted housing. King County can also support housing projects through capital improvement spending for related public facilities.

(2) Development Codes and Standards. Changes to codes and standards can improve affordability in two ways. First, cost savings changes can reduce the cost of housing development for all housing, for example, through a reduction in the time required to obtain permit approval or by less costly development standards. Second, code changes can establish requirements and incentives that increase the supply of affordable housing that is rented or sold to low and moderate income households. These strategies include density bonuses, inclusionary zoning and priority permit processing.

(3) Land Use Planning and Zoning. Planning and zoning determine where residential development can occur, the density that will be allowed, and where road improvements are needed. Community planning also involves residents and landowners in decisions regarding the amount, type and location of future development. Although planning strategies cannot put housing on the ground, they are vital for providing opportunities for affordable housing.

(4) Coordination with other Housing Agencies. The King County and Renton Housing Authorities develop, own, and manage low income housing, and the Washington State Housing Finance Commission provides below market rate financing to moderate income home buyers and multifamily housing developers. Affordable housing strategies that build on these agencies' programs can be cost-effective, and take advantage of their ability to issue tax exempt bonds.

(5) Legislative Change. The State Constitution and State law have a tremendous impact on King County's ability to promote affordable housing. Influencing proposed legislation is a continuing effort.

Affordable Housing Goals and Policies

The Affordable Housing Policy Plan uses each of the above types of strategies to address the broad range of affordable housing need. The Plan's goal and four policies guided the development of these strategies; the policies are based on the three-part definition of housing need described above, with an additional policy to promote a fair share of affordable housing throughout King County.

Affordable Housing Goal. Encourage diversity of housing types and costs throughout the county to meet the affordable housing needs of existing residents and those households expected to reside in all urban areas and rural activity centers of King County.

Affordable Housing Policy 1. King County should increase housing opportunities for its low and moderate income households by promoting a fair share of affordable housing in all urban areas and rural activity centers through land use planning and housing assistance initiatives.

Affordable Housing Policy 2. King County should increase the supply and affordability of housing for low income households.

Affordable Housing Policy 3. King County should increase the ability of low, moderate and median income households to purchase their own home.

Affordable Housing Policy 4. King County should pursue changes in its land use policies and regulations that result in lower development costs without loss of adequate public review, environmental quality or public safety, or increased maintenance costs for public facilities.

Short Range and Mid-Range Work Programs

The Affordable Housing Policy Plan is an action plan; its emphasis is on strategies that can be implemented over the next five years to improve housing affordability. Each strategy contains a discussion of the time and cost of implementation, and the responsible divisions and departments, to aid in scheduling and budgeting the implementation of the Plan.

The Short Range Work Program contains changes to current programs and other actions that can be begun in the next two years. Mid-range Work Program strategies will be initiated within five years; they are high priorities that are more complex or costly. The Plan also identifies several long range strategies that are more costly or rely on legislative changes. These strategies will be reconsidered as part of the Plan evaluation.

The affordable housing strategies are summarized in the following table.

TABLE 1

SUMMARY OF AFFORDABLE HOUSING STRATEGIES

	Work Program	Implementing Agencies			
		H&CD	Plng	BALD	DPW
POLICY 1. FAIR SHARE OF AFFORDABLE HOUSING					
Objective 1A. Community Planning					
Housing Needs Model	SR	●	○		
Council Motions for Community Plans	SR	○	●		
Cooperation with Cities and Towns	SR	○	●		
Objective 1B. Housing Assistance					
Coordinating Rehabilitation and Planning	SR	●	○		
Coordinating Demonstrations and Planning	SR	●	○	○	○
Dispersal of Assisted Housing	SR	●			
POLICY 2. HOUSING FOR LOW INCOME HOUSEHOLDS					
Objective 2A. Development Incentives					
Increasing PUD Density Bonus	SR	○		●	
Density Bonus for Multifamily	MR	○		●	
CIP Funding for Affordable Housing	SR	●	○		○
Priority Permit Processing	SR			●	●
Increasing WSHFC Low Income Units	SR	●			
Inventory of King County-owned Land	MR	○	●		○
Constitutional Lending of Credit Amendment	SR	●			
Tax Increment Financing Legislation	SR	●			
Objective 2B. Financial Assistance					
Housing Bond Issue	SR	●			
Tax Exempt Financing for Rehabilitation	SR	●			
Tax Abatement for Low Income Housing	SR	●			
Community Development Organizations	LR	●			
Development through Housing Syndications	LR	●			
POLICY 3. HOMEOWNERSHIP AFFORDABILITY					
Objective 3A. Incentives and Requirements					
PUD Density Bonus	SR	○		●	
Density Bonus for Subdivisions	MR	○		●	
Inclusionary Zoning in New MPDs	SR	○	●	○	
Inclusionary Zoning in Residential Development	MR	○		●	
Priority Permit Processing	SR			●	●

TABLE 1 (CONTINUED)

	Work Program	Implementing Agencies			
		H&CD	Plng	BALD	DPW
Objective 3B. Financial Assistance					
Housing Bond Issue	SR	●			
Lease Purchase Homeownership Program	MR	●			
Single Loan for Manufactured Housing	MR	●			
Urban Self-Help Housing	MR	●			
Housing Authority Legislative Changes	SR	●			
Community Land Trust	LR	●			
POLICY 4. REDUCED DEVELOPMENT COSTS					
Objective 4A. Increased Densities					
Community Plan Zoning Strategies	SR	○	●		
Density Zoning	MR	○	○	●	○
Objective 4B. Infill Development					
Development Variances	MR			●	●
Mixed Use Zoning	SR		●		
Objective 4C. Design Innovation					
Affordable Housing Design Competition	SR	●	○	○	○
Mixed-Use Zoning and Demonstration	SR	●	●		
Building Code Variance Procedures	SR			●	
Objective 4D. Permit Processing					
Administrative Permit Decisions	SR			●	○
Automated Permit Processing	SR			●	○
Density Zoning	MR			●	○
Increased Lots in Short Subdivisions	LR			●	○
Objective 4E. Development Standards					
Variance Procedures for Road Standards	SR				●
New Road Standard Classifications	SR	○	○	○	●
County Drainage Utility	SR				●

Key: ● Lead Agency
○ Supporting Agency
SR Short Range Work Program
MR Mid-Range Work Program
LR Long Range Strategy

INTRODUCTION

INTRODUCTION

I. THE ISSUE OF AFFORDABLE HOUSING

The need for an Affordable Housing Policy Plan grew out of an increasing awareness by public officials and the housing industry throughout the United States of the issue of housing affordability. In King County, the Executive and County Council agreed that a concerted effort to address affordable housing problems and strategies was needed. The direction for this effort was adopted in the King County Comprehensive Plan - 1985. The Affordable Housing Policy Plan will implement County goals and policies encouraging affordable housing opportunities for all County residents.

Affordability has become an issue because of recent, major changes in the housing market throughout the United States. The 1970s were a time of sharp increases in housing costs: construction costs, vacant land prices, the price of existing houses, and interest rates for construction financing and homeowner mortgages all rose at once during this period of inflation and increasing demand for new housing. House prices and rents rose faster than household incomes, increasing the proportion of income that households must spend on shelter. These rising costs had the greatest impact on affordability for low and moderate income renters, who found both rents and first home purchases more expensive.

One of the most dramatic results of rising housing costs was the reduced ability of renter households to purchase a first home. The combination of high prices and high mortgage interest rates put homeownership beyond the reach of many households who would have been able to purchase a house a decade before. In 1979, the rate of homeownership in the United States fell for the first time since the early 1960s.

In the first half of the 1980s these rising costs have stabilized and, in some cases, dropped. Yet housing affordability has not returned to its previous levels. In spite of lower interest rates the rate of homeownership continues to fall, especially among young adult households, indicating that newly formed renter households still have difficulty purchasing a first house.

Housing affordability problems are especially severe for the lowest income households. The uneven recovery from the recession of the early 1980s has left many people unemployed or underemployed; their housing needs are indicated by the waiting lists for public housing and emergency shelters. With recent cuts in Federal housing programs, the problem of housing those people who lack enough income to pay market rents has grown.

In King County, house prices tripled during the 1970s; household incomes, while rising, did not keep pace. Today the majority of King County households cannot afford to purchase the average priced house at $85,642, based on income alone. Rents also rose faster than household incomes during the 1970s, stabilized for a few years, and are beginning to rise again. In 1980, about 24% of King County's households spent more than 30% of their income on housing, a common benchmark for affordable housing. Most of these households were renters, almost all were low and moderate income.

The combination of rising housing costs and decreasing Federal resources had led King County and many other states and local governments to search for local solutions to housing affordability problems. King County has addressed these issues through a variety of approaches:

(1) adopting the King County Comprehensive Plan - 1985, containing Countywide goals and policies encouraging affordable housing choices and opportunities for all County residents, and requiring preparation of a functional plan, the Affordable Housing Policy Plan, to implement these Countywide goals and policies;

(2) increasing the amount of higher density zoned land as community plans are updated, and amending the zoning code to allow smaller lots, townhouse development, zero lot line development, accessory units and manufactured housing in neighborhoods with conventional housing;

(3) using development incentives to encourage production of affordable housing, including a density bonus in the Planned Unit Development Ordinance and an affordable housing requirement in some community plans for large parcel Master Plan Developments; and

(4) encouraging housing programs and affordable housing demonstration projects in the Community Development Block Grant Program; in 1985, 35% of Block Grant funds were spent on housing.

The purpose of the Affordable Housing Policy Plan is to bring together these diverse affordable housing strategies and develop a comprehensive approach to improving housing affordability. The plan contains changes in current County planning and development regulation as well as several new housing strategies. Much can be done by increasing our understanding of the impact of existing County practices on housing development and affordability, and by looking for opportunities to implement affordable housing policies through existing operations.

II. RELATION OF THE AFFORDABLE HOUSING POLICY PLAN TO OTHER KING COUNTY PLANS AND POLICIES

The Affordable Housing Policy Plan is the functional plan that implements the Comprehensive Plan - 1985 goals and policies relating to affordable housing, consistent with all other Comprehensive Plan goals and policies. The Comprehensive Plan's chapter on implementation describes the role of functional plans:

> King County has a three-part planning system. First, the Comprehensive Plan is the long-range, Countywide land use plan. Second, under the direction of the Comprehensive Plan, community plans establish detailed land use plans and capital improvement recommendations for local subareas of King County. Third, also consistent with the Comprehensive Plan, functional plans are prepared by King County, special service districts, or other public agencies such as METRO. Functional plans address location, design and operation of public facilities and services (such as surface water control and sewage disposal), and action plans and programs for other governmental activities (such as housing assistance and economic development).

Coordination with community plans is essential to the successful implementation of the Affordable Housing Policy Plan. Many of the plan's strategies relate to the land use plans and capital improvement recommendations developed through the community planning process, therefore much of the plan will actually be implemented gradually through each community plan update.

The Affordable Housing Policy Plan is also closely related to two other policy plans: the Housing Assistance Plan and the Community Development Block Grant Policy Plan. Each of these plans provides policy direction for local use of Federal funds and programs. The Housing Assistance Plan is prepared by King County for the King County Community Development Block Grant Consortium, consisting of unincorporated King County and 24 cities and towns, excluding Seattle, Bellevue, Auburn and Yarrow Point. It provides required information for a range of Federal housing programs, including data on housing need and existing assisted housing, local criteria for the use of housing program resources and numerical targets for housing assistance in the coming year.

The Community Development Block Grant Policy Plan is also prepared by King County for the Block Grant Consortium. The plan describes block grant eligible programs and geographic areas, and sets guidelines for reviewing projects. It also contains local program policies for granting funds for community development projects in unincorporated King County. Many housing initiatives, including

housing rehabilitation, affordable housing demonstration projects and the development of the Affordable Housing Policy Plan itself, are funded through the Community Development Block Grant Program. Because the Affordable Housing Policy Plan establishes an overall King County approach to housing affordability, it will coordinate the use of Block Grant funded programs with other King County strategies to meet affordable housing goals.

III. PROCESS OF DEVELOPING THE PLAN

The Affordable Housing Policy Plan has been developed with the active involvement of the public; staff of several cities and towns in King County; and housing industry representatives. The draft Plan was produced by a steering committee consisting of King County Department, Executive and Council staff; King County Housing Authority; and a suburban city representative. The Steering Committee was staffed by King County Housing and Community Development Division.

The development of the Plan began in June 1984, when King County hosted an Affordable Housing Conference to identify key issues and potential strategies. The more than 70 Conference participants included representatives of the housing finance and construction industries; land development and real estate sales professionals; and local and State government elected officials and staff. The Conference participants identified numerous affordable housing issues deserving further study.

King County also conducted a survey of 500 County residents in 1984, asking about their opinions and need for affordable housing. Their preferences regarding housing development features, renting, homeownership, housing types and amenities provided additional issues to be addressed in the Plan.

The issues and strategies identified at the Conference and through the survey were then reviewed and prioritized by the Plan's steering committee. Most of the high priority issues fell into two broad categories of financing strategies and land use and development strategies.

To analyze the issues and develop the strategies further, King County Executive Revelle appointed knowledgeable community and industry representatives to serve on two Affordable Housing Issue Committees. The Housing Finance Issue Committee was comprised of professionals in housing finance, including mortgage bankers, savings and loan officers, housing analysts, and administrators of State and Federal housing finance programs. The Land Use and Development Issue Committee was comprised of builders and land developers, staff of suburban cities and towns, and community representatives. The Issue Committees met over five months to complete the reports. They evaluated housing affordability issues;

reviewed existing King County programs and regulations; and developed recommendations for actions to be taken by King County.

The reports and recommendations of the Finance Issue Committee and the Land Use and Development Issue Committee, completed in Spring of 1985, were a major resource in the preparation of the Plan. The Plan's steering committee evaluated the recommendations of the Issue Committees and produced the Plan over the next six months. The Plan contains policies and programs developed by the Issue Committees as well as new strategies not included in the Issue Committee recommendations.

IV. CONTENTS OF THE PLAN

The Plan contains an analysis of the affordable housing issue, beginning with an analysis of housing need, and including a discussion of available approaches, proposed strategies, and detailed work programs for each of the implementing agencies.

Chapter 1 contains a three-part definition of affordable housing that provides the basis for the Plan's policies, objectives and strategies. The chapter also reviews national and local trends in housing affordability, the components of rising development costs, trends in the local housing construction market, and the recent loss of Federal resources for housing programs.

Chapter 2 provides some background on the role of King County in providing affordable housing. The chapter summarizes already adopted policies and ordinances relating to affordable housing and provides an overview of the range of strategies available to the County: those which are already underway, those which can be initiated or strengthened, and those which are beyond County influence due to private market forces or State Constitutional limitations. Case studies of King County affordable housing developments and of projects and policies from elsewhere in the country illustrate the advantages and disadvantages of various strategies.

In Chapter 3, the Plan's goal, policies, objectives and strategies are presented. Beginning with a review of the policy direction for affordable housing in the Comprehensive Plan, the chapter presents a new affordable housing goal and policies, and an overview of the Plan's strategies for addressing housing need. The four affordable housing policies are based on the three-part definition of housing need introduced in Chapter 1, and the additional need to provide affordable housing opportunities throughout King County.

Chapters 4 and 5 contain short range and mid-range work programs. The work programs describe in detail each of the strategies introduced in Chapter 3, including how the strategy will be implemented,

the affordable housing benefit, advantages and disadvantages, responsible agencies, time and cost of implementation, links with other strategies, and citizen participation. The short range work program contains strategies that can be implemented in 1986 and 1987 because some or all of the needed staff resources are already budgeted. Mid-range strategies, which are more complex or have greater funding needs, will be implemented in 1988 through 1990.

The Plan's Appendix includes the Housing Finance Issue Committee and Land Use and Development Issue Committee Reports and Recommendations, and the results of the King County residents survey on housing affordability.

V. PLAN IMPLEMENTATION

The Affordable Housing Policy Plan provides detailed direction for the implementation of affordable housing strategies following its adoption by King County Council. It includes short range and mid-range work programs, spanning approximately 5 years, which specify the roles and responsibilities of various King County Departments and Divisions in implementing the strategies. Each of the affordable housing strategies includes a discussion of the time frame and cost of implementation, providing a tool for budgeting the resources necessary for implementing the Plan.

The Plan also establishes a system for evaluating the progress of specific affordable housing strategies, and the Plan as a whole, in meeting affordable housing objectives. As the Plan is implemented, the information developed will assist King County to adapt affordable housing strategies to changing housing need and market conditions, and to continue to promote affordable housing choices for households throughout the County.

THE NEED FOR AFFORDABLE HOUSING

CHAPTER 1

THE NEED FOR AFFORDABLE HOUSING

I. INTRODUCTION

Definition of Affordable Housing

In this Plan the definition of affordable housing has three components. The first critical need is to increase the supply of rental housing that is affordable to low income households. In an area with a growing population like King County, these households often cannot compete in a tight rental market. Many of these households simply do not have the income to pay market rent: almost three fourths of very low income renter households[1/] pay more than 30% of their gross income on total housing costs.[2/] By most definitions, housing costs greater than 30% of income are considered excessive for low and moderate income households.

The need for affordable housing for low and moderate income households is becoming increasingly evident. Local housing authorities and emergency shelters report a growing need for housing assistance. About 5,600 elderly and family households are currently on the waiting lists for Seattle, Renton and King County Housing Authority placements. In the month of November 1984 alone, 3,786 people were turned away from emergency shelters in King County. Public housing waiting lists have increased and families with children are becoming more common at emergency shelters. Deteriorated housing can also be an indication of the inability of low income households, both renters and owners, to afford decent, safe and sanitary housing. Funds for Federal housing programs that have traditionally served this group have been cut by 65% since 1980.

1/ The household income data in this Plan is based on the 1980 Census, increased 30% to 1984 dollars as estimated by the Bureau of Labor Statistics. King County's 1984 median household income, for all household sizes, is estimated to be $27,100, and average household size is 2.8 persons. For this discussion, very low income households earn less than 50% of the King County median household income, low income households earn between 50% and 80% of the area median, and moderate income households between 80% and 100%. The U. S. Department of Housing and Urban Development (HUD) uses similar income definitions. HUD's income eligibility guidelines vary by household size, and are therefore not the same as data presented here.

2/ Total housing costs include either a renter's rent and utility payments, or a homeowner's mortgage, property taxes, insurance, maintenance and utilities.

Second, there is a need to increase homeownership affordability for first-time home buyers. The desire to own one's own home is strong across the United States. That desire was demonstrated recently when King County received more than 400 applications from families wanting to purchase one of 22 manufactured homes in the Manufactured Housing Subdivision Demonstration Project. In another affordable housing program at the Klahanie development on the East Sammamish Plateau, the lower cost homes set aside for median income homebuyers are experiencing the greatest demand in the entire subdivision development.

Yet in spite of the desire of many renter households to purchase a home, market conditions in the 1980s shut out many potential buyers. From the 1950s until the mid-1970s, house prices rose more slowly than household incomes and interest rates were comparatively low. The majority of American households could afford to purchase a house. After the rapid housing inflation of the late 1970s, and with continuing high financing costs today, the majority of households without equity in an existing home can no longer qualify for a loan. In King County, where a survey of residents found that eight in ten renter households hoped to purchase a home in the next three years, only 24% can afford even the minimum priced new house.[3/]

Finally, there is a need to increase housing affordability by lowering the cost of developing all types of housing at all price levels. The costs of development have soared over the past decade. The resulting increases in house prices and rents have outpaced rising household incomes, leading to higher housing costs for residents at all income levels. Development cost increases are partly due to economic forces such as high interest rates, which are beyond the influence of local actions. But other factors, such as land use controls that affect land supply and permit processing time, can be influenced by local government. There is a need to find ways to reduce development costs so that savings can be passed on to consumers.

Major Findings

This chapter makes the following major findings regarding expected household growth in the County, typical housing needs of various groups of King County households, and residential construction and market trends.

[3/] Survey conducted by Gilmore Research Group for the King County Housing and Community Development Division, 1984. Housing affordability analysis based on a $70,000 house purchased with a 5% down payment, and 12% fixed-rate, 30-year mortgage. U. S. Department of Housing and Urban Development, Seattle Regional Office, 1985.

(1) The number of households in King County grew 27% in the decade of the 1970s. An additional 239,000 households are expected to reside in the County by 2000, almost a 50% increase over 1980. The majority of the residential growth is occurring in unincorporated areas, spurred in part by employment growth in the suburban cities.

(2) Lower income households live throughout King County. Employment and household growth projections indicate that this pattern of dispersal will continue and that demand for affordable housing is occurring throughout the County. King County's policy is to assure opportunites for affordable housing for households in each community planning area.

(3) Households experiencing affordable housing problems can also be found in a range of income groups and among both renters and homeowners.[4/] For example:

- o Very low income renter households (earning less than 50% of the County median; 15% of King County's households) have great difficulty finding affordable housing; almost three fourths spend more than 30% of their income for rent and utilities. Efforts to assist these households have traditionally required direct public subsidy. Due to Federal funding cuts, subsidies must increasingly be provided by State and local agencies.
- o Low income renter households (households earning from 50-80% of median income; 9% of King County's households) also tend to have high housing costs. Almost 45% pay more than 30% of their income on rent and utilities. Increasing the supply of lower cost rentals, particularly larger units for families, will help this group.
- o Moderate income renter households (earning from 80-100% of median income; 5% of King County's households) are less likely to be spending an excessive amount on housing costs. Only 15% spend more than 30% of their gross income. This income group includes households who are experiencing difficulty in affording their own home. Many of these households would like to purchase their first home, but are shut out of the market by high house prices and mortgage interest rates.

[4/] Based on the 1980 Census. The income categories presented here do not reflect eligibility for HUD programs, which is based on household size.

- About 21% of King County households are homeowners who earn less than the County median income. Many of these are elderly who own their home outright. But about a third of these households, including many below 50% of median income, spend more than 30% of their income on mortgage payments and other housing costs. Some of these very low income homeowners need assistance with major home repairs, to enable them to keep living in their own home and to prevent the loss of existing affordable housing.

(4) In spite of an active multifamily construction market, vacancies remain low in most parts of King County and rents are rising. There is need for still more multifamily housing, particularly lower cost units.

(5) House prices and financing costs have improved somewhat in the past year, yet mortgage payments are still beyond the means of most King County renter households. New construction, in particular, is unlikely to be affordable for the growing numbers of low and moderate income households. Efforts that decrease house prices and/or financing cost can be very effective in helping median income households to become homeowners.

(6) A variety of approaches, including land use and development strategies and financial measures, is needed to address the broad range of household needs identified. The strategies must be used appropriately in the diverse areas of King County where household growth is expected.

Organization of this Chapter

To assess the need for affordable housing, this chapter reviews the forecasted growth in households and trends in housing construction and affordability. Section II surveys the employment and household growth experienced in King County during the 1970s, and presents growth forecasts through 2000. Section III reviews trends in single family and multifamily residential construction, including the impacts of rising development and financing costs. Section IV briefly describes the loss of Federal programs specifically targeted to the housing needs of low income households.

II. HOUSEHOLD AND EMPLOYMENT GROWTH

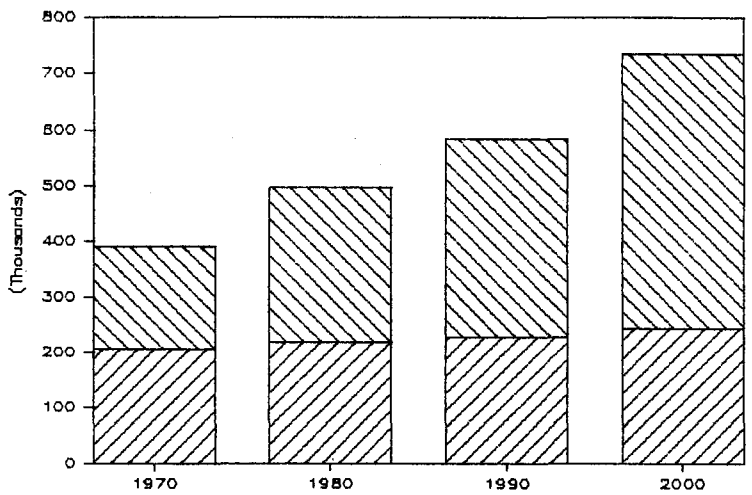
Patterns of Growth in King County

In the decade from 1970 to 1980, the number of households in King County increased 26.7%, a substantially higher growth rate than the County's 9.5% population increase. (See Figure 1.)

Part of the explanation for the rapid household growth is the decrease in the average number of persons per household. From 1970 to 1980 household size decreased throughout the United States, including in King County. As a result, even areas that experienced a population loss, such as the City of Seattle and the Highline and Shoreline community planning areas, still gained new households. (See Figure 2.) Therefore demand for additional housing occurred in each of the cities and community planning areas in King County.

FIGURE 1

KING COUNTY HOUSEHOLD FORECASTS[5]



▨ **Seattle**

▧ **Other King County**

5/ Puget Sound Council of Governments, Population and Employment Forecasts 1984.

The majority of both household and population growth took place in the unincorporated parts of King County. Up until 1970, the majority of King County households lived within the City of Seattle. By 1980 only 44% lived in Seattle, while 35% lived outside any incorporated area. If no major annexations take place, by 2000 unincorporated King County will contain almost half the County's households.[6/]

While no one would suggest that annexations will not occur over these two decades, these statistics still highlight an important fact regarding residential growth: The majority of residential development occurs in unincorporated areas under the jurisdiction of King County and thus the County's land use regulations help establish the pattern of development in growing communities throughout the county.

[6/] Forecasts are produced by the Puget Sound Council of Governments and reported in its Population and Employment Forecasts 1984 and the 1985 Annual Growth Report by King County Growth Management.

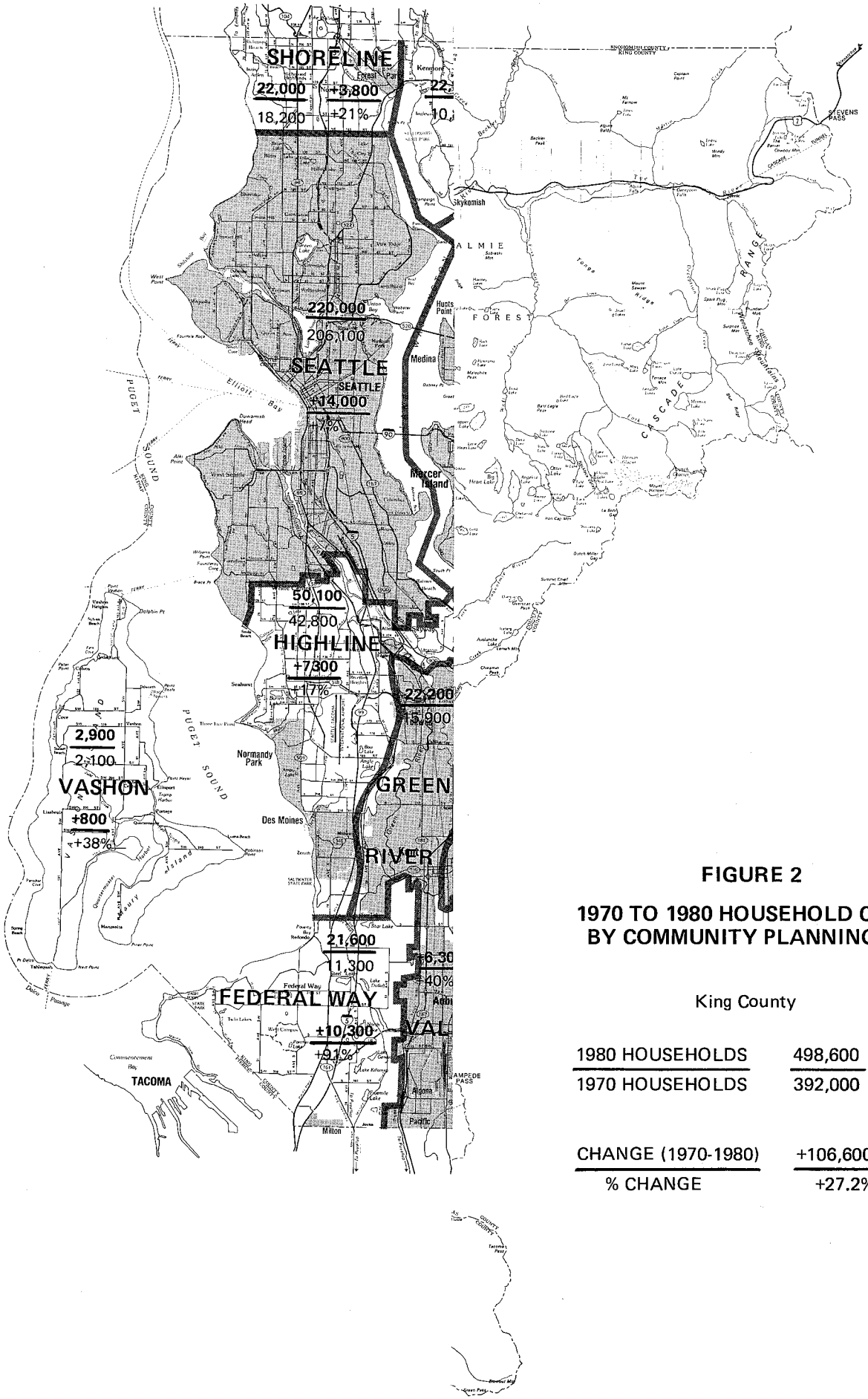


FIGURE 2

1970 TO 1980 HOUSEHOLD CHANGE BY COMMUNITY PLANNING AREA

King County

1980 HOUSEHOLDS	498,600
1970 HOUSEHOLDS	392,000
CHANGE (1970-1980)	+106,600
% CHANGE	+27.2%

Source: U.S. Census and King County Land Development Information System

0 1 2 3 4 5 6 7 8 Miles

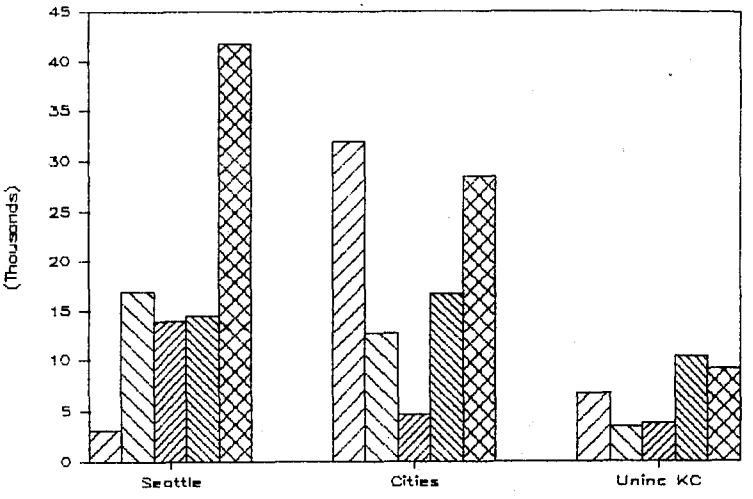
1: 300,000

The Importance of Employment Growth

The residential growth in unincorporated King County, particularly in the outlying areas, has been stimulated in part by employment growth outside Seattle. Although Seattle still contains the majority of King County's jobs, more than half the new jobs created between 1970 and 1980 are located outside Seattle. (See Figure 3.) Most of these new jobs are located in suburban cities, and are concentrated in the manufacturing and services sectors. Unincorporated King County also experienced some employment growth, particularly in the retail and services sectors. While household migration out of older urban areas such as Seattle has been occurring for decades, this employment growth in suburban cities has contributed to residential growth in unincorporated areas beyond the cities.

FIGURE 3

JOB GROWTH 1970 TO 1980 BY SECTOR[7/]



- **Manufacturing**
- **Wholesale Trade, Transportation, Communication and Utilities**
- **Government and Education**
- **Retail**
- **Services**

7/ Puget Sound Council of Governments and King County Land Development Information System, 1984.

Employment is expected to continue to grow in suburban cities and unincorporated areas. (See Figure 4.) The two fastest growing areas are the eastside cities and the south King County cities, which are gaining new office and industrial park development. Commercial and industrial growth is also occurring in the Highline and Federal Way areas of unincorporated King County.

The expectation of continuing employment growth in suburban cities and unincorporated King County is a major reason for the forecasted growth in households throughout the County. New housing development will be needed in both existing urban areas and newly developing communities. The new jobs in the manufacturing, service and retail sectors will pay the full range of wages and salaries and thus will create a need for new housing affordable to the full range of household incomes.

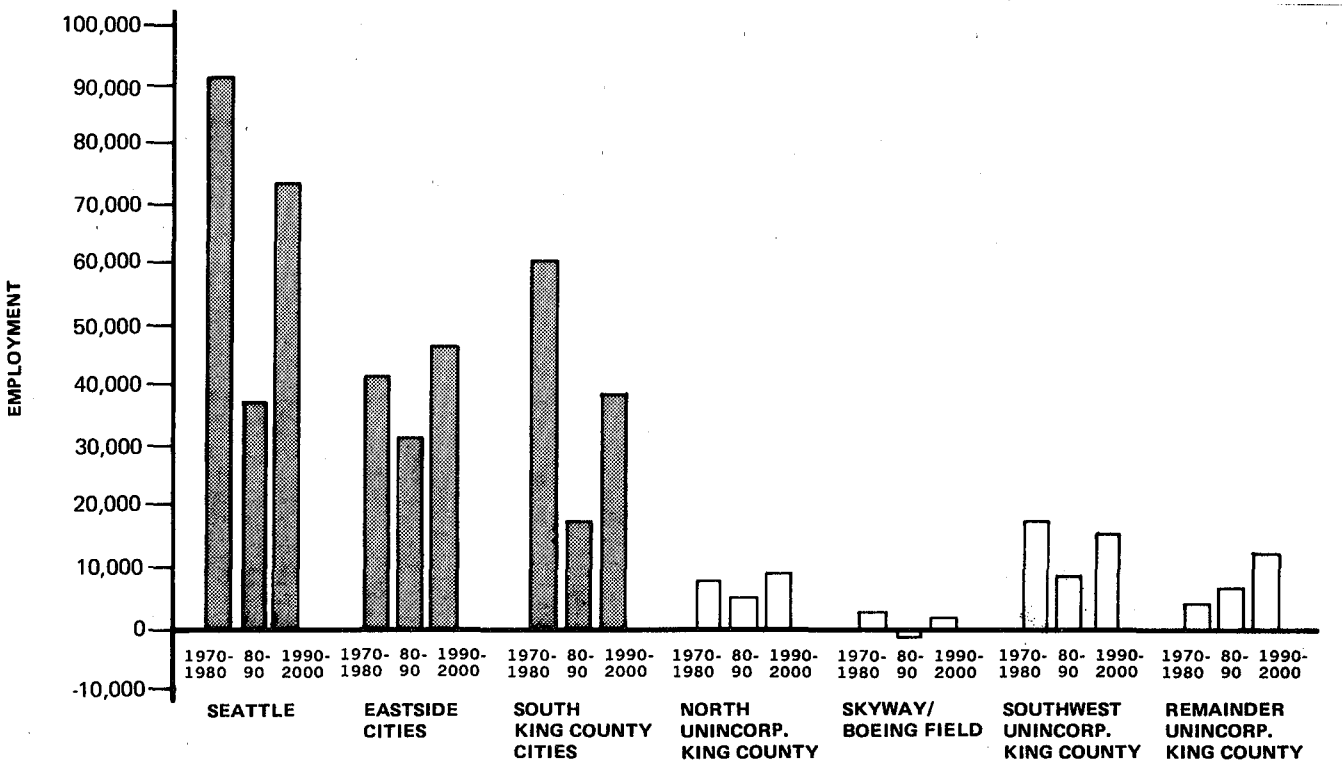
The following two tables contrast typical wages and salaries in King County with affordable rents and house prices, providing an indication of the range of housing needed to meet new housing demand. Table 2 shows typical wages and salaries in the Seattle-King County area, compiled from a variety of employment surveys. Table 3 relates household incomes to the maximum amount the household could afford to spend for gross rent (including utilities) or to purchase a first house.

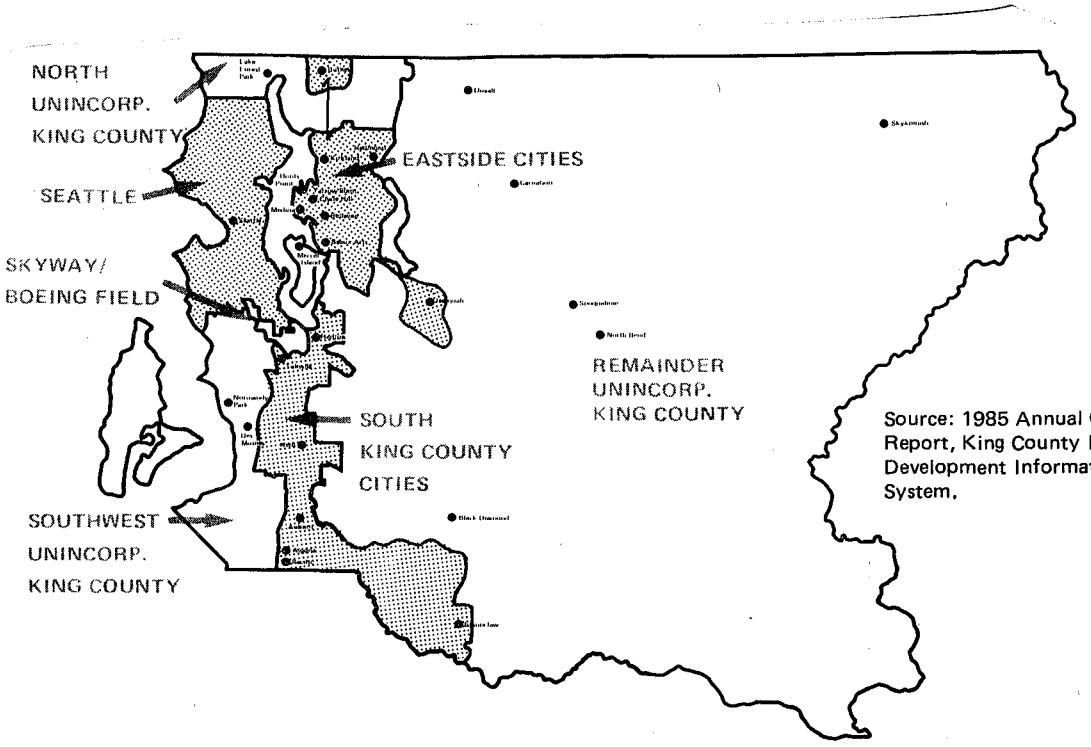
The comparison of typical incomes and affordable housing costs shows the importance of promoting affordable housing throughout the County. The office, retail and light manufacturing jobs that are being created include many lower paying positions. The residents who take these jobs will need affordable housing located near their work, to minimize both the employees' transportation costs and the environmental costs of automobile commuting -- energy consumption, air pollution and the worsening traffic congestion already experienced throughout the County.

The need for affordable housing can also be seen by comparing median incomes, home values and rents in various parts of the County. (See Figures 5 and 6.) Each of King County's community planning areas contains a wide range of household incomes; the median household incomes in Figure 5 indicate the relative proportion of upper and lower income households in each area. The mean house values are based on 1984 sales, not the appraised value of all existing housing. Sales data provides a good indication of the typical price of available housing. In areas where much of housing for sale is new, prices are relatively high. Mean rents in Figure 6 are shown for typical rental markets rather than community planning areas and do not include rents for single family houses.

FIGURE 4

EMPLOYMENT CHANGE OF GENERALIZED GROUPS OF CITIES BY DECADE
KING COUNTY
1970-2000





Source: 1985 Annual Growth Report, King County Land Development Information System.

TABLE 2

1984-85 TYPICAL ANNUAL SALARIES AND HOURLY WAGES SEATTLE AREA[8/]

Engineer (beginning)	$26,000
(experienced)	37,500
Bank Teller	11,300
Bank Commercial Loan Officer	
(beginning)	20,500
(experienced)	27,000
Registered Nurse	19,400
School Teacher	21,600
Accountant (beginning)	20,500
(experienced)	30,000
Accounting Clerk	15,600
Payroll Clerk	16,700
File Clerk	10,800
Typist	14,300
Computer Systems Analyst	30,700
Computer Programmer	23,500
Computer Operator	20,800
King County Average (all occupations)	$20,300
Electronics Assembler	
(trainee)	$ 4.00/hour
(skilled)	6.00/hour
Machine Operator	7.30/hour
Residential Construction Carpenter	11.00/hour
Bricklayer	18.45/hour
Motor Vehicle Mechanic	12.50/hour
Janitor	7.00/hour
Warehouseman	9.00/hour

8/ Estimates provided by the Washington State Division of Employment Security, Wage Analysis Unit, Seattle, 1985.

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TABLE 3

KING COUNTY INCOME DISTRIBUTION AND HOUSING AFFORDABILITY

(1) 1984 INCOME RANGE	(2) NUMBER AND % OF HOUSEHOLDS		MEAN ANNUAL INCOME	(3) MAXIMUM MONTHLY RENT	(4) MAXIMUM HOUSE PRICE
< 6,539	47,993	9.6%	$3,269	$81.73	NA
6,540 - 13,079	61,811	12.4%	$9,809	$245.23	NA
13,080 - 19,619	64,657	13.0%	$16,349	$408.73	$32,945
19,620 - 26,159	64,237	12.9%	$22,889	$572.73	$47,597
26,160 - 32,699	65,268	13.1%	$29,429	$735.73	$61,173
32,700 - 39,239	53,251	10.7%	$35,969	$899.23	$74,320
39,240 - 45,779	42,659	8.6%	$42,509	$1,062.73	$86,694
45,780 - 52,319	29,738	6.0%	$49,049	$1,226.23	$98,517
52,320 +	68,449	13.7%	$52,320	$1,308.00	$104,025
All Households median			$27,100	$677.50	$56,543
80% of median			$21,680	$542.00	$45,295
50% of median			$13,550	$338.75	$27,130
Renter Households median			$16,916	$422.90	$33,333
CDBG maximum income family of four			$26,000	$650.00	$54,090

NOTES

(1) 1980 Census; increased 30.8% from 1979 to 1984 using Bureau of Labor Statistics estimates, Puget Sound Council of Governments.

(2) Number and distribution of households assumed constant over 1979-1984.

(3) Including utilities. Based on 30% of gross income spent on total housing costs.

(4) Qualifying income based on Federal Housing Administration standards: 38% of gross income less Federal income tax, property tax, insurance, maintenance and utilities. Assumes 5% down payment, 12% interest rate and 30-year term, and no other household debt.

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The comparison of incomes with housing costs shows that rents are a problem primarily for low income households, while homeownership is difficult for households earning up to and above median income. As was shown in Table 3, the median income household in King County earned $27,100 in 1984 and thus could afford either rent and utilities at $677.45 per month or can afford to purchase a $57,050 house. The actual average house price in 1984 was $86,622. The median income renter household, earning $16,916 annually, could afford $423 per month for rent and utilities.[9/]

Clearly many households require housing that is well below average cost in most areas of the County. Low income renter households needing large units may have difficulty finding housing in some rental markets. King County's median income household cannot afford to purchase the average priced house in any part of the County. Or seen another way, a household requires two average or above average incomes to afford to purchase a median priced house in even the less expensive areas of the County.

The difference between the price median income households can afford and the average priced home is especially marked in the fastest growing areas in the eastern part of the County. In these areas where a substantial portion of the housing stock is new, there is a shortage of the higher density older housing units typically more affordable for low and moderate income households. Given the continuing need for new housing forecasted for each community planning area, the shortage will grow more serious unless lower cost housing is constructed.

Examples of Forecasted Growth in Community Planning Areas

As discussed above, need for additional affordable housing is anticipated throughout King County. For the purpose of illustration, the forecasted need for affordable housing in two community planning areas is presented here. The forecasts include projected household growth for both incorporated and unincorporated areas. These two examples show how available household growth forecasts for specific income groups and geographical areas can be used

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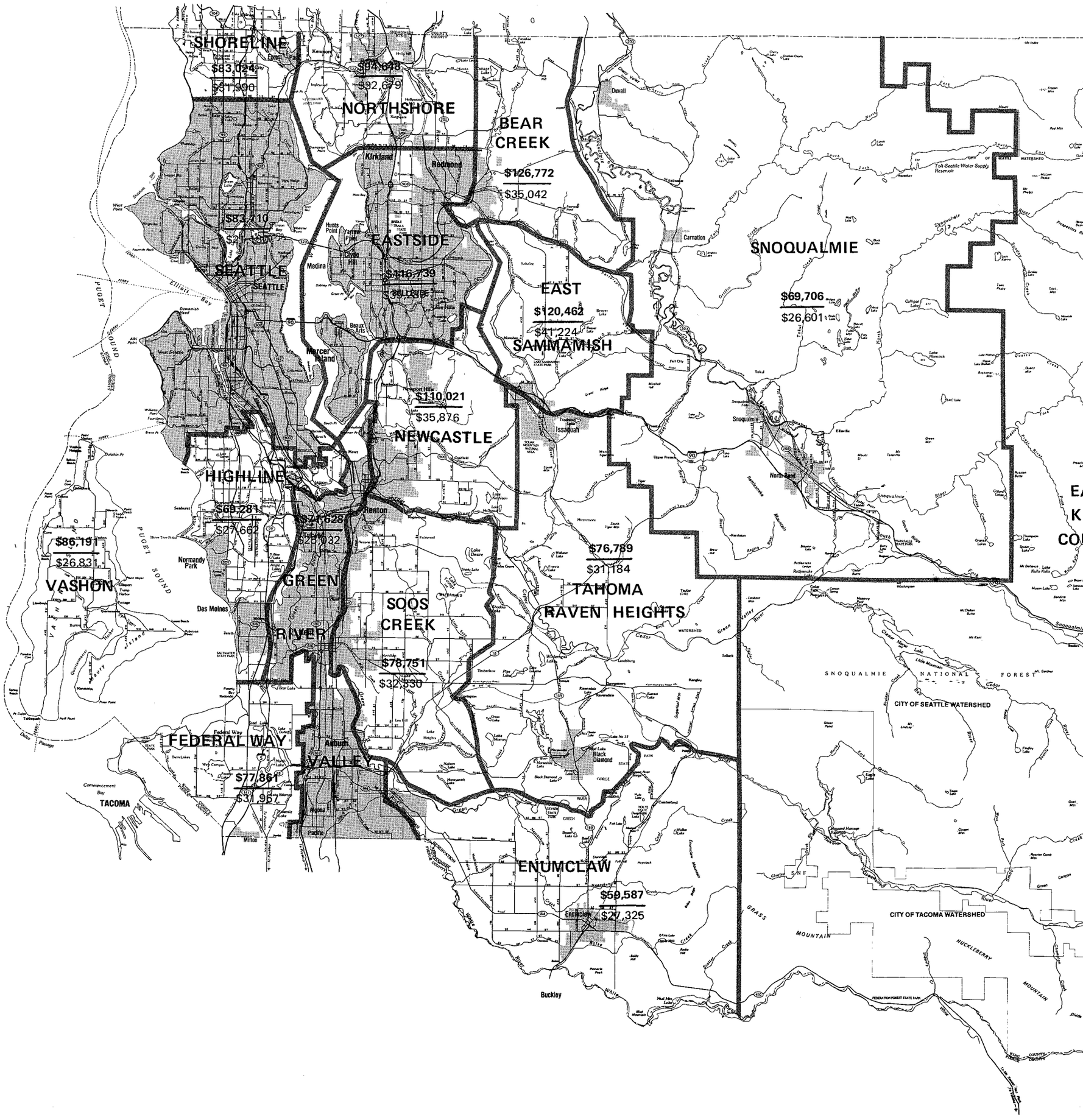
[9/] Based on the affordability criteria in Table 3: rent and utilities equal to 30% of gross income, and a house purchased with a 5% down payment and a 30-year, 12% fixed-rate mortgage. House price estimates assume that renter households have no equity in an existing house.


SHORELINE
$83,024
$31,990
$94,648
$32,679
NORTHSHORE
BEAR CREEK
$126,772
$35,042
$83,710
EASTSIDE
$116,739
SEATTLE
EAST SAMMAMISH
$120,462
$41,224
SNOQUALMIE
$69,706
$26,601
$110,021
$35,876
NEWCASTLE
HIGHLINE
$69,281
$27,662
$86,191
$26,831
VASHON
GREEN RIVER
SOOS CREEK
$78,751
$32,530
TAHOMA RAVEN HEIGHTS
$76,789
$31,184
FEDERAL WAY
VALLEY
$77,861
$31,967
ENUMCLAW
$59,587
$27,325
SNOQUALMIE NATIONAL FOREST
CITY OF SEATTLE WATERSHED
CITY OF TACOMA WATERSHED
Kirkland
Redmond
Issaquah
Renton
Auburn
Enumclaw
Snoqualmie
North Bend
Tacoma
Buckley

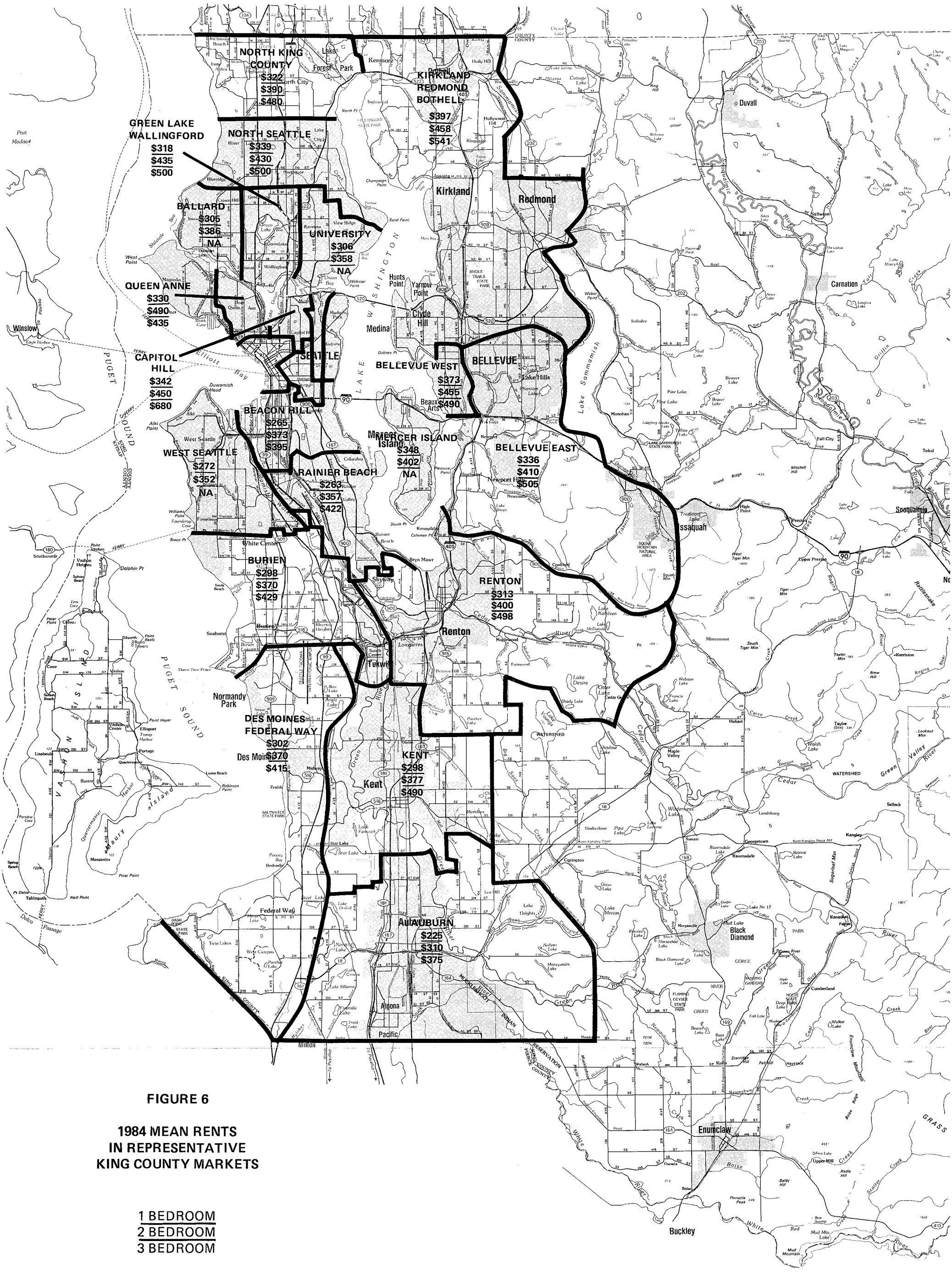


FIGURE 6

1984 MEAN RENTS
IN REPRESENTATIVE
KING COUNTY MARKETS

1 BEDROOM
2 BEDROOM
3 BEDROOM

Source: The Cain and Scott Apartment
Vacancy Report, September 1984.

to estimate need for affordable housing.[10/] In addition, by discussing two very different areas, the examples illustrate how various community planning areas will need to address the need for affordable housing in different ways.

A strategy for developing more detailed estimates of need for affordable housing will be discussed later in this plan. These future estimates will be based on new forecasts which will be available in early 1986; the new data will reflect changes in King County land use policies in the Comprehensive Plan-1985. The data shown here are for illustration only.

Highline

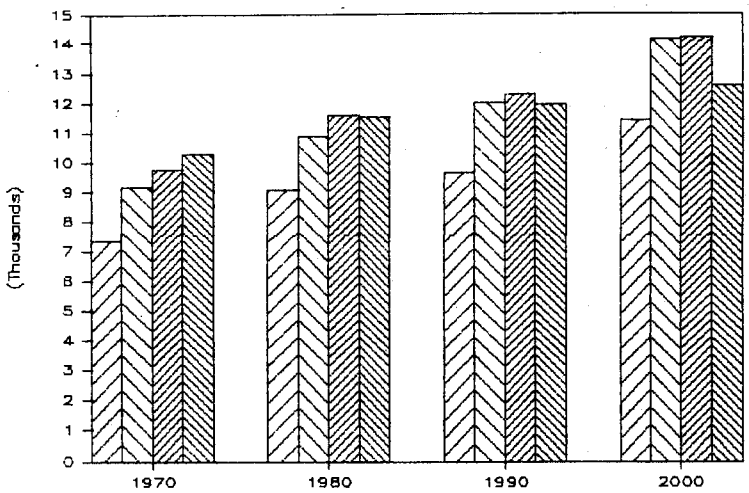
The Highline community planning area extends from the southern border of Seattle past the City of Des Moines to the south, and includes Sea-Tac Airport, the Cities of Des Moines and Normandy Park and portions of Kent and Tukwila. (Refer to the Community Planning Areas map, Figure 5.) The area is urban and almost entirely built up, although some large tracts of vacant residential land still remain. The primary land use is single family housing, much of it built between 1940 and 1950. The area also contains a substantial amount of multifamily residential development: 46% of the multifamily units in unincorporated King County are in Highline. Highline's population has been declining slowly for the past 15 years, yet its number of households has steadily increased. The proportion of households in each of the four income quartiles is almost even (the number in the lowest quartile is somewhat smaller), and remained almost unchanged between 1970 and 1980. (See Figure 7.)

Forecasts show Highline's population leveling off and then increasing slightly by 2000. Overall the area is expected to gain 9,300 households between 1980 and 2000. The number of households in each income quartile will increase at roughly the same rate, although the proportion in the highest income quartile will drop slightly.

10/ Puget Sound Council of Governments (PSCOG) forecasts are based on Census household growth data and accessibility to employment, with adjustments for land use policies and development trends. Forecasts are produced for 73 analysis zones in King County and aggregated into community planning areas. Household growth forecasts are divided into quartiles by income, but because PSCOG operates in a 4-county region, the median income is slightly lower than King County's median household income. Therefore, forecasts undercount slightly the number of households below the King County median. The Lower Income quartile is approximately equal to the number of households below 50% of median, Lower Middle approximates 50-100% of median, Upper Middle approximates 100-145% and Upper is above 145%. King County median household income in 1984 was approximately $27,100.

FIGURE 7

HIGHLINE HOUSEHOLD FORECASTS BY INCOME QUARTILE



1984 Dollars

- **Lower Income -- < $13,550**
- **Lower Middle -- $13,550 - 27, 099**
- **Upper Middle -- $27,100 - 40,000**
- **Upper Income -- > $40,000**

The forecasts show that Highline will need 2,350 new units affordable to households earning less than 50% of the County median ($13,550 in 1984 dollars) and 3,250 new units affordable to households earning between 50% and 100% of the County median ($13,550 and $27,100 in 1984 dollars).

As an urban community with many services already available (such as police, fire protection, sewer, water and transportation), Highline has been identified in the King County Comprehensive Plan-1985 as an area that can accommodate growth. There is potential for both new single family construction in underdeveloped areas and redevelopment to higher densities and mixed uses (commercial and residential) in built-up areas. Existing affordable housing can also be protected through rehabilitation programs. The Highline Area Zoning in 1980 increased the amount of land available for multifamily development and mobile home parks as a way to encourage the production of lower cost housing in the area.

Soos Creek

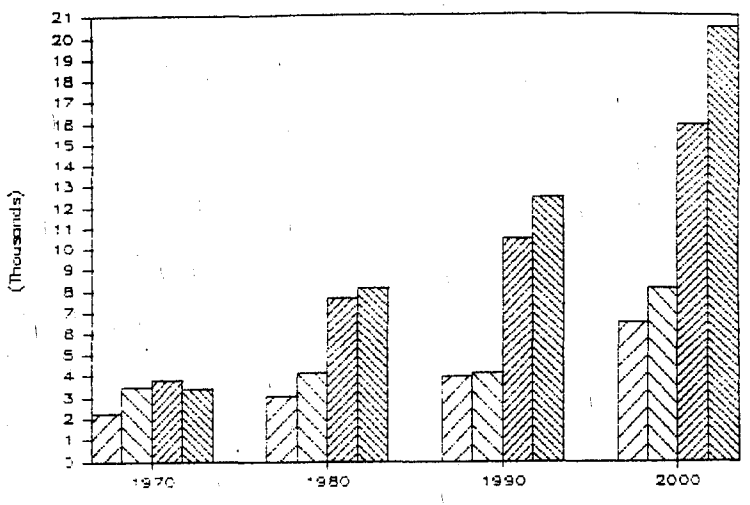
Soos Creek is the area of unincorporated King County directly east of the Green River Valley cities. The area extends north to south from Renton to Auburn. A small part of incorporated Kent is in the community planning area.

During the decade from 1970 to 1980 Soos Creek experienced one of the highest increases in population in King County. The area added 28,600 new residents (a 48% increase) and 12,400 new households (a 78% increase). Most of the development was low density single family development, although the area also began to experience some growth of multifamily development, which has since accelerated. In 1980, 84% of all year round housing units were single family.

Residential growth in Soos Creek during the 1970s led to a dramatic change in the makeup of the community. In 1970, the area contained approximately equal proportions of the four income quartiles, although the number in the Low Income quartile was lowest. Forty-five percent of the households were below median income and 55% were above. By 1980, 31% of the households were below median and 69% were above. (See Figure 8.)

FIGURE 8

SOOS CREEK HOUSEHOLDS FORECASTS BY INCOME QUARTILE



1984 Dollars

- Lower Income -- < $13,550
- Lower Middle -- $13,550 - 27, 100
- Upper Middle -- $27,100 - 40,000
- Upper Income -- > $40,000

This pattern of growth, with increasing proportions of upper income households, occurred in each of the fast-growing community planning areas in the eastern part of King County where the majority of new development was low density single family houses. PSCOG forecasts predict that this pattern will become even more pronounced in 1990 and 2000, with as many as 74% of the households in Soos Creek above median income.

Still, Soos Creek will need new housing that is affordable for households below median income as well. The forecasts show that between 1980 and 2000 Soos Creek will need 3,400 additional units affordable for households earning less than 50% of the County median income ($13,550 in 1984 dollars) and 4,000 additional units affordable to households earning between 50% and 100% of median ($13,550 and $27,100 in 1984 dollars). Because the area lacks a large stock of existing older housing, most of the increased need must be met through new construction.

The pattern of growth during the 1970s was evident to County planners producing the Soos Creek Plateau Community Plan in 1979, although Census data was not available until 1983. Anticipating continued residential growth in response to the employment growth in nearby cities, the plan zoned a substantial amount of multifamily land, as well as low density single family and rural densities. The 1983 King County Annual Growth Report reported that Soos Creek contained the third highest amount of multifamily zoned acreage in King County. Due to forecasts of high demand for this land, it was estimated to be an 8-year supply.

The high rate of growth in Soos Creek is continuing. Since the 1979 plan, 4,856 residential construction permits have been authorized; approximately 16% of residential growth in King County. Only Federal Way and Northshore exceeded Soos Creek in permit activity. Of the permits authorized, 30% were for multifamily units. The 70% that were single family typically were developed at low to moderate densities of 3 to 4 units per acre.

Development in Soos Creek, particularly the multifamily development, is concentrated in the north and along the western side where roads and sanitary sewers are available. The central and eastern parts of Soos Creek are developed at lower densities and do not have sewer service. Future development in these areas, particularly at higher densities, depends on extensions to sewer service, road improvements and the land's capacity.

Land use and zoning for Soos Creek will be reevaluated in the next few years in response to high growth rates and Comprehensive Plan changes. The next community plan update will determine if the Comprehensive Plan designated Transitional Areas should become urban to provide needed land for development or should remain rural. The plan will also increase the densities of single family areas, and determine how to provide urban level services to these areas. These decisions will have a significant impact on the ability to provide adequate affordable housing in the community planning area.

III. HOUSING SUPPLY AND AFFORDABILITY

As discussed briefly in the Introduction, the inflation and high interest rates of the late 1970s reversed a decades-long trend of increasing housing affordability. From the mid-1950s to the mid-1970s, household incomes rose faster than rents and house prices, and interest rates remained fairly stable. On the average, households could afford a higher quantity and quality of housing over time. By the late 1970s, inflation began to erode household incomes and interest rates topped 10% for the first time. The median house price rose $16,000 in just 2 years.

The dramatic escalation of housing prices in the late 1970s was caused by a combination of real estate speculation in an inflationary market, strong demand for new housing units and rising costs of residential development. Homeownership also suffered from high interest rates that shut many median income households out of the market for the first time since the 1950s. The inflation-fueled house price increases have ended in most markets, but the costs of producing new housing remain high. And although mortgage interest rates have dropped slightly in the past year, they are still well above mid-1970s levels and are likely to rise again. As inflation continues to cause real household incomes to fall, housing costs remain a large and growing expense for many households.

This section presents an overview of housing development costs and how they have contributed to rising prices, and a discussion of the effects of high development and financing costs on housing supply and affordability in King County.

Components of Rising Development Costs

National data show that rising house prices are due to both rising development costs and construction trends favoring larger houses on larger lots. This section describes the components of development costs in terms of their contribution to the final price of a house, and in terms of their contribution to the recent increase in house prices. King County Growth Management Section reviewed several studies of housing price increases as part of the Housing Market Study in 1979. Although the information is dated, it provides an indication of relative price increases during the mid-1970s when house prices were beginning to rise rapidly. Estimates of current cost components are taken from the National Association of Home Builder's (NAHB) Builders Cost of Doing Business Study, 1985.

(1) Construction. King County's Housing Market Study found that rising labor and materials costs accounted for 40-60% of house price increases in the 1970s. Labor and materials were not responsible for such a large proportion of the

overall price increases because construction costs were rising most rapidly, but because they comprise such a large part of overall construction costs. NAHB surveys show that construction costs currently account for 59% of the cost of a new house.

(2) **Land.** Land costs experienced some of the highest rates of increase of all development costs components. In the five year period between 1975 and 1980 the cost of a single family lot in King County increased from $8,300 to $20,600, an increase of 147%. Unimproved land zoned for single family residential use in developing fringe areas of King County increased 204% during the same period, from $7,300 per acre in 1975 to $22,100 per acre in 1980.[11/] Using somewhat earlier studies, King County's Housing Market Study found that land costs -- primarily land development costs -- were responsible for approximately 20-30% of the increased price of a house in the mid-1970s. Currently, land costs account for approximately 17% of the price of a new house.

(3) **Financing.** The Housing Market Study found that increased construction financing costs were responsible for 12-18% of the increased price of a new house during the mid-1970s. With the substantially higher interest rates of the late 1970s and early 1980s, that proportion probably grew larger. Housing construction in King County and throughout the United States dropped off sharply during the 1980-82 recession as a result of builders' high financing costs and the unwillingness and inability of many buyers to purchase houses at high interest rates. Currently, indirect costs, including construction financing, account for approximately 10% of the price of a new house.

(4) **Builder Overhead and Profit.** The Housing Market Study found that increased builder overhead and profit accounted for 10-20% of the increased price of a new house by the mid 1970s. Currently, overhead and profit contribute about 17% of the price of a new house.

(5) **Development Standards.** Over the past decade, local governments have required a greater quantity and quality of roads and utilities in new developments. The requirements arose after local governments were forced to correct expensive traffic, storm drainage and sewer problems to respond to growth. Increasingly they have attempted to make new development "pay its own way" by constructing both on-site and off-site improvements at the beginning of the project. These requirements are reflected in increased land development costs, discussed above, and thus in the price of a new house.

11/ Ray Miller, "Assessing Residential Land Price Inflation", Urban Land, Urban Land Institute, March 1981.

(6) **Permit Processing Time.** The environmental protection and growth management legislation adopted over the past 15 years has increased both the scope of agency review and the amount of public involvement in the development process. The legislation contributes to the quality of life of County residents and protects against costly environmental degradation. At the same time, incremental changes in development codes have created a complex system that is costly for both King County and developers. In King County, increasingly complex codes, difficulty in coordinating several reviewing agencies, an inadequate manual tracking system, and insufficient staff to meet cyclical and seasonal building permit demand have all been identified as contributing to a lengthy and complex permitting process.[12/] Longer permit processing time increases builder overhead costs and is reflected in the price of a new house.

(7) **House Size.** Increasing house size is a significant reason for rising costs in new single family houses. The average new house has grown steadily larger -- falling back slightly during recessions then growing larger during the next upswing -from 1,450 square feet in 1963 to 1,630 square feet today. In 1984, only 17% of new single family houses were under 1,200 square feet.[13/] Yet, in 1983 dollars, each 100 square feet of extra space and associated land adds $5,000 to the average price of a new home.[14/] While the trend of increasing house size can be seen as a problem of homebuyers desiring homes that are beyond their means, it is also an indication of a shift in the construction industry from starter homes to replacement homes. This shift is reinforced by the difficulty of selling to households that do not have equity in an existing house.

King County can affect these components of rising costs to varying degrees. Some factors, such as the cost of labor, materials and financing, can be influenced only slightly, for example through promotion of alternative building technologies and by providing financial subsidies to the most needy families. King County regulations affect the costs associated with land development more directly. Thus, to the extent that savings in development costs are passed on to consumers, the County can promote affordable housing development through changes in its development regulations and procedures.

12/ King County Council, Committee on Permit Processing Report, October 1984.

13/ U. S. Bureau of the Census, June 1985. Reported in Land Use Digest, Urban Land Institute, August 17, 1985.

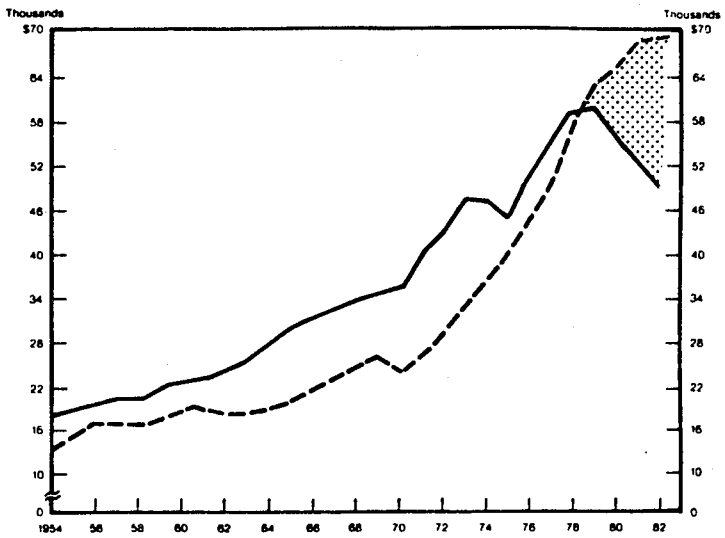
14/ Based on 1983 housing costs. Homeownership Affordability in the 1980s, U. S. League of Savings Institutions, 1983, p. 7.

Single Family Homeownership and Affordability in King County

The impact of rising house prices and financing costs on homeownership nationally has been quite evident. The rate of homeownership, which had been rising since the 1960s, has fallen since 1980. Beginning in 1979, for the first time since 1953, the median-income household could not afford to buy the median-priced new home, based on income alone.[14/] The resulting "gap" -- the difference between the price the median income family could afford and what the median priced house costs -- has become the measure of homeownership affordability. According to the U. S. League of Savings Institutions (which compares the median price of a new house with the income of householders under 35 years old, who are typically first-time homebuyers), the gap widened to more than a $19,000 difference with the high mortgage interest rates of 1981 and was still greater than $16,000 in 1983. (See Figure 9.)

FIGURE 9

THE AFFORDABILITY GAP[16/]



Median Affordable Home Price

Median Actual Home Price

15/ Ibid., p. 4.

16/ House price based on a 25% downpayment equal to 25% of monthly median income for husband/wife families with householder under 35 years of age. Homeownership Affordability in the 1980s, U. S. League of Savings Institutions, 1984.

Another measure of the homeownership gap is the National Association of Realtors' (NAR) affordability index. The index compares the price of existing houses with the median income of all households, therefore the gap is smaller than the League of Savings Institutions' measure. The index peaked in 1972, when the median income household had 153% of the income needed to purchase the median priced existing house. Affordability then began to decline, until, by 1981, the median income household had only about 64% of the income needed to purchase the median priced house. The affordability gap has now improved to 98% of the necessary income, due mostly to the recent drop in interest rates. The current measure is based on a national average price of $75,000 for an existing house, which is approximately $10,000 below the average sales price for new and existing houses in King County.[17/]

In King County as in the rest of the country, the single family construction market swings widely with recessions and recoveries. Building permits authorized fell through 1980-82 and then almost doubled in 1983-84. Most of the construction was in unincorporated areas, especially Northshore, Federal Way and Soos Creek. Over the past seven years, single family construction in urban unincorporated areas averaged three units per acre densities while rural development averaged one unit per acre.[18/]

King County's median household incomes and house prices are both above national averages. And as is true for the country as a whole, the median income family cannot afford the average priced house. The gap is closing, however. Between 1980 and 1984, real household income (corrected for inflation) fell 3%, but real house value fell 15%.[19/] Current house prices are still higher in relation to incomes than they were prior to 1980.

The importance of homeownership to King County residents was shown in a recent survey regarding housing affordability. The majority of both renters and homeowners preferred to own a single family house on a separate lot. If necessary, they were more likely to accept a manufactured house on their own lot or an attached house with ground level access than a mobile home in a mobile

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17/ Seattle Times, November 3, 1985

18/ 1984 Yearly Building Permit Activity Report and 1985 Annual Growth Report, King County Land Development Information System, Spring 1985.

19/ Seattle-Everett Real Estate Research Report, Spring 1985, p. 41.

home park or a highrise condominium. The survey respondents were also willing to give up a separate dining room, an extra bedroom or extra space in each room in order to afford to purchase a house, but were not willing to lose a private yard, extra insulation or high quality building materials.[20]

Such cost cutting techniques would be effective in improving homeownership affordability for many of King County's renter households. Given today's minimum priced new house at $70,000, only 24% of King County renter households and 48% of homeowner households can afford to purchase the minimum priced new house, based on income alone. But if the price were reduced by $1,000, an additional 1,416 non-elderly renter households would qualify. Table 4 shows how many King County households would qualify due to additional price reductions. Non-elderly renter households, which do not have equity in an existing home, are most likely to benefit as first-time homebuyers.

TABLE 4

INCREASE IN KING COUNTY QUALIFYING HOUSEHOLDS DUE TO REDUCTIONS IN NEW HOUSE PRICES[21]

	Increase in Qualified Households				
Minimum Sales Price	Total	Nonelderly Renters	Elderly Renters	Nonelderly Owners	Elderly Owners
$65,000	29,990	7,080	460	18,830	3,620
60,000	56,650	15,980	1,120	31,370	8,180
55,000	83,310	24,880	1,780	43,910	12,740
50,000	118,910	33,780	10,680	52,810	21,640

20/ A Survey of King County Housing Affordability, Gilmore Research Group for King County Housing and Community Development Division, May 1984.

21/ Based on a 30-year, 12% fixed-rate mortgage, with a 5% down payment. U. S. Department of Housing and Urban Development, Seattle Regional Office, August 1985.

Multifamily Housing Supply and Affordability in King County

Like the single family residential construction market, multifamily construction was slowed by the rising development costs and interest rates of the late 1970s. In unincorporated King County multifamily construction dropped steadily from 1980 to 1983. Then in 1984, construction authorizations increased 149% to 3,416 units, higher than the 1980 level. Multifamily now accounts for 42% of residential development in unincorporated areas.

In the incorporated cities multifamily construction accounted for more than two-thirds of new residential units in 1984. Of the 4,070 units authorized, just over half (2,210) were in Seattle, followed by Bellevue, Kent, Redmond, Renton and Des Moines.[22/]

The surge in multifamily construction is partly due to the favorable tax treatment given rental housing projects. Changes in Federal income tax regulations in 1981 cut the depreciation period in half, making rental properties a much more attractive investment and therefore encouraging production.

The multifamily market was further stimulated when tax benefits were combined with low cost financing. Washington State began in 1984 to offer below market rate financing for first-time homebuyers and multifamily project developers through the Washington State Housing Finance Commission (WSHFC). In its multifamily program, the Commission uses tax exempt bonds to provide long term financing at below market interest rates. In exchange, the apartment owner agrees to rent 20% of the units to households below 80% of the County median income, adjusted for household size.

In the King-Pierce-Snohomish County region, WSHFC funded loans for 3,500 units in 1984, about 40% of the total units which received permits in the three counties. In 1985, multifamily construction is expected to increase 50% over 1984 levels. The Commission expects to fund about one-fourth of the new units.[23/]

The new rental units are anticipated to be absorbed without any sharp increase in vacancies. Pent up demand for rental units is strong enough to keep most King County markets near their current, low 3-5% vacancy rates. During 1986, vacancies will rise slowly to 6-7% in most areas of the County (lower in Seattle and higher in the Burien-Tukwila-Renton market), but these vacancy rates still indicate a strong rental market.[24/]

22/ 1984 Yearly Building Activity Report, King County Land Development Information System.

23/ King-Pierce-Snohomish Apartment Market Study, Cain and Scott, Inc., April 1985, p. 1.

24/ Ibid., p. 5.

In spite of the rapidly increasing number of units, rents have begun to rise in most of King County. Apartment operators predict rents will increase from 6-8% in 1985 and 1986. Demand is particularly strong for higher priced apartments, with two-income renter households becoming increasingly common. Many new and renovated units are planned to meet this higher income market.[25/]

There is some evidence of a shortage of large, lower cost rental units. Accurate measures of supply have not been developed, but low vacancy rates indicate that few larger units are available. In addition, rental market surveys show no larger units at all in some of the major markets in King County. A problem of affordability certainly exists for some large families: with average rents for a three bedroom unit ranging from $400 to $700 per month, household incomes equal to 90% of the County median and higher are needed to afford the average three bedroom unit.[26/] Renter households are likely to have incomes below median, and single parent families, in particular, have difficulty paying rents for large units.

The current booming multifamily market indicates a tremendous demand for rental units in King County. It supports current King County efforts to increase the amount of higher density zoned vacant land, to allow needed multifamily construction in urban areas of the County. The strong demand is also an indication of the problem of homeownership affordability: some of today's renters would certainly have been home purchasers a decade ago, and many would like to purchase a house in the near future.

[25/] Seattle-Everett Real Estate Research Report, Spring 1985, p. 11.

[26/] Ibid., p. 12-17.

IV. TRENDS IN FEDERAL SUPPORT FOR HOUSING

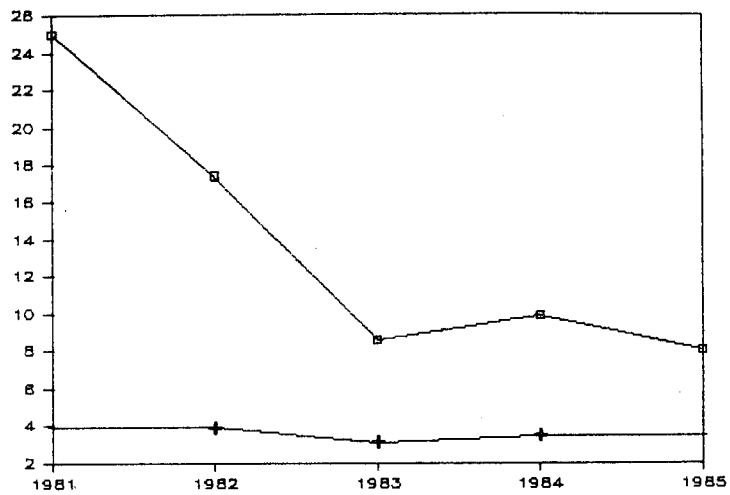
Much of the preceding discussion of single family and multifamily housing markets has focused on issues of demand and supply. Housing need, by contrast, includes the housing units needed by those King County residents who are not able to successfully compete in the housing market. These residents have traditionally been assisted through Federal housing programs.

Federal programs have been limited to certain categories of needy households: families with children, the elderly and the handicapped. In the past, Federal programs have provided funding for rental assistance to lower income renters, and construction and substantial rehabilitation for single family and multifamily low income housing. The programs have also provided operating and modernization funds to public housing authorities.

The changes in Federal housing programs since 1980 have been dramatic and are likely to continue in the near future. The Federal role in housing has been successfully reduced by the Reagan Administration: funding has been cut 68% since 1981 (See Figure 10.)

FIGURE 10

FEDERAL FUNDING FOR HOUSING PROGRAMS[27/]
(In Billions of Dollars)



□ - U. S. Department of Housing and Urban Development, total budget authority.

+ - U. S. Department of Agriculture Farmers Home Administration, housing program appropriations.

27/ Data compiled by the National Association of Housing and Redevelopment Officials, NAHRO Seventh Annual Legislative Conference, 1985.

and program emphasis has shifted from construction of new units to vouchers that subsidize rent payments for existing private units. Rental rehabilitation programs have been initiated to keep adequate numbers of safe and sanitary low income units available in the private market.

Funding for urban housing programs are expected to stabilize in 1986 near 1985 levels. Rural programs, however, are expected to be cut an additional 40% in 1986. Rural housing programs, administered by the U. S. Department of Agriculture Farmer's Home Administration, financed 60 single family and 30 multifamily housing units in King County in 1984.

In addition to direct cuts in housing programs, the Reagan Administration has proposed to eliminate indirect subsidies to housing through revisions to the tax code. The Treasury Department's proposed tax reform (Treasury II) would double the length of real estate depreciation schedules which were reduced in 1981, and would eliminate tax exempt bonds for private purposes, including single family and multifamily housing. The proposals are by no means certain to be passed, but they warn of further reductions in available tools for housing assistance.

The implications of these changes for local government are clear: the housing needs of the poor are increasingly a local responsibility to be financed with local resources. And with the Federal government also pulling out of other funding roles, such as economic development, mass transit, social services and waste treatment, the competition for remaining Federal Block Grant funds and local revenues will be fierce.

THE ROLE OF KING COUNTY IN PROVIDING AFFORDABLE HOUSING

CHAPTER 2

THE ROLE OF KING COUNTY IN PROVIDING AFFORDABLE HOUSING

I. INTRODUCTION

This chapter describes the range of activities that King County can undertake to encourage the production or maintenance of affordable housing. Actions already taken by King County to encourage affordable housing are described in Section III. Examples of affordable housing developments that presently exist in King County are described in Section IV; these examples show the results of various incentives, programs and regulations which have already been promoted by King County. Section V explains what King County is prevented from doing to produce affordable housing by the Washington State Constitution, State law or by market circumstances.

The activities of other State and local governments which have developed plans and programs designed to produce affordable housing are discussed in Section VI. Particular attention has been directed to the successful efforts of local governments in New Jersey and California, which have been directed through State law or court decision, to make affordable housing strategies part of their community planning.

It is important to keep in mind that the vast majority of housing development is and will continue to be undertaken by private sector developers, builders and lenders. Programs that provide public financial subsidies can play an important role, for example:

- Housing authorities (King County, Seattle, Renton) develop and manage low income rental housing with rents based on the tenant's ability to pay.
- Washington State Housing Finance Commission provides below market rate mortgage financing to eligible first time homebuyers, and below market rate long term financing to multifamily housing developers who commit to rent 20% of their units to households earning below 80% of the County median income.
- The King County Block Grant Consortium funds a variety of housing programs for low and moderate income households: housing rehabilitation, emergency shelters, single family subdivisions, manufactured housing parks and other innovative demonstration projects.

A combination of public and private sector approaches is needed. As discussed in Section VII of this chapter, a cooperative effort between the private sector, citizen and neighborhood groups, municipalities, nonprofit organizations and various King County Departments is vital in order to make significant progress on the need for affordable housing in King County.

II. WHAT KING COUNTY CAN DO TO HELP PRODUCE AFFORDABLE HOUSING

(1) King County can provide direct subsidies to produce affordable housing for low and moderate income households.

Using Federal Community Development Block Grant (CDBG) funds, King County can develop affordable housing or to help other eligible organizations provide affordable housing to the most needy households in King County. Federal regulations permit CDBG funds to be used for land acquisition, the cost of installing sewer and water facilities and streets, and management expenses in support of new housing construction. Some organizations are permitted the use of CDBG funds for new housing construction which is generally an ineligible activity.

King County receives an annual entitlement of CDBG funds from the U. S. Department of Housing and Urban Development (HUD). The King County CDBG Joint Policy Committee, King County Executive and King County Council review and approve or deny request for the use of CDBG funds. Competition for the limited funds is always great, especially as Federal funds for other social service and housing activities have been reduced or eliminated. In 1985, approximately 35% of all available CDBG funds were allocated to housing activities including land acquisition for an Affordable Homes Demonstration Project and housing rehabilitation.

King County will continue to place a high priority on housing development and rehabilitation programs when allocating CDBG funding. People benefitting from the use of CDBG funds must qualify as low or moderate income households as defined by HUD. King County will seek additional housing resources through other remaining Federal programs, or any new programs that become available. A detailed review of King County's role in assisted housing programs using Federal funding is contained in the King County Annual Housing Report, May 1985.

(2) King County can work with other governments, the private sector and other organizations to help produce housing.

King County has a significant opportunity to work with others to help produce affordable housing. Since the Washington State Housing Finance Commission (WSHFC) is the largest single source of multifamily mortgage funds in King County, King County can urge the WSHFC to develop policies and programs which assist substantial numbers of lower income households.

King County also has a history of co-developing affordable senior and family housing with the King County Housing Authority, nonprofit organizations and several cities. But public funds are limited and are expected to become more scarce in future years. Since the private construction industry is, and will continue to be, the largest provider of housing, new ways should be sought to engage the private sector in new initiatives and efforts to produce affordable housing.

Much of the urban areas within unincorporated King County surround incorporated cities and towns. These areas receive essential facilities and services and represent the greatest opportunity available to King County to increase land use densities to an average of 7-8 units per acre. To increase urban densities, however, will require close cooperation between King County and the cities and towns within the County to assure that levels of essential services and facilities are expanded to keep pace with new development and redevelopment.

(3) King County can show others how to develop affordable housing and distribute information to builders, developers and the public about affordable housing.

King County has developed several demonstration projects that have produced affordable housing for lower income households. The results of these projects, and others near completion, are not widely known by the general public or by builders and developers. King County can intensify its efforts to inform the private sector and the public about the results of these demonstration projects and distribute the results of affordable housing demonstration efforts undertaken by other cities and counties in Washington State and elsewhere.

(4) King County can increase the supply of higher density zoned land to help reduce the cost of new housing.

Land price inflation is caused by a variety of demand forces and local supply characteristics. Author Jay Miller described the interplay of supply and demand factors leading to the increased cost of land in a 1981 paper: "On the supply side, constraints on the supply of developable land, increasing site development requirements, and long delays in the approval process have all contributed to land price inflation. Supply restrictions can result from natural features of terrain or government policies such as large lot zoning, urban growth boundaries or the reluctance to build new public facilities." "On the demand side, strong housing demand spurred by regional population shifts and the entrance of the baby boom generation into the housing market also creates

inflationary pressures in the land market." "A third factor which contributes to rising land prices are expectations of future supply and demand in the land market. In areas with a track record of increasing housing demand and rising land prices, investment in land becomes attractive for speculation purposes, further perpetuating the inflationary spiral. Growth boundaries and other restrictions in future supply have similar effects."[1/]

King County regulates the supply of residential zoned land through area zoning adopted through the community planning process. While the amount of land in King County is indeed limited, the supply of land zoned for residential use can be increased through individual rezone requests or by plan amendments resulting in area wide rezone actions. Recent community plans have increased the supply of higher density zoned land to meet estimated future demand, especially for multifamily development. The King County Comprehensive Plan - 1985 calls for most growth to occur in urban areas, after being carefully planned and served by adequate public services and utilities. Policy R-201 of the Comprehensive Plan - 1985 states: "King County should seek to achieve an average density of 7 to 8 dwelling units per acre for new development in the portions of the urban area that are undeveloped, are served or can be seved by adequate services, and are free of physical constraints. Urban areas with an existing established character of development at lower densities are not included in this policy."

Since the King County Comprehensive Plan - 1985 directs higher density residential development to urban areas with services and facilities, King County can also work cooperatively with municipalities to increase the supply of land zoned for higher densities within their jurisdiction.

Higher density development does not necessarily ensure that homes will be reasonably priced within the means of King County residents, however. Other actions, policies and programs are needed to do so.

(5) King County can offer land use and development incentives to encourage developers and builders to take action in the public interest.

Through King County's zoning ordinance and various community plans, King County can offer inducements to builders to build, develop and/or maintain something in the public interest, such as on-site open space or off-site traffic improvements.

[1/] Jay Miller, "Assessing Residential Land Prices Inflation", Urban Land, March, 1981.

A typical incentive to encourage developers to produce affordable housing is a density bonus. Density bonuses improve the development potential of a builder's land by allowing more units to be constructed per acre of land than allowed by zoning.

Another potential incentive is to offer priority treatment in the permit review process for developers who propose projects which provide affordable housing. Since land cost increases and cost increases due to unexpected delay are major factors in financing developer's cost of operation and the final housing purchase price or rent, it is in everyone's best interest to reduce delays as much as possible. When a developer is providing a major public benefit, such as housing which will be sold or rented to low income households, giving that project's review priority above others may be justified.

A third potential incentive is to use capital improvement spending to subsidize projects which have committed to provide affordable housing. The capital improvement projects could be off-site, such as major arterial improvements needed for the development, or on-site work that contributes to required public roads or utilities.

(6) King County can revise regulations and requirements to help reduce the cost of developing housing.

King County administers a variety of development regulations that determine how, when and where new housing will be constructed. These regulations are patterned after State enabling legislation and model codes used throughout the State of Washington. A recent study by Washington State described the regulations clearly under the control of local governments which may have a direct effect on land and construction costs. They are as follows:

- "zoning ordinances, which govern density and the placement and mix of residential, commercial, industrial and other land uses;
- subdivision regulations, which govern site development standards for roads, water, sewer, drainage, etc.;
- building codes, which regulate construction, fire, plumbing and electrical standards;
- design and preservation requirements, which control the aesthetics of building exteriors and signs, and seek to protect significant historic, or architectural structures; and

o permit and administrative review procedures necessary to implement various ordinance requirements such as rezones, variances, use permits, design and engineering approvals and building occupancy permits."[2/]

There are a variety of necessary reasons for such regulations, many of which have been refined over the years at the request of the general public and the housing industry. Such regulations are often enforced to protect public health, safety and the general welfare. The separation of incompatible land uses and the prevention of public nuisances may also be an objective of local regulations. Despite all good intentions, regulations can produce unexpected results. In 1983 the National League of Cities reported that up to 21% of the price of a new house may be due to excessive regulation.[3/] Other reports make similar but more conservative findings that "10 to 15 percent of the final cost of development could be eliminated by cutting out excessive government regulation and standards that are not essential to the protection of the public's welfare and safety."[4/][5/]

A review of the literature found no definitions or examples of what constitutes excessive regulation or essential standards. However, it is clear that housing developers and consumers blame part of the increase in the cost of housing on government regulations.

(7) King County can urge State legislative reform to increase available tools and resources to help produce affordable housing.

Since State law restricts King County's ability to produce affordable housing (see Section V) or to encourage others to do so, King County can advocate changes to existing laws. When establishing a position on a proposed change to State law, King County must carefully examine the fiscal, environmental and policy impacts.

[2/] Affordable Housing Local Government Regulatory and Administrative Techniques, Planning and Community Affairs Agency, Olympia, WA, May, 1984, p. iv.

[3/] "Streamlining the Local Development Process", Housing Supply and Affordability, National League of Cities, reprinted by the Urban Land Institute, 1983, p. 180.

[4/] John R. Nolon, "Producing Affordable Housing Requires Lead Role for Local Governments", Journal of Housing, December, 1980, p. 618.

[5/] Charles Thurow, Reducing the Cost of Housing: Actions for State and Local Governments, U. S. Department of Housing and Urban Development and the Urban Land Institute, August 1979.

III. PAST AND CURRENT EFFORTS TO PRODUCE AFFORDABLE HOUSING

This Affordable Housing Policy Plan was developed to respond to the policy direction established in the King County Comprehensive Plan - 1985. Goal 5 of the Comprehensive Plan states: "Encourage affordable housing and diversity in housing types, and lifestyle choices ranging from urban to rural." Several policies contained in the Comprehensive Plan amplify this goal and give direction for its implementation.

A recent publication prepared by the State of Washington[6/] reported the efforts of 87 cities and counties in the State to encourage the production of affordable housing. King County successfully implemented 19 of 26 regulatory and administrative techniques included in the survey (one technique, "allow substandard lots to develop", was missed in the chart) and was surpassed by only two local governments - Clark County and Kitsap County - in its efforts to encourage affordable housing. Figure 11 summarizes the actions taken by King County and the cities responding to the survey. Tables 5 and 6 provide more detail on King County land use and policy plans, and codes and ordinances relating to affordable housing.

FIGURE 11

SUMMARY OF REGULATORY AND ADMINISTRATIVE TECHNIQUES CONSIDERED BY WASHINGTON STATE JURISDICTIONS

Legend:

/ - Considered
X - Rejected
O - Implemented

County/City	Lot/Density Averaging	Increased Density (Upzoning)	Density Bonuses	Reduce Site Size for PRD	Common Lot Line	Reduce Lot Size or Setbacks	Allow Substandard Lots to Develop	Performance Zoning	Inclusionary Zoning	Mobile Homes in Single-Family Residential	Reduce Street Standards	Reduce Utility Standards	Reduce Parking Standards	Reduce Dedication Requirements	Allow Fees-in-Lieu of	Reduce Lot Dimension Requirements	Allow Alternative Drainage Systems	Allow Alternative Sewage Systems	Site Plan Review	Permit Expeditor	Departmental Reorganization	One-Stop Permit Center	Mandatory Review Time Frames	Simultaneous Review of Multiple Permits	Consolidate Public Hearings	Hearing Examiner
King County	O	/	O	O	O	O	O	/	O	O	/		O	/	O	O	O	O	O	/	O	/	O	O	O	O
Auburn	X	O	X	X	X	X	X	O	O	O	X	X	X	X	/	X	X	X	/		O			O		
Bellevue	/	O	/	/	/	/	O	/	X	O	O	O	O	O	X	O	O	O	/	X	O	X		/		X
Des Moines	/	X	/				X			X	X	X	/			X	X	X	O		O	O		O	O	O
Issaquah	O	O	O	O	/	/	O	O	/	O	/	X	/	X	O	O	O	X	O	O	O	O	/	O	O	X
Redmond	O			O	O	O	O				/	/			X	O	/		O				O	O	O	O
Renton	/	O		/	O	O	O			X	/		O						/		O		O	O	O	O
Seattle		O	O	O	O	O	O			O	O		X			O					O	O		O	O	O

6/ Affordable Housing Local Government Regulatory and Administrative Techniques, State of Washington, Planning and Community Affairs Agency, May 1984.

TABLE 5

AFFORDABLE HOUSING ELEMENTS OF KING COUNTY LAND USE AND POLICY PLANS

Name of Plan	Summary of Affordable Housing Strategies
King County Comprehensive Plan -- 1985	Established affordable housing as a major goal, tied to many policies throughout the Plan, including increased densities, increased multi-family housing, site design (especially clustering), development standards, CIP target areas and density credits for low-income housing.
Community Plans	
Bear Creek Community Center (1971)	(New Plan scheduled for adoption in 1986.)
Federal Way Community Plan (1975, revised 1980)	Increased the supply of multifamily zoned land (new Plan scheduled for adoption in 1986).
Highline Community Plan (1977)	Increased multifamily land.
Northshore Community Plan (1977, revised 1981)	Increased multifamily land.
Soos Creek Community Plan (1979)	Increased multifamily land.
Shoreline Community Plan (1980)	Increased multifamily land. Recognizes that elderly multifamily housing generates less impacts on the surrounding neighborhood and all communities should share in the location of low income housing.
Vashon Community Plan (1981)	Permits 50% to 100% density bonuses for low/moderate income single family and multifamily housing. Increased multifamily land.
East Sammamish Community Plan (1982)	Provides for Master Plan Developments in large tracts, which have a requirement for including low and moderate-income housing. Increased multifamily land.
Newcastle Community Plan (1983)	Permits density bonuses of 50% and higher, in rezones to developers of low-income family and elderly housing. Provides for Master Plan Developments in large tracts, which have a requirement for including low and moderate-income housing. Increased multifamily land.
Tahoma/Raven Heights Community Plan (1984)	Allows increased density bonus of up to 33% in rezone requests for the development of low-income elderly housing. Provides for Master Plan Developments in large tracts, which have a requirement for including low and moderate-income housing. Increased multifamily land.
Functional Plans	
King County 1983-1985 Housing Assistance Plan/1985 Annual Action Plan (1984)	Sets goals, strategies and programs for assisted housing activities within the King County Consortium.
1986 Community Development Block Grant Consortium Policy Plan (1985)	Establishes criteria and funding guidelines for Block Grant housing assistance programs.

TABLE 6

AFFORDABLE HOUSING ELEMENTS OF KING COUNTY CODE AND ORDINANCES

Name of Ordinance/ Adoption Date	Summary of Affordable Housing Elements	How the Ordinance Affects Affordability
Planned Unit Development (King County Code 21.56.170, Ordinance #2745) 6/7/76	A density bonus of up to .2 dwelling units/acre is allowed for providing rental units affordable to households with incomes under 90% of the Seattle SMSA median household income.	Provides incentives to developers of PUD's to provide moderate income rental units.
Condominium Conversion (Ordinance #4189 and #4211) 4/16/79 and 5/2/79	Requires notice be given to tenants prior to conversion, prevents eviction during the conversion period except for cause, provides relocation benefits and gives the tenant the right of first refusal in purchasing the unit.	Provides tenants with relocation benefits and time to find alternative housing.
Flexible Yard & Lot Dimension Requirements in Subdivisions & Short Subdivisions (Zero-Lot-Line) (King County Code 21.48.270, Ordinance #4304) 6/4/79	Allows setback flexibility in locating single-family dwellings on lots. Permits placement of dwellings at the property line, creating one larger and more usable side yard (zero-lot-line).	Zero-lot-line placement permits more efficient use of small single family lots. Allows greater use of passive solar techniques.
SC Suburban Cluster Classification (King County Code 21.19, Ordinance #4306) 6/4/79	Permits clustering on parcels in the SC Zone, while maintaining an average density of one dwelling unit per acre.	Allows smaller lots, reducing the cost of land per house.
RS 5000 Residential Single Family Classification (King County Code 21.08.080, Ordinance #4667) 12/31/79	Added a minimum allowable single family lot size of 5,000 square feet.	Allows smaller lots, reducing the cost for land per house.

TABLE 6 (continued)

Name of Ordinance/ Adoption Date	Summary of Affordable Housing Elements	How the Ordinance Affects Affordability
Mobile Homes & Mobile Home Parks (King County Code 21.09.020, Ordinance #5316) 1/7/80	Permits the location of a mobile home on any legal lot in an R, S, G, A or FR zone. Allows the placement of a mobile home as a second dwelling on a lot of 15,000 square feet or larger, where a hardship is determined (Granny Flat). Permits mobile home parks in RD and RM zones at equivalent densities, and in single family zones with potential to rezone to RHMP at up to 1½ times the surrounding density.	Allows moderately priced manufactured housing to locate on single-family lots and in mobile home parks in single family neighborhoods.
RT Residential Townhouse Classification (King County Code 21.17, Ordinance #4688) 1/7/80	Permits the development of townhouses in the RT Zone.	Townhouses are generally more economical than single-family housing. Energy savings can also occur due to the common wall construction.
King County Energy Code 1980	Provides standards for new buildings and structures to achieve more efficient use of energy.	Some provisions of this code increase the initial cost of building housing. However, long-term savings will most likely be realized by the occupants.
Fair Housing Ordinance (Ordinance #5280) 1/21/81	Makes unlawful the practice of housing discrimination on the basis of race, color, religion, national origin, age, sex, marital status, parental status, sexual orientation, the presence of any sensory, mental or physical handicap or the use of a trained dog guide by the blind or deaf person. The ordinance exempts housing built especially for seniors.	Makes a greater supply of housing available to certain segments of the population, lowering their housing costs.

TABLE 6 (continued)

Name of Ordinance/ Adoption Date	Summary of Affordable Housing Elements	How the Ordinance Affects Affordability
RHMP Residential Mobile Home Park Classification (King County Code 21.20 A, Ordinance #5316) 2/2/81	Permits the development of mobile parks in single family zones with plan approval, instead of just multi-family and commercially zoned land.	Allows mobile home parks to be developed on lower cost residential land with a 50% density bonus.
Parking and Approval Requirements for Senior Citizen Apartments (Ordinance #5830) 2/14/82	Reduces the parking space requirement from ½ space/dwelling unit to 1 space/4 dwelling units for senior citizen apartments.	Lowers the per unit development cost for these projects.
Add-A-Rental (Ordinance #6098) 8/27/82	Permits the creation of accessory dwelling units within single-family dwellings in RS zones.	Allows for the expansion in the supply of moderately priced rental units.
Uniform Building Code 1982	Building Code adopted by King County.	Some provisions increase the cost of housing beyond basic safe and sanitary shelter, while some provisions also reduce the cost of housing.
Uniform Housing Code 1982	Housing Code adopted by King County.	Some of the UHC standards increase the cost of housing by requiring housing conditions to exceed basic safe shelter criteria, while some provisions also reduce the cost of housing.
Mobile Home and Mobile Home Park (King County Code 21.09.030) 1981	Allows the relocation of non-insignia (non-inspection approved by State or pre-1969 mobile homes) mobile homes already in King County.	Lowers the cost for owners of older, pre-insignia if they want or are forced to relocate their homes.

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IV. SELECTED AFFORDABLE HOUSING DEVELOPMENTS IN KING COUNTY

Past Experiences

Affordable housing has been a topic of interest and concern in the King County area for about 20 years. Early demonstration projects in King County experimented with smaller units and lots and reduced building and development standards with varying degrees of success.

Timberlane

The Timberlane Development in the Maple Valley area of Southeast King County was sponsored by HUD and featured small ranch style homes on small lots. Housing costs were reduced by using 20 foot wide streets, including a 3 foot thickened edge on each side, and reduced lot sizes and building standards. Unfortunately, local residents were not able to maintain adequate repairs on many of the homes and on the streets and community facilities owned by the homeowner association. Housing repair and rehabilitation programs for the community have been complicated by the high proportion of investor owned properties in the area. Affordability at Timberlane also suffered due to the isolated location of the development. The approximately 600-unit development was built during the late 1960s and early 1970s in a relatively undeveloped part of unincorporated King County, making residents dependent on cars for access to employment, shopping, health care and other services.

Operation Breakthrough

In 1970, HUD sponsored **Operation Breakthrough** which resulted in an affordable housing demonstration project in the Totem Lake - Kingsgate area of Northeast King County. The Operation Breakthrough Project featured factory built structural components for floor, ceiling and wall assemblies which were then erected on the site. The neighborhood features common open space, a looped private street system with several cul de sacs maintained by a community association. Local residents report satisfaction with their homes although many of the factory built panels were replaced during an initial warranty period. However, some concern has been voiced about the ability of the homeowners association to accumulate adequate reserve funds to repair local streets when such work is needed.

Lessons Learned

The lessons learned from these two established demonstration projects provide some insight for developing new affordable homeownership programs for low and moderate income households in King County.

(1) Basic building codes and construction standards for site built homes or factory built structures should be retained unless there are overriding reasons to modify them. Homeowner warranties should always be provided especially when using experimental codes.

(2) Durable building materials are worthwhile investments to avoid unnecessarily high costs of repair and maintenance at a later date.

(3) Location should be convenient to retail shopping, services, public facilities and services to avoid unnecessarily high travel costs.

(4) If streets and other facilities are to be privately owned, then homeowner association or project management fees should be structured to provide adequate reserves for street repair and resurfacing and other routine maintenance tasks.

(5) Developments should provide a mix of housing types affordable to a range of household incomes rather than concentrating and isolating large numbers of low income households.

(6) High density developments, with reduced lot sizes and street widths, must provide adequate parking for both homes and community facilities.

Recent Affordable Housing Developments

The following developments were selected to provide an array of examples of affordable housing in King County. The majority are homeownership projects although they differ widely. They include condominium projects (Providence Point), manufactured housing (Federal Way and Vantage Glen), a self help housing program (House My People in Black Diamond) and projects that combine attached/detached and clustered house units (Upland Green and Klahanie). Some of the projects involved public subsidies (CDBG funds and below market rate financing), to provide lower income people homeownership opportunities. Others utilized private financing with innovative site development and unit design to provide affordable housing for moderate and median income households. Several of these developments have utilized bonus density incentives available through King County regulations to build more units in exchange for a commitment to sell or rent units to lower income households at affordable prices. This sample of existing affordable housing developments in King County was selected to illustrate many of the innovative site design, development standards and programs contemplated by this Affordable Housing Policy Plan.

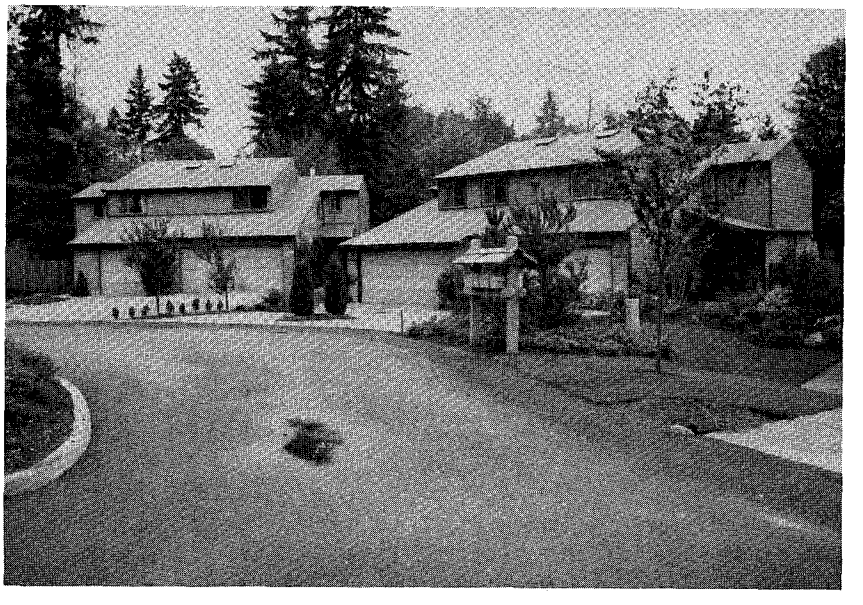
UPLAND GREEN 1981 - 1982

Location: Kirkland/Totem Lake: 13314 NE 136th Place
Kirkland, WA

Developer: Conner Development Company

Features:

- o 178 units range in size from 920 - 1,860 square feet
- o 1981 prices range from $55,000 to $82,000 per unit
- o Small lots of 4,000 - 5,000 square feet
- o Units are mixed attached and detached
- o Public streets
- o Variances permitted narrow rights of way for local streets, asphalt paving with thickened edge in lieu of curbs and gutters, and ommission of some walkways.



Market: Upland Green was developed to appeal to first time homebuyers who were single, or young couples with one or two children.

Site Design: Lot sizes are typically 4,000 - 5,000 square feet. Site encompasses 29 acres with 10 acres dedicated as open space. Net density is 7 units per acre. Amenities include landscaped and natural open space and two tennis courts. Street rights-of-way were reduced from 60 feet to 40 feet. Pavement width is 28 feet on through streets and 24 feet on cul-de-sacs. Asphalt paving with thickened edges for storm water control were substituted for concrete curbs and gutters except at the main entry. Interior walkways replaced sidewalks except on two through streets.

Units: 178 total units: 112 are attached duplex and four-plex units and 66 are detached zero lot line units. Prices range from $55,000 to $82,000 in 1981 dollars. Units are frame construction over crawl spaces with cedar board or shingle siding. Construction cost in 1981-82 was $38 per square foot for the attached units and $40 per square foot for the detached units.

Financing: Approximately 90% of Upland Green buyers obtained Federal Housing Authority (FHA) insured loans. About 75% of those households selected graduated payment rather than fixed payment loans. With a 5% downpayment, typical monthly costs for a $63,000 home with a graduated payment loan was $769 in 1982, including taxes, insurance, association dues and utilities. For the standard FHA loans in 1982 typical monthly costs were approximately $100 higher. All units are owned fee simple.

Contact: Gary Upper, Land Development Manager
Conner Development Company
846 - 108th Avenue Northeast
Suite 202
Bellevue, WA 98004
455-9280

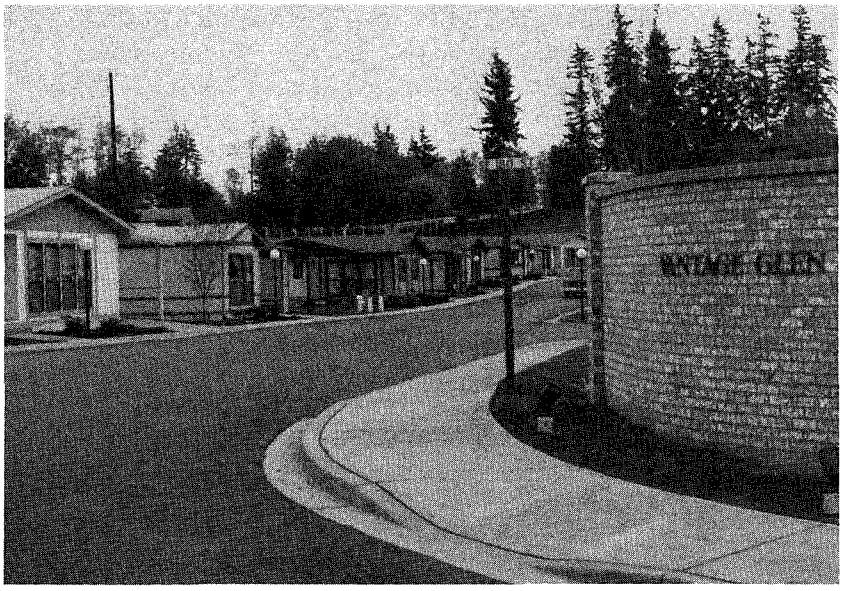
VANTAGE GLEN 1984 - PRESENT

Location: East Hill between Kent and Renton (south of the intersection of Benson Highway and Carr Road on Benson Highway): 18000 107th Place Southeast
Renton, WA

Developer: Housing Authority of the County of King (HACK)

Features:

- o 164 double and singlewide manufactured homes
- o Discounted purchase prices and affordable site rents available to lower income seniors.
- o Tax exempt financing for site construction and King County CDBG funds for site acquisition and design.
- o First rezone approved under Residential Mobile Home Park (RMHP) Ordinance in King County with density bonus.



Market: Vantage Glen was developed for senior citizens because of the critical shortage of affordable and stable site rents in manufactured housing parks.

Site Design: The 164 home sites average 3,500 square feet, or 8 units per acre. Gross density including open space is 4 units per acre. This 44 acre project was the first to receive a 50% bonus density incentive according to the RMHP Ordinance. Amenities include 22 acres of open space, a community center/ recreation facility, pedestrian access to a bus shelter near the community center and recreational vehicle parking.

Units: Total of 164 units ranging from 1,100 to 1,500 square feet. Each unit is special ordered according to the purchaser's specifications. Prices range from $27,000 to $37,000 complete with set-up, storage building and attached carport. HACK receives all home orders, determines eligibility of purchasers and purchases units directly from the manufacturers, Fleetwood and Moduline. All units are "deep set" so that the floor elevations are slightly above grade level, making the units appear similar to site built homes.

Financing: Eligible purchasers must be low income senior citizens ($20,800 for a couple and $18,000 for one). King County CDBG funds totalling $837,405 covered site acquisition, planning and engineering. HACK financed construction and development costs for streets, sewer and water lines, and other improvements by the sale of a $1.8 million tax exempt note. The resulting low site rents of $150 per month for singlewide sites and $160 per month for doublewide sites are expected to be more stable than private market rents.

Management: HACK will manage and maintain the property, streets and amenities. Should residents choose to sell their homes, HACK will purchase the unit and resell it to an eligible purchaser.

Contact: Bob Davis
Construction Planning and Development Manager
Housing Authority of the County of King
15455 65th Avenue South
Tukwila, WA 98188
244-7750

KLAHANIE 1985 - PRESENT

Location: East Sammamish Plateau: East of Issauqah - Pine Lake Road Southeast, south of Southeast 32nd Street North, and west of Southeast Issaquah - Fall City Road

Developer: Lowe Enterprises Northwest, Inc.

Features:

- o 883 acre planned community
- o 3,200 dwelling units planned
- o 700 units of housing affordable to low, moderate and median income housing required as condition of rezone
- o Mixed single family, attached single family, and multifamily units
- o Single family detached lots from 4,000 to 12,000 square feet
- o 300 acres of open space

Market: Klahanie is being developed as a village within unincorporated King County and will, upon completion, provide a range of housing opportunities, retail services, and offices. Total population after a 15 year development program is estimated at 7,900 people. Division 1, presently under development, consists of single family detached homes appealing to first time homebuyers who typically have two incomes, as well as move-up buyers seeking larger, more expensive homes than they own at present. Market research shows that 40% of the first time homebuyers work in Seattle.

Site Design: Lot sizes within Division 1 range in size from 4,000 to 12,000 square feet. The site encompasses 883 acres. Gross density is limited to four units per acre. Amenities include 300 acres of open space, the retention of natural wetlands including Yellow Lake and Queens Bog; a trail system; tennis courts; a 30 acre County park; and landscaped green areas. Streets are public, developed to King County standards. Retail commercial is proposed for subsequent divisions, as is a fire station site, elementary school site and a park and ride lot.

Units: Division 1 consists of 268 single family residential units constructed by four different builders. Prices range from $85,000 to $165,000. Upon completion about 65% of Klahanie will be single family residences. About 29% wil be single family attached homes or townhouses, and 6% will be multifamily.

Special Conditions: Division 1 is required to provide 64 units of housing affordable to median income households, those earning between 100% to 120% of median income for King County as prescribed by the U. S. Department of Housing and Urban Development ($32,500 to $40,625). Subsequent divisions will be required to provide housing affordable to moderate income ($26,000 to $32,500 in 1985) or low income (below $26,000 in 1985) households. In total, 700 units are expected to be provided that are affordable to low, moderate, and median income households.

Contact: Tom McCracken, President
Chip Marshall, Vice President
Lowe Enterprises Northwest, Inc.
1900 112th Avenue Northeast, Suite 102
Bellevue, WA 98004
455-4260

PROVIDENCE POINT 1984 - PRESENT

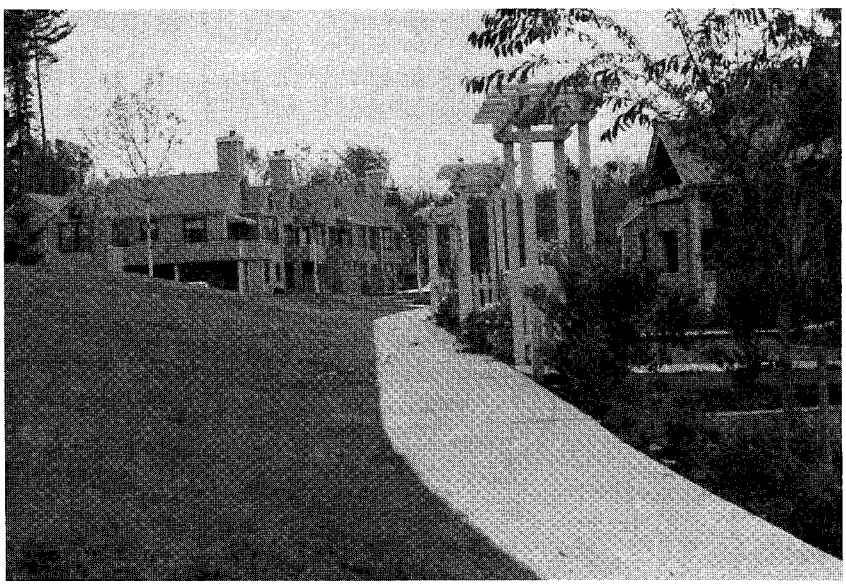
Location: East Sammamish Plateau: Located north of Southeast 43rd Way between East Lake Sammamish Parkway Southeast and 228th Avenue Southeast:

4135 Providence Point Drive Southeast
Issaquah, WA 98027

Developer: Swanson-Dean Corporation

Features:

- o 1,176 clustered/attached condominium homes
- o "Life care" concept for retirement age people
- o 177 units to be sold or rented to low and moderate income persons
- o 1985 prices range from $64,000 to $185,000
- o Village design with Town Hall, retail sales and services, active/passive recreation, transit, continuing education, and security amenities.



Market: Providence Point is being developed as a retirement community for persons 62 years and over. Active and passive recreation opportunities are offered for the active retired. Congregate housing, a health care center to be operated by the Sisters of Saint Joseph of Peace, health maintenance programs, and in-home health services are all planned to provide a life care situation for local residents allowing them to stay in the community as their health care and housing needs change over time.

Site Design: The site encompasses 180 acres. Three rezones and a planned unit development (PUD) approval from King County, permitted the development of 1,176 attached condominium units clustered in five villages. Each village is oriented to recreation opportunities, including tennis, shuffleboard and boccie courts, swimming, bowling, and other more passive activities. Open space divides the villages and surrounds the perimeter of the property. "Center Village" features a Town Hall with a restaurant, retail sales and services.

Units: 1,176 total condominium units ranging in price from $64,000 to $185,000 in 1985 dollars. Unit size ranges from 592 square feet to 2,086 square feet. Each unit features an alarm system connected to a central computer. The two story condominiums are built on slopes which provide direct access to both levels without need for elevators or stairs.

Units are frame construction with sawn cedar shingles and composition roofs.

Special Conditions: As a condition of PUD and rezone approval, Swanson-Dean Corporation has agreed to sell 177 units to low and moderate income persons at prices they can afford. Price and income stipulations apply to the first purchase and do not govern the resale of homes.

Financing: All units are owned as condominiums. Presales are encouraged and Swanson-Dean Corporation is accepting interest bearing deposits for general and specific reservations. Unlike some retirement communities, no founders fees or entrance fee payments are required.

Contact: Gary King, Vice President
Swanson-Dean Corporation
2100 112th Northeast
P. O. Box 488
Bellevue, WA 98009
455-2100

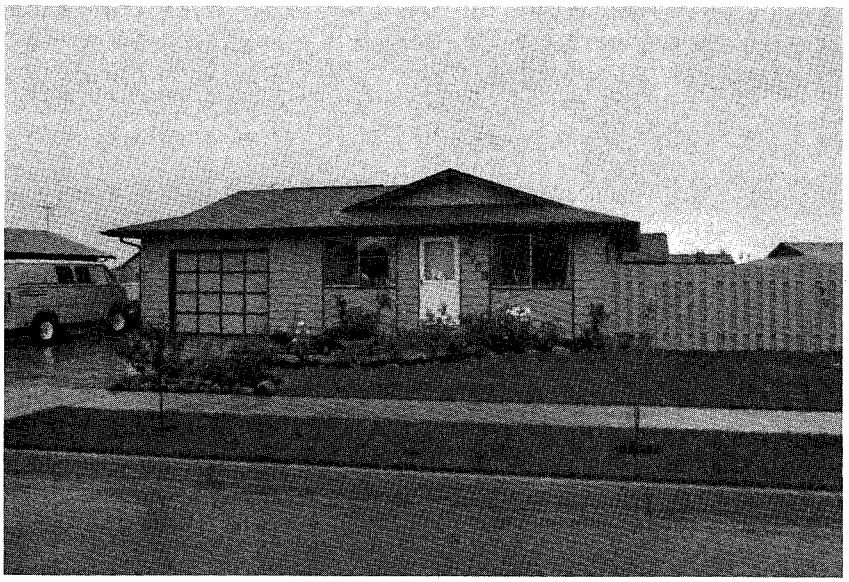
HOUSE MY PEOPLE 1981 - PRESENT

Location: Black Diamond, Carnation and Enumclaw, WA

Developer: House My People, Inc.

Features:

- o Supervised owner-built homes
- o Below market interest rates based on ability to pay
- o 1,056 square feet home homes for $40,000 per home with no down payment



Market: Under this program, self help housing is for highly motivated singles and families who are employed, considered to be lower income according to the U. S. Department of Agriculture Farmers Home Administration (Farmers Home) and capable of making regular mortgage payments. Particular emphasis is placed on households who commit to building their own homes and assisting other families to build their home over a one year period. All participating households agree to work 30 hours per week to participate in the program.

Site Design: House My People acquires lots serviced by sewer and water in identified rural areas. To date, their activities in King County have been in the cities of Carnation, Black Diamond and Enumclaw.

Units: All units must be modest but adequate according to Farmers Home program regulations. The standard unit built in recent years is a 1,056 square feet 3 bedroom rambler with a single car garage. Wood frame construction over a crawl space is utilized. Units are finished with wood siding and composition shingle roofing.

Financing: Long term financing and construction loans are made by Farmers Home. Homes built in Enumclaw in 1983 had mortgages of $39,950 at a maximum of 10-7/8% interest. The actual interest rate is based on a person's ability to pay and may be considerably less than the maximum. The Enumclaw homes were appraised at $53,000. The $12,050 difference represents the "sweat equity" the household has invested in building their homes. No down payments are required but a credit report fee of $40 and hand tool expenses up to about $200 are required.

Contact: Jim Montgomery
Executive Director
House My People
P. O. Box 219
Sumner, WA 98390
863-8188

V. WHAT KING COUNTY CANNOT DO TO HELP PRODUCE AFFORDABLE HOUSING

(1) King County cannot use general taxpayer funds for housing, except for the necessary support of the poor and infirm.

The State Constitution (Article VII, Sections 5 and 7) prevents local governments from making gifts or loans that benefit private parties or organizations, except for the necessary support of the poor and infirm. This prohibition has been narrowly interpreted by Washington courts, therefore King County can only use general taxpayer funds to assist destitute individuals, for example through involuntary mental or alcoholism treatment, not lower income people in need of affordable housing.[7/]

King County is permitted to use outside sources of funds, such as Federal housing programs, to assist lower income people without violating the State Constitution, however. (See Section II for an explanation of the use of Federal CDBG funds for affordable housing.) In addition, a majority of King County voters can authorize an increase in local property taxes to finance affordable housing through a bond program without violating the State Constitution.

(2) King County cannot influence the mortgage market to reduce overall interest rates, revise standards used to qualify homebuyers for loans or to increase the supply of money available for housing finance.

Mortgage interest rates and money supply are governed by international and national monetary policy and are clearly beyond the control of local government, including King County. Requirements for mortgage eligibility such as debt to equity standards, allowed ratios of housing cost to total income and down payment requirements are set by leading mortgage institutions who attempt to minimize the lender's risk of homeowner default to the maximum practical extent. Local banks and thrifts utilize national underwriting standards to assure their ability to sell mortgages they originate in the national secondary mortgage market. Any deviation from customary underwriting standards may cause a local lender to require additional private mortgage insurance (at the homebuyer's expense) so the loans made will be marketable. Otherwise, lenders must retain the loans in their portfolio of investments and forego their ability to liquidate

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[7/] Presentation by Phyllis K. Macleod, Deputy Prosecuting Attorney, Office of the Prosecuting Attorney Civil Division, King County, Washington to the Affordable Housing Policy Plan Housing Finance Issue Committee, December 12, 1984, and Memorandum from Phyllis K. Macleod to JoAnn Ritchie dated January 15, 1985.

the mortgage and obtain more money available to loan. King County is unable to influence these national underwriting standards to make housing more affordable for local residents.

(3) King County cannot waive some requirements established by State law that contribute to the cost of housing in King County.

State laws stipulate minimum building codes, mandatory public hearings and public notification and appeal periods for actions taken by King County officials and King County Councilmembers. Many of these requirements were established by State law to protect public interests and to institute codes and public notification, hearing and appeal procedures that are consistent among local governments within the State. Some of these requirements add to the time necessary to obtain building permits, rezones and subdivision approvals which add to the purchase price of new homes. Unless State legislative action is taken, however, King County cannot violate these established laws.

VI. EXPERIENCE OF OTHER LOCAL GOVERNMENTS

California and New Jersey local governments are noteworthy for the emphasis they have placed on affordable housing in recent years for very different reasons.

California cities and counties have responded with varying degrees of success to State legislation which requires them to:

- adopt five year plans to meet low and moderate income housing needs;
- plan to meet regional fair share goals of low and moderate income housing as determined by regional councils of government;
- zone land for housing that can be built at the least possible cost;
- provide coordinated processing of residential development applications, and
- provide density bonuses and other incentives to developers providing 25 percent or more of the units in a development as low or moderate income housing.[8/]

By 1983, approximately 20,000 units of affordable housing had been built, were under construction or committed for development in cities and counties throughout California.

New Jersey local governments, on the other hand, have begun responding to the New Jersey Supreme Court Mount Laurel II opinion issued in January 1983. Mount Laurel II acted to end zoning and land use practices that excluded lower income people from much of the State (in the words of the Court) "not because housing could not be built for them, but because they are not wanted". It is important to recognize, however, that several New Jersey local governments had adopted and operated programs to produce affordable housing prior to the 1983 decision, partly due to the efforts of a State agency called the Department of the Public Advocate.

Not surprising, local governments most active in producing or encouraging affordable housing are in either California, New Jersey or in other areas where the cost of housing is sufficiently high to urge local actions. An extensive, but not definitive survey of inclusionary housing programs[9/] (those requiring afford-

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[8/] Alan Mallach, Inclusionary Housing Programs: Policies and Practices, The Center for Urban Policy Research, Rutgers University, 1984.

[9/] Ibid.

able housing to be included in new development, often in exchange for incentives) identified 72 separate programs. Thirty-eight of the programs were in California, 16 in New Jersey, 5 in Colorado, while Massachusetts, Illinois and New York had 2 each and Connecticut, Delaware, Florida, Maryland, Oregon, Virginia and Washington had 1 each.

Prior to the development of the Affordable Housing Policy Plan, King County staff reviewed the affordable housing plans and programs of eight cities and counties throughout the United States and from Vancouver, British Columbia. Table 7 provides a summary of these plans.

TABLE 7

HOUSING POLICY PLANS FROM OTHER JURISDICTIONS

	Jurisdiction	Documents Received	Contact	Comments
1.	Allegheny County, PA	Allegheny County, 1983 HAP Housing Programs in Allegheny County, 1-83 Improvement Program of Allegheny County	Diane Kapsha 412-355-7200	Not a for goal is t ing condi habilitat icy devel
2.	Fairfax County, VA	Housing Section of Comprehensive Plan	Richard Leon 703-691-2942	A housing affordabl and progr
3.	Franklin County, OH	Franklin County 1981 HAP	Susan Weaver 614-228-2663	Not a for sis on re tion prog opment.
4.	Montgomery County, MD	Housing Policy for Montgomery County, MD in the 1980's Housing Policy Ordinance No. 73-81	Sara Underwood 301-279-1325	A comprehe dressing regulatio developme cific pol
5.	Palo Alto, City of, CA	Palo Alto's Housing Programs Palo Alto Comprehensive Plan	Glenn Miller 415-329-2170	A comprehe Specific grams add regulatio bilitatio
6.	Portland, City of, OR	Housing Policy for Portland, March 1978 Downtown Housing Policy and Program, October 1974 1982 Annual Housing Report	Sam Galbreath 503-796-5334	A comprehe policy an for the d tegrated cies. A developed

HOUSING POLICY PLANS FROM OTHER JURISDICTIONS

	Jurisdiction	Documents Received	Contact	Comments
7.	Orange County, CA	Orange County General Plan: Housing Element, March 1979 Draft Housing Element, March 1983	Richard Bailey 714-834-6496	A comprehe signed to of the Ger policies, izen parti
8.	Seattle, City of, WA	1983 Housing Assistance Plan 1980 Housing Assistance Plan	Lanny Schumann 206-625-2551	A comprehe the main g of low-inc focuses or egies. Th same area
9.	Vancouver, City of, CANADA	Understanding Vancouver's Housing Defining A Housing Policy Vancouver's Existing Housing Policies Affordable Housing: Who Requires Assistance Affordable Housing: Government Responses Affordable Housing: What Chance in Vancouver A Social Policy for Vancouver	Ann MacAfee 604-873-7451	Extremely fordable h ment proce issues, po actions ou pation in

VII. THE IMPORTANCE OF A COOPERATIVE EFFORT IN PROVIDING AFFORDABLE HOUSING

King County has taken an important step in recognizing the need for affordable housing in Chapter 1 of this Plan. The following chapters contain goals, policies, objectives, strategies and specific agendas for action to address the identified need within the limits that King County must operate. While consensus about the need for more affordable housing in King County may be achieved, it will require a cooperative, ongoing effort to put proposed policies and programs into action.

The Private Sector

Since the private finance, development and building industries will continue to provide housing for the majority of King County residents, King County must continue to maintain the cooperative effort established June 21, 1984 at the King County Conference on Affordable Housing. This effort was developed further through the activities of the Housing Finance and Land Use and Development Issue Committees and should continue to be expanded through the public review and implementation of this Plan.

Community and Neighborhood Groups

None of the goals, policies, objectives or other actions contained in this Plan will be realized without the understanding and cooperation of community and neighborhood groups within King County. Neighborhood and environmental quality must not be sacrificed to produce more affordable housing. Instead, new opportunities to locate affordable housing within the urban areas and rural activity centers of King County should be identified through the community planning process, which will continue to be a grass roots effort involving local citizens. In this way community concerns will continue to be heard and addressed.

Municipalities

Incorporated cities and towns, and King County must continue to work together in a cooperative manner. All development, including affordable housing development, that occurs within the identified service areas of municipalities should be coordinated with the affected municipality. Levels of public services and facilities needed to serve new development and increased residential densities should be taken into account when coordinating actions to encourage affordable housing.

King County Departments

King County Departments, especially the Department of Planning and Community Development and the Department of Public Works, must continue to develop effective working relationships to foster affordable housing development.

Nonprofit Organizations

King County is reliant upon the experience and expertise of the King County Housing Authority (HACK), the Renton Housing Authority and several nonprofit housing organizations. These organizations are needed to develop, build and rehabilitate affordable housing for lower income households.

King County has also worked effectively with the Washington State Housing Finance Commission, an important source of below market rate financing for first time homebuyers and private developers of multifamily housing.

The effectiveness of King County's plan to encourage affordable housing will depend on the continuation and expansion of these cooperative efforts. This cooperation is in the best interests of all the people of King County, especially those in need of affordable, decent, safe and sanitary housing.

GOALS, POLICIES, OBJECTIVES AND STRATEGIES

CHAPTER 3

GOALS, POLICIES, OBJECTIVES AND STRATEGIES

I. INTRODUCTION

This chapter introduces the policy framework and recommended strategies for the Affordable Housing Policy Plan. The Plan contains both existing and new goals and policies, and objectives and strategies to implement them. The hierarchy of policy direction is as follows:

- o Goal and policies contained in the King County Comprehensive Plan - 1985 relating to housing affordability and the Affordable Housing Policy Plan;
- o Goal and policies of the Affordable Housing Policy Plan, directing the major focuses of the Plan;
- o Objectives, which provide benchmarks for achieving the Plan's goals and policies; and
- o Strategies to implement the objectives.

The policy direction for affordable housing contained in King County's Comprehensive Plan - 1985 is reviewed in Section II. Section III introduces the Affordable Housing Policy Plan's additional goal and policies, which reinforce the Comprehensive Plan's aim of providing affordable housing choices throughout King County and focus on the three aspects of housing need identified in Chapter 1.

Section III also presents the Plan's objectives and strategies, which follow each of the affordable housing policies. The strategies are ranked either high or low priority. High priority strategies are recommended for implementation, and are described in detail in the Plan's mid-range and short-range work programs, Chapters 4 and 5. The low priority strategies are of two kinds. Some of these strategies endorse currently proposed activities and legislation by King County or Washington State, which will help achieve the goal of increased housing affordability. Others are long range strategies that are difficult to implement or of less proven effectiveness; these will be reevaluated as part of the continuing monitoring and implementation of the Plan.

II. POLICY DIRECTION FOR AFFORDABLE HOUSING IN THE COMPREHENSIVE PLAN - 1985

The King County Comprehensive Plan's policy direction for affordable housing is expressed in its goals, policies and discussions regarding the impact of land use decisions on housing affordability, and in its specific references to the Affordable Housing Policy Plan.

Affordable housing is the subject of Goal 5, one of the Comprehensive Plan's ten goals:

> **Goal 5. Encourage affordable housing and diversity in housing types, and lifestyle choices ranging from urban to rural.**

Affordable housing is also a major focus of the Comprehensive Plan's Residential Development policies. The first general policy describes King County's role in providing affordable housing choices throughout the County:

> **Residential Development Policy R-101. King County should encourage and promote a wide range of residential development types and densities in various parts of King County to meet the needs of a diverse population and provide affordable housing choices for all income levels.**

The Comprehensive Plan contains five other general policies for residential development. These policies discuss the importance of establishing densities based on the land's natural capacities, the need to focus most growth in Urban Areas, and the appropriate residential growth for Transitional Areas, Rural Areas and Resource Lands. All of the Comprehensive Plan's residential policies will guide the strategies adopted in the Affordable Housing Policy Plan.

One of the major aims of the Comprehensive Plan is to encourage higher densities in urban areas. In several places, the plan identifies opportunities and approaches for higher densities and stresses the interrelationship of density with public facility costs, environmental costs and affordable housing. For example:

> An important policy direction in the King County Comprehensive Plan - 1985 is to encourage higher residential densities in Urban Areas where growth will occur, in order to control public costs, conserve energy and natural resources, reduce development pressure on Rural Areas and Resource Lands, and provide more affordable housing choices.[1/]

[1/] King County Comprehensive Plan - 1985, p. 71.

The Comprehensive Plan also identifies several land use and development tools that can be used to encourage private developers to provide important public benefits, including affordable housing. Density bonuses or credits, which are currently available through Planned Unit Developments, should be available to a wide range of residential developments.

> **Residential Development Policy R-303. Density credits should be encouraged in Urban Areas and Rural Activity Centers with adequate facilities and services to achieve important public benefits such as innovative low cost housing, significant historic preservation, or energy conservation. Density credits should be available to single family detached housing developments, multifamily projects, or developments combining both attached and detached dwelling units.**

Another tool available for encouraging public benefits is the capital improvement budget. The Comprehensive Plan provides considerable policy direction for prioritizing capital improvement spending. Spending for public facilities and services is intended to support the concentration of growth in urban areas by improving existing facilities. The plan allows County resources to be targeted within urban areas to support additional public objectives, such as economic development, energy efficiency and affordable housing.

> **Plan Concept Policy PC-205. Within Urban Areas, King County may establish geographic target areas in unincorporated King County that will have high priority for public facility and service improvements. These target areas should be established, following study and public review, in locations where public facility and service improvements would most effectively advance King County's economic development, energy efficiency, or affordable housing objectives. These target areas will shift over time as improvements are installed and adopted service level standards are attained.**

The purpose and scope of the Affordable Housing Policy Plan is also described in the Comprehensive Plan. The Affordable Housing Policy Plan is to be comprehensive in scope, proposing both government housing programs and changes in King County land use policies and regulations to encourage affordable housing:

> The Comprehensive Plan does not address government housing programs; a functional plan -- the Affordable Housing Policy Plan -- will address such programs in King County as well as other necessary policies to further the County's goal of affordable housing.

and

> One of the plan's basic goals is to encourage affordable housing choices for King County residents... While government housing programs address this issue for limited segments of the population (for example, the handicapped or low-income elderly), most housing will continue to be financed and developed by the private sector. King County recognizes there is a relationship between its land use policies and regulations and the private sector's ability to provide affordable housing. The role of the Comprehensive Plan is to provide opportunities for diverse housing choices, allowing for affordable housing.[2/]

The role of the Affordable Housing Policy Plan, as a functional plan, is to implement the Comprehensive Plan's goals and policies relating to affordable housing. The plan's policies, objectives and strategies approach the issue of affordable housing comprehensively in order to address the diverse housing needs of King County residents.

[2/] Ibid., p. 69 and 70.

III. AFFORDABLE HOUSING POLICY PLAN: GOAL, POLICIES, OBJECTIVES AND STRATEGIES

The Plan contains a specific affordable housing goal, derived from the Comprehensive Plan, and four new affordable housing policies. The policies focus on the need to provide affordable housing opportunities throughout King County and to address the three major components of housing need identified in Chapter 1.

The Plan's objectives and strategies are organized into four groups, implementing the four affordable housing policies. Short range and mid-range strategies are thoroughly described in the work programs in Chapters 4 and 5. For each of these strategies, the lead agency and time frame for implementation is identified, which will enable readers to locate the work program discussion in Chapter 4 or 5.

> **Affordable Housing Goal. Encourage diversity of housing types and costs throughout the county to meet the affordable housing needs of existing residents and those households expected to reside in all urban areas and rural activity centers of King County.**

Affordable Housing Policy 1

> **Policy 1. King County should increase housing opportunities for its low and moderate income households by promoting a fair share of affordable housing in all urban areas and rural activity centers through land use planning and housing assistance initiatives.**

King County's policies favoring diversity of housing types, life-style choices and affordable housing opportunities are well established in the Comprehensive Plan - 1985. These policies, combined with the projected growth of low and moderate income households throughout King County, point to the need for a fair share policy. The objective of the policy is to provide opportunites for lower cost rental and homeowner housing in each community planning area. Fair share strategies provide a way to estimate affordable housing need and to allocate resources throughout the County. They address both assisted and market-rate housing, through both land use decisions and housing assistance initiatives.

Community planning, the vehicle for land use planning and zoning in King County, is the most appropriate way to implement a fair share policy. An adequate information system is needed, including procedures to estimate need for affordable housing, and to evaluate the effectiveness and appropriateness of various strategies to provide affordable housing in the community planning areas. A fair share policy is critical to the success of the Plan and to the widespread implementation of its other three policies.

Objective 1A. Community Planning. King County should plan for a fair share of affordable housing as part of the community planning process to promote affordable housing opportunities in all urban areas and rural activity centers of the county.

Strategy 1. Develop an affordable housing needs model based on forecasted demand for housing to be used to develop affordable housing targets for each community plan. (H&CD with Planning; short range)

Strategy 2. In King County Council Motions establishing the scope of community plans, provide specific goals for affordable housing to direct the efforts of King County staff and citizen advisory committees. (Planning with H&CD; short range)

Strategy 3. Cooperate with cities and towns to determine the overall need and capacity for affordable housing in community planning areas, and how affordable housing opportunities should be provided in incorporated and unincorporated areas. (Planning with H&CD; short range)

Objective 1B. Housing Assistance Initiatives. King County should coordinate its housing assistance efforts, where possible, to help achieve fair share targets for affordable housing.

Strategy 1. Coordinate available housing rehabilitation programs with community planning to identify and save deteriorating housing. (H&CD with Planning; short range)

Strategy 2. Coordinate affordable housing demonstration projects and other Community Development Block Grant funded projects with community planning to help meet affordable housing targets. Use demonstration projects to educate community groups about the need for affordable housing and the ways it can be achieved. (H&CD with Planning; short range)

Strategy 3. Continue the current policy of dispersal of assisted housing when developing new assisted housing development strategies, such as a housing bond issue. (H&CD; short range)

Affordable Housing Policy 2

Policy 2. King County should increase the supply and affordability of housing for low income households.

Land use and development strategies that reduce development costs, particularly those that increase the density of development,

can help improve housing affordability for many low income households. By increasing the number of new units developed, rent increases will be restrained and existing, low-cost units will become available for low income households. But strategies that reduce development costs cannot meet the needs of the lowest income households who cannot pay market rents or who cannot afford to maintain their home. With the current reduction in Federal programs to assist these households, additional local strategies are needed to provide housing assistance.

Objective 2A. Development Incentives. King County should expand its available tools to encourage developers to build rental units affordable for low income households.

Strategy 1. Improve the Planned Unit Development (PUD) Ordinance by providing an increased density bonus in exchange for a commitment to produce below market rate rentals for low income households. (BALD with H&CD; short range)

Strategy 2. Provide a density bonus to all multifamily developers who commit to rent a percentage of units to low income households at below market rates. (BALD with H&CD; mid-range)

Strategy 3. Establish priority permit processing for affordable housing projects as an incentive for developers who commit to produce below market rate housing. (BALD with Public Works; short range)

Strategy 4. Use capital improvement spending to support planned affordable housing developments. (H&CD with Public Works and Planning; short range)

Strategy 5. Urge the Washington State Housing Finance Commission to increase the percentage of units that must be rented to low income households in multifamily projects receiving below market interest rate WSHFC financing. (H&CD; short range)

Strategy 6. Conduct an inventory of King County owned lands to determine the resources available for public purposes, including housing for low income residents. (Planning with H&CD and Public Works; mid-range)

Strategy 7. Urge the Washington State Legislature to relax Constitutional lending of credit restrictions to permit local governments to use local resources, such as land, to leverage private funds for affordable housing development. (H&CD; short range)

Strategy 8. Urge the Washington State Legislature to permit local governments to use tax increment financing in mixed use commercial/residential developments. Capital improvement projects using tax increment financing can be an incentive for affordable housing development. (H&CD; short range)

Objective 2B. Financial Assistance. King County should finance the production of additional publicly owned or subsidized rental housing throughout King County and should provide financial assistance to non-profit housing developers and low income homeowners.

Strategy 1. Investigate the potential for a housing bond issue in 1987, which would provide funds to the King County Housing Authority and the Renton Housing Authority to develop housing for low income households throughout King County. (H&CD; short range)

Strategy 2. Contract with the Washington State Housing Finance Commission or the King County Housing Authority to use tax exempt financing to further reduce interest rates that existing King County CDBG housing rehabilitation programs can offer low income homeowners. (H&CD; short range)

Strategy 3. Urge the Washington State Legislature to permit tax abatement for rental property owners who commit to maintain rents for low income households at below market rates. (H&CD; short range)

Strategy 4. Establish neighborhood-based community development organizations in areas of King County where low income households are concentrated, which would develop below market rate rental housing as well as generate economic development projects. (Long range)

Strategy 5. After proposed changes in Federal tax laws have been reviewed, consider assisting a non-profit housing agency to develop low rent multifamily projects through non-profit housing syndications. (Long range)

Affordable Housing Policy 3

Policy 3. King County should increase the ability of low, moderate and median income households to purchase their own home.

The belief in homeownership opportunity is strong in King County. In a recent resident survey, 90% of the owner and renter respondents felt that those who desire their own home should be able

to buy one. Yet because of recent increases in house prices and financing costs, the majority of King County households can no longer afford to purchase a house based on income alone. Renter households without equity in an existing house are often shut out of the homeownership market.

Strategies that reduce development costs, Policy 4, should result in some increase in homeownership affordability, but King County should also assist potential homeowners directly. Low income households close to affording their own home can be assisted through financial subsidies, although the cost of direct assistance in homeownership programs is expensive in comparison to renter assistance programs. Potential homeowner households who are of low, moderate and median income can also be aided by providing incentives for developers to produce below market rate housing.

Objective 3A. Development Incentives and Requirements. King County should expand its available tools to encourage developers to build housing affordable for low, moderate and median income home purchasers.

Strategy 1. Improve the Planned Unit Development (PUD) Ordinance by providing an increased density bonus in exchange for a commitment to build below market rate housing for eligible homebuyers. (BALD with H&CD; short range)

Strategy 2. Provide a density bonus to all residential developers in Urban Areas and Rural Activity Centers who commit to sell a percentage of units to low and moderate income households. (BALD with H&CD and Planning; mid-range)

Strategy 3. When planning for master plan developments (MPDs) on large urban parcels, continue to require MPD developers to sell 30% of their units to low, moderate and median income households. (Planning, H&CD and BALD; short range)

Strategy 4. Adopt inclusionary zoning on a sliding scale based on project size: require all housing developments to sell a percentage of their units to low, moderate and/or median income households. (BALD with Public Works and H&CD; mid-range)

Strategy 5. Establish priority permit processing for affordable housing projects as an incentive for developers who commit to produce below market rate housing. (BALD with Public Works; short range)

Objective 3B. Financial Assistance. King County should directly assist eligible households who wish to purchase

their own home. King County should continue using Community Development Block Grant (CDBG) funds, which are available for households earning less than 80% of the County median income adjusted for household size, as well as developing new funding sources.

Strategy 1. Investigate the feasibility of including homeownership assistance as part of a housing bond issue in 1987. (H&CD; short range)

Strategy 2. Assist the King County Housing Authority to establish a lease purchase homeownership program. (H&CD; mid-range)

Strategy 3. Urge the manufactured housing industry and local lenders to assist households to purchase manufactured housing and land with a single loan, substantially reducing down payment and financing costs for the purchaser. (H&CD; mid-range)

Strategy 4. Assist an established non-profit self-help housing agency to operate in urban areas of King County, to enable eligible households to build their own homes. (H&CD; mid-range)

Strategy 5. Urge the State Legislature to permit housing authorities to serve moderate income households, which would allow development of mixed-income projects and homeownership programs. (H&CD; short range)

Strategy 6. Assist a non-profit housing agency to acquire land to develop a community land trust, enabling homeowners to lease rather than purchase their lot. (Long range)

Affordable Housing Policy 4

Policy 4. King County should pursue changes in its land use policies and regulations that result in lower development costs without loss of adequate public review, environmental quality or public safety, or increased maintenance costs for public facilities.

Rising costs of development -- land, residential construction, financing, permit processing, roads and utilities -- have contributed to increased rents and house prices at all price levels. Restraining development cost increases, where possible, is essential for improving housing affordability. King County is able to influence these costs through its community planning, zoning and subdivision ordinances, road and utility standards and permit review procedures. Significant housing cost savings can be achieved through higher densities, for example, a major emphasis

of the Comprehensive Plan. To the extent that developers pass costs savings on to consumers through reduced house prices and rents, strategies that help cut development costs can restrain rising housing costs and can increase the amount of new, lower cost housing development.

Strategies that reduce development costs also help to achieve the plan's other policies, increasing affordability for potential homebuyers and for low income renter households. Yet land use strategies rely entirely on market competition to force development cost savings to be passed on to consumers. In desirable locations, lower cost housing will not be built regardless of any development cost savings. Because market forces favor the highest value development for any particular parcel of land, it is unlikely that land use policy and regulatory changes by themselves could result in an increase in housing affordability sufficient to meet the housing needs of low and moderate income households. Therefore, strategies to address Policy 4 are considered necessary but not sufficient as approaches to affordable housing.

Objective 4A. Increased densities. King County should increase the supply of land zoned for higher density single family and multifamily development.

Strategy 1. Use a combination of small lot single family and multifamily zoned land for each community plan update, to achieve Comprehensive Plan policies for increased density in developing urban areas. (Planning with H&CD; short range)

Strategy 2. During the revisions to the zoning code, examine the advantages and disadvantages of a change from zoning by minimum lot size to zoning based on overall development density, as a way to achieve the densities designated in community plans and relieve pressure on environmentally sensitive areas. (BALD with H&CD, Planning and Public Works; mid-range)

Objective 4B. Infill Development. King County should encourage the production of affordable housing on under-developed or skipped-over sites in urban areas, where many services are available and household transportation costs are relatively low.

Strategy 1. For small infill sites in developed areas, provide variances to development standards, where justified, to make development on skipped-over sites more feasible. (BALD and Public Works; mid-range)

Strategy 2. Increase use of the Mixed Use Zone during community planning to encourage mixed commercial and residential developments, particularly residential infill in under-developed commercial areas. (Planning; short range)

Objective 4C. Design Innovation. King County should encourage cost-saving innovations in housing design and construction.

Strategy 1. Establish an annual Executive/Council affordable housing design competition to promote innovative housing design and construction techniques that can be replicated by other developers. (H&CD with BALD and Public Works; short range)

Strategy 2. Encourage mixed use (commercial and residential) development in high density urban areas through increased use of the Mixed Use Zone and through a CDBG-funded demonstration project. (Planning and H&CD; short range)

Strategy 3. Provide written explanations of the variance criteria and procedures for the Uniform Building Code to make it easier for builders and developers to propose cost-saving alternatives. (BALD; short range)

Objective 4D. Permit Processing. King County should look for opportunities to reduce the time required to review development permits, without loss of adequate review or public involvement.

Strategy 1. Reclassify certain permit decisions that are made by a zoning adjuster to allow decisions by the reviewing agency (administrative decisions), without any change in the hearing examiner appeal process. (BALD with Public Works; short range)

Strategy 2. Support the development of an interdepartmental automated permit system to improve the efficiency of King County's permit review procedures. (BALD with Public Works and Planning; short range)

Strategy 3. During the zoning code revisions, evaluate the advantages and disadvantages of density zoning, which could reduce permit review time and increase the amount of land readily available for residential construction. (BALD with Public Works; mid-range)

Strategy 4. After development standards for short subdivisions have been revised, support State legislative action to permit counties to increase the number of lots that can be created by short plat. (Long range)

Objective 4E. Development Standards. King County should enhance its use of performance standards, which allow developers to propose lower-cost alternatives appropriate to the scale and location of development.

Strategy 1. Establish a clear process for developers to propose alternative road designs that meet the service levels used to define the road standard. (Public Works; short range)

Strategy 2. Support the establishment of Subaccess and Minor Access road classifications in the proposed Road Standards, which will tie required pavement and right-of-way widths directly to the number and type of dwelling units served. The new classifications will reduce infrastructure costs and make infrastructure requirements more predictable. (Public Works; short range)

Strategy 3. Promote the establishment of a County drainage utility as an equitable way to allocate infrastructure costs among new and existing residents. (Public Works; short range)

SHORT RANGE WORK PROGRAM

CHAPTER 4

SHORT RANGE WORK PROGRAM

I. INTRODUCTION

This chapter details the Plan's strategies proposed for implementation in 1986 and 1987. Some of these strategies can be added to already budgeted work items for 1986 and begun relatively soon. Others requiring additional budget authority may not begin until 1987. For all of these strategies, implementation should begin quickly; in some cases mid-range work program items depend on the products of these strategies.

The work program is organized according to implementing agency. The strategies outlined in Chapter 3 are divided into H&CD strategies, Planning Division strategies, BALD strategies, and Department of Public Works strategies. The majority of the strategies will actually require participation by two or more agencies, therefore each agency's work program references additional strategies that the agency will assist in implementing. In most cases the strategies in this chapter are expressed the same as in Chapter 3. In a few cases two strategies are combined, for example, when an agency can address low income renter and homeowner housing at the same time.

The following table summarizes the strategies in the short range work program, and the affordable housing policies the strategies address.

TABLE 8

SUMMARY OF SHORT RANGE WORK PROGRAM

	Affordable Housing Policies			
	Fair Share	Low Income Housing	Home Owner-Ship	Reduced Develop. Costs
HOUSING AND COMMUNITY DEVELOPMENT DIVISION				
Capital Improvement Program Incentives		●	○	
Affordable Housing Design Competition				●
Housing Bond Issue	○	●	●	
Tax Exempt Financing for Rehabilitation		●		
Increasing WSHFC Low Income Units		●		
Housing Needs Model	●	○	○	
Legislative Issues		●	●	
Coordinating Rehabilitation and Planning	●	●		
Coordinating Demonstrations and Planning	●	○	○	○
Dispersal of Assisted Housing	●			
PLANNING DIVISION				
Council Motions for Community Plans	●	○	○	
Community Planning Strategies	○	●	●	○
Cooperation with Cities and Towns	●	○	○	
BUILDING AND LAND DEVELOPMENT DIVISION				
Increasing PUD Density Bonus		●	●	
Priority Permit Processing		●	●	
Administrative Permit Decisions				●
Building Code Variance Procedures				●
Automated Permit Processing				●
DEPARTMENT OF PUBLIC WORKS				
Road Standard Variance Procedures				●

Key: ● Primary Benefit
○ Additional Benefit

II. HOUSING AND COMMUNITY DEVELOPMENT DIVISION

STRATEGY 1. USE CAPITAL IMPROVEMENT SPENDING TO SUPPORT PLANNED AFFORDABLE HOUSING DEVELOPMENTS.

Brief Description. As Federal dollars for assisted housing are cut, providing affordable housing for low income County residents will require the use of local resources. Although King County is prohibited by the State Constitution from building housing directly, County funds can be used to build public facilities, such as roads, that are part of a private residential development. King County can use capital improvement program (CIP) funding for public facilities that are ordinarily required in private developments, encouraging the development of units affordable to low income households. Comprehensive Plan Policy PC-205 encourages focusing capital improvement spending in support of public benefits such as affordable housing.

The process of ranking CIP projects relies primarily on technical measures of service adequacy mandated by State law. King County uses additional socio/economic criteria in developing a ranking, but these are secondary to level of service criteria. Once an initial ranking of projects is developed, however, other non-technical issues must be considered before CIP allocations are made. For example, these issues can include geographical distribution and use of other funding sources.

King County should adopt a policy making affordable housing an objective of capital improvement spending. An opportunity to support a private affordable housing development would thus become a criteria for ranking CIP projects. CIP affordable housing funds could be used to repair or upgrade an off-site public facility, for example, to fund a development's portion of a regional traffic improvement. CIP funds could also be used for on-site public facilities if the development would produce a significant amount of below market rate housing.

Affordable Housing Benefit. This strategy can produce new rental or for-sale housing for low and moderate income households, Policies 2 and 3.

Advantages. This strategy uses existing local resources to achieve two goals: improvement of public facilities and production of new affordable housing. It provides a means for focusing CIP project funding in identified target areas where affordable housing developments are planned.

Disadvantages. Affordable housing would become another competing factor in an already complex CIP process; it will be difficult to delay high priority road and utility improvements in favor

of a project that will provide affordable housing. A legal opinion will be needed to assure that King County funds are used for public purposes only, and do not violate State lending of credit restrictions. And the quick timing needed for private housing development may be difficult to coordinate with a multi-year capital improvement program.

Responsible Agencies. H&CD will identify potential housing projects and advocate for using CIP funds as an affordable housing incentive. H&CD will also be responsible for monitoring any affordable housing obligation associated with CIP funded projects. Planning Division will assist in identifying potential projects through its CIP planning and contact with land owners during community plan updates. Public Works will retain responsibility for the CIP program, with assistance from Transportation Planning in the Planning Division, and for managing capital project construction.

Schedule and Cost of Implementation. An affordable housing criteria for CIP project ranking should be adopted by 1988, with implementation following on a project by project basis. No additional implementation costs are anticipated.

Links with Other Strategies. CIP incentives could be linked with other affordable housing development incentives, such as density bonuses, to increase the amount of affordable housing produced. If Federal housing programs and CDBG funds are not available, CIP funds could be used as the public subsidy for low income housing in future divisions of several existing MPD projects. The existing MPD agreements obligate developers to sell or rent 10% of their units to low income households only if King County can provide a subsidy.

Citizen Paritcipation. Public participation would occur as the CIP program is reviewed and adopted by the King County Council, and during public hearings for individual projects.

STRATEGY 2. ESTABLISH AN ANNUAL EXECUTIVE/COUNCIL AFFORDABLE HOUSING DESIGN COMPETITION TO PROMOTE INNOVATIVE HOUSING DESIGN AND CONSTRUCTION TECHNIQUES THAT CAN BE REPLICATED BY OTHER DEVELOPERS.

Brief Description. One affordable housing demonstration project should be authorized by the King County Council and Executive each year. The demonstration should be conducted as a design competition to promote cost-saving innovations in site and building design and construction that can be replicated by other developers. The demonstration also provides an opportunity to test variances to King County codes which, if successful, would result in changes to codes or standards.

An interdisciplinary team of King County staff, architects, landscape architects, developers, home builders, realtors and housing financiers should oversee the demonstration. The team would select in advance several potential design or construction techniques that could be tested in a demonstration project. Techniques requiring variances to King County zoning, road or building codes would need to be functionally equivalent to code standards, and to remain within State limitations on residential construction variances. The team would then issue a request for proposal and select a developer and project.

Trade and professional associations would promote the selected project and its success in providing affordable housing. King County could choose not to become financially involved in any part of the design competition, or could use CIP spending as an additional incentive.

Affordable Housing Benefit. This strategy can help reduce development costs (Policy 4) and publicize the need for affordable housing.

Advantages. This strategy challenges architects and builders to develop cost-saving techniques to make new housing affordable. The demonstration projects should influence future developments to adopt these practices. Ideally the demonstration project would show that affordable housing can also be profitable, and would lead more builders to a lower cost housing market.

Disadvantages. Certain variances may involve risk to King County of increased liability and maintenance costs. By including King County staff familiar with these issues on the interdisciplinary design competition team, these problems should be minimized.

Responsible Agencies. H&CD will coordinate the design competition, including the involvement of members of the development and financial professions. Planning, BALD and Public Works staff will be part of the interdisciplinary team directing the design competition.

Schedule and Cost of Implementation. The first annual affordable housing design competition should occur in 1987. Although King County may not contribute directly to the design competition, it would incur costs due to staff involvement. H&CD, BALD, Public Works, Planning, Prosecuting Attorney, Council and Executive staff would all be involved in planning the demonstration and reviewing the project proposals.

Links with Other Strategies. Affordable housing demonstration projects, including the design competition, provide an excellent opportunity to promote the use of development incentives and seldom used code provisions, for example, PUD density bonuses and mixed use zoning.

Citizen Participation. The participation of industry groups and active marketing of the project's results to the public are critical to the demonstration's success.

STRATEGY 3. INVESTIGATE THE POTENTIAL FOR A HOUSING BOND ISSUE IN 1987, WHICH WOULD PROVIDE FUNDS TO KING COUNTY HOUSING AUTHORITY AND THE RENTON HOUSING AUTHORITY TO DEVELOP HOUSING FOR LOW INCOME HOUSEHOLDS THROUGHOUT KING COUNTY.

Brief Description. King County should consider offering a housing bond issue for voter approval in 1987. Funds generated by the bond issue would be used to finance the completion of two senior housing projects in Redmond and Renton for which land has been acquired. The balance of funds would be dedicated to financing affordable housing for low income families. A combination of manufactured housing and site built structures would be developed by the King County Housing Authority and the Renton Housing Authority with bond issue funds.

The appropriate size of the housing bond issue will be determined in 1986 during program development. As a rough benchmark, King County should consider a $25 million bond issue which would finance construction of approximately 500 new assisted rental units. This bond issue would be half the size of the City of Seattle's $48 million Senior Housing Bond Issue in 1981, which financed 1,216 units for elderly and handicapped households. Units for families would be larger and therefore more expensive, but land costs would be lower outside Seattle.

The Housing Bond Issue could also be used to fund homeownership programs for low and moderate income families. A homeownership component could increase the number of units produced due to the private funds leveraged. For example, if a quarter of the $25 million bond issue was spent on homeownership subsidies averaging $3,500 per unit (similar to the Vantage Glen project), an additional 1,750 for-sale units could be produced. This would raise the estimate of total units for the bond issue from 500 to 2,100. The 375 remaining rental units would be available permanently for low income households, while the for-sale units would be restricted to low or moderate income households only for the initial sale and for resales within a limited number of years.

Voter approved general obligation bonds rather than councilmanic bonds would be used for bond issue. Councilmanic bonds must be repaid through project revenues, which would preclude setting rents low enough to assist very low income households.

Affordable Housing Benefit. Funds from a housing bond issue would be spent to assist low income households, Policy 2. If a homeownership initiative is included in the bond issue, this strategy will also address Policy 3.

Advantages. Financial support for publicly assisted housing for low income households is the most effective way to assure adequate and affordable housing for King County's most needy households.

Disadvantages. Because a bond issue requires the approval of the majority of King County voters, it is a highly uncertain strategy. King County voters have approved only two recent general obligation bond issues, neither was for housing. In addition, legal issues regarding the jurisdictions to be included in the bond issue will need to be resolved.

Responsible Agencies. H&CD will perform the necessary research and program development in support of the bond issue proposal, working with Housing Authority and suburban city staff.

Schedule and Cost of Implementation. The bond issue development work will be conducted in 1986, in preparation for the November 1987 ballot. Resources for H&CD research work are requested in the 1986 Executive Proposed Budget. Staff expenses for developing bond-financed housing projects would be paid out of the bond proceeds.

Links with Other Strategies. The bond issue strategy is tied to the fair share strategy above, which calls for continuing King County's policy of dispersal of assisted housing.

Citizen Participation. King County will need to work with community groups, particularly housing advocacy groups, to educate the public on the need for assisted housing. Marketing the bond issue to voters will be the responsibility of a citizen group formed for this purpose, not King County staff.

STRATEGY 4. CONTRACT WITH THE KING COUNTY HOUSING AUTHORITY OR THE WASHINGTON STATE HOUSING FINANCE COMMISSION TO USE TAX EXEMPT FINANCING TO PROVIDE BELOW MARKET INTEREST RATE LOANS FOR HOUSING REHABILITATION FOR LOW INCOME HOMEOWNERS.

Brief Description. King County currently operates an Affordable Monthly Payment Loan (AMPL) housing rehabilitation program using CDBG funds. By combining existing programs with below market rate financing available through the Washington State Housing Finance Commission (WSHFC) and the King County Housing Authority (HACK), greater interest subsidies can be offered to low income households needing major home repairs. WSHFC has indicated an interest in developing a rehabilitation program.

King County should contract with WSHFC or HACK and with private lenders to develop a rehabilitation program financed with tax exempt bonds. The program could provide homeowner rehabilitation/ purchase loans and rental rehabilitation loans as well as low income homeowner rehabilitation loans.

Affordable Housing Benefit. This strategy directly assists low income households, Policy 2.

Advantages. Rehabilitation is an excellent strategy for assisting low income homeowner households and for preserving the existing supply of lower cost housing. WSHFC/HACK financing will decrease the AMPL Program's interest rate for low income households by two percentage points.

Disadvantages. In any program targeted to households who ordinarily would not qualify for a loan, efforts must be taken to manage a private lender's risk. King County may need to use CDBG funds to create a loan loss reserve account, typically 10% to 15% of the total program amount, to provide WSHFC/HACK adequate security to maintain its favorable bond rating and thus the program's two percentage point interest rate reduction. The actual size of the reserve account will be negotiated with the participating lender. King County's excellent record with the AMPL Program -- no defaults in the program's 5-year history -- should reduce reserve requirements.

Responsible Agencies. H&CD will be responsible for developing the program with WSHFC and private lenders.

Schedule and Cost of Implementation. H&CD will begin to work with WSHFC to develop this program in 1986, using existing staff resources. The program will rely on existing H&CD staff who are currently administering the AMPL Program; it will not require new County administrative resources.

Links with Other Strategies. This program will operate independently of other affordable housing strategies.

Citizen Participation. WSHFC/HACK will coordinate public involvement in developing the new program. King County will continue to market housing rehabilitation programs to low and moderate income households.

STRATEGY 5. URGE THE WASHINGTON STATE HOUSING FINANCE COMMISSION TO INCREASE THE PERCENTAGE OF UNITS THAT MUST BE RENTED TO LOW INCOME HOUSEHOLDS IN MULTIFAMILY PROJECTS RECEIVING BELOW MARKET INTEREST RATE WSHFC FINANCING.

Brief Description. WSHFC's popular multifamily program provides below market rate long-term financing to apartment building developers. In exchange the developer must rent 20% of the apartment units to low income households. H&CD recently worked with WSHFC to adjust eligible household incomes for the program according to household size, to improve the program's ability to target resources to households most in need of affordable rentals.

King County should urge WSHFC to further improve the program's low income targeting by increasing the percentage of units which must be rented to low income households. Housing finance commissions in other states use greater requirements for low income benefit; the State of Texas, for example, recently increased its low income requirement to 50% of all units financed through its tax exempt financing program.

Affordable Housing Benefit. This strategy directly increases the supply of below market rate housing for low income households, Policy 2.

Advantages. This strategy uses an existing program to increase the number of newly developed rental units affordable to low income households. WSHFC's below market rate financing has been shown to be an excellent incentive for affordable housing, and can be made more effective.

Disadvantages. Because apartment rents are used to repay the project developer's debt to the WSHFC, a decrease in the number of units renting at market rates will diminish cash flow. The reduced profitability caused by the below market rate requirement may cause some project developers to seek market rate financing to avoid any low income benefit obligation.

Responsible Agencies. H&CD is responsible for coordination with WSHFC.

Schedule and Cost of Implementation. H&CD will urge WSHFC to make these proposed changes in its multifamily program in 1986. Existing H&CD staff will carry out this strategy.

Links with Other Strategies. This strategy could potentially be linked with dispersal of assisted housing, H&CD Strategy 10, by working with WSHFC to target funds to areas lacking below market rental housing.

Citizen Participation. WSHFC will involve the public and the housing industry in planning for changes in program operations.

STRATEGY 6. DEVELOP AN AFFORDABLE HOUSING NEEDS MODEL BASED ON FORECASTED DEMAND FOR HOUSING TO BE USED TO DEVELOP AFFORDABLE HOUSING TARGETS FOR EACH COMMUNITY PLAN.

Brief Description. As shown in the examples in Chapter 1 of the Highline and Soos Creek community planning areas, not only is a need for affordable housing anticipated throughout King County, but the opportunities and constraints for providing this housing vary considerably from area to area. Communities differ, for example, in the amount of existing low cost housing, the availability of sewer service and roads to support higher density growth,

and the presence of environmental constraints that limit development.

An affordable housing needs model should be developed to estimate the need for affordable housing in each community planning area, taking into account these opportunities and constraints. When a community plan is updated, the estimate of need provided by the model will become the community plan's target for affordable housing.

The factors to be included in the model will be determined as it is developed in 1986. The model is likely to be based on PSCOG household growth forecasts (discussed in Chapter 1) and will take into consideration a variety of other factors influencing housing need and land development. For example, the analysis will likely include existing need for affordable housing (as indicated by concentrations of deteriorated housing and of low and moderate income households paying more than 30% of their income on housing costs), capacity of remaining vacant and underdeveloped land, available services, access to transit, existing assisted housing, and existing and forecasted employment opportunities.

While the affordable housing needs model is being developed, the effectiveness of various land use and development incentive strategies for achieving affordable housing targets will also be assessed. The model will contain an estimate of the amount of affordable housing likely to be developed under each land use designation. Once the model has been applied through the community planning process, and the land use strategies used where appropriate in the community planning areas, the actual resulting affordable housing will be measured. The evaluation of these strategies will be part of the plan evaluation, described in Chapter 5.

Coordination with cities and towns will be important both during the development of the model and its application through community planning. By examining the total anticipated growth in the community planning area -- including incorporated and unincorporated areas -- a comprehensive approach to providing affordable housing can be developed.

Affordable Housing Benefit. The affordable housing needs model is a major step in implementing a fair share of affordable housing throughout King County (Policy 1). By establishing targets for affordable housing, the model will also help to achieve the other three affordable housing policies: increased low cost housing, homeownership affordability and reduced development costs.

Advantages. A housing needs model will not by itself produce affordable housing. But it will provide specific, quantified affordable housing targets that should strengthen and focus affordable housing efforts.

Disadvantages. An attempt to quantify housing need in a particular area is certain to be complex and controversial. Fair share models from other parts of the country can be used as examples to clarify the policy decisions that must be made.

The housing needs model will also require new data sources. The detailed land development information in King County's Annual Growth Report covers only unincorporated areas, and thus provides an incomplete picture of the housing market. Land capacity and development data for cities and towns must be reconciled with unincorporated King County data before estimates of land capacity and development trends for the entire county can be made. Much of the data gathered for this analysis will have other useful applications for King County and the incorporated cities and towns.

Responsible Agencies. H&CD will have lead responsibility for developing the affordable housing needs model. Planning Division's Land Development Information System (LDIS) staff will assist with the technical aspects of the model, and BALD, Public Works and Planning will supply relevant housing development and land use information. The King County Council will review the housing needs model during its development, to approve its future use in community plan updates.

Schedule and Cost of Implementation. The development of the housing needs model will begin in 1986 with a review by H&CD and LDIS of similar approaches in other parts of the country. LDIS will also begin to develop needed data for incorporated areas and will work with PSCOG to refine household forecasts for use in the model. The affordable housing needs model will be completed by 1987 and will be used to estimate housing need as each new community plan is initiated.

H&CD will develop the model using existing 1986 budgeted staff. LDIS will request a budget increase in 1987 to manage the new data sources.

Links with Other Strategies. The affordable housing needs model is tied closely with other strategies. It provides the estimate of affordable housing need to be used in King County Council Motions directing community plans, Planning Strategy 1. For Planning Strategy 2, cooperation with cities, the model creates both information needs and affordable housing targets that will require considerable cooperation to achieve.

Citizen Participation. King County should assemble a technical advisory committee of housing industry representatives and staff from cities and towns to assist in developing the housing needs model.

STRATEGY 7. SUPPORT AFFORDABLE HOUSING LEGISLATION BEFORE THE STATE LEGISLATURE.

Brief Description. King County should continue to support State legislation for affordable housing. The following issues are likely to be debated in the 1986 and 1987 Legislative sessions:

(1) Tax abatement for low income rental housing. Property owners who commit to maintain below market rents should be taxed at present use not fair market value, reducing the pressures to convert low cost rental housing to another use.

(2) Tax increment financing to finance capital improvements related to economic development. In tax increment financing (or community redevelopment financing), local governments issue bonds to finance capital improvements related to private development, which are then repaid through the project's increased property taxes, not current expense funds. King County should work to include mixed-use commercial/residential projects in proposed tax increment financing legislation to allow affordable housing development.

(3) Affordable housing development by local government. King County must continue to urge the State Legislature to amend the Constitution's lending of credit restrictions to permit local governments to use local resources for affordable housing and economic development. This Constitutional change would make a wide range of community development strategies available to local governments in Washington State. King County could then use its resources, for example, County owned land, to subsidize affordable housing projects.

(4) Moderate income housing development by housing authorities. Housing authorities should be permitted to serve moderate income households. This would enable the development of mixed income projects, which are more cost effective than buildings with only low income units, and homeownership programs.

Affordable Housing Benefit. These legislative strategies improve the tools available to assist low income households, and thus support Policy 2 and 3.

Responsible Agencies. H&CD is responsible for housing related legislative issues.

Schedule and Cost of Implementation. H&CD will continue to raise affordable housing issues during each legislative session. These strategies do not require additional staff resources.

Links with Other Strategies. These legislative issues are closely tied to many affordable housing strategies. Specifically, use of King County owned land as a development incentive, discussed in mid-range Planning Strategy 1, relies on a Constitutional change in lending of credit restrictions; and the lease-purchase home-ownership program, mid-range H&CD Strategy 2, depends on the ability of housing authorities to serve moderate income households.

Citizen Participation. Both tax increment financing and changes in lending of credit prohibitions depend on Constitutional change, which will require voter approval.

STRATEGY 8. COORDINATE AVAILABLE HOUSING REHABILITATION PROGRAMS WITH COMMUNITY PLANNING TO IDENTIFY AND SAVE DETERIORATING HOUSING.

Brief Description. As part of each community plan, housing conditions in the community planning area should be surveyed by H&CD. Survey results should be included as part of the community profile produced at the beginning of each community plan process. Information on the location of housing needing repair will be useful to community planners who can coordinate with existing housing programs to address affordable housing targets in community plans. The data will also be generally useful for H&CD when assessing housing needs and marketing housing rehabilitation programs.

Affordable Housing Benefit. This strategy supports the policies of providing housing opportunities throughout King County (Policy 1) and assisting low income households (Policy 2).

Advantages. Coordination of housing rehabilitation programs with community planning will help both efforts. H&CD's current housing conditions survey, produced in 1981, is out of date. By updating housing conditions information as part of the community planning cycle, survey costs can be kept manageable. The survey will help H&CD to target its rehabilitation program marketing to households needing assistance; housing rehabilitation programs are currently marketed through newspaper advertising and at community fairs and home repair shows. At the same time, housing rehabilitation programs can be a resource for reaching community planning's affordable housing targets.

Disadvantages. Coordinating housing rehabilitation with community planning has no significant disadvantages.

Responsible Agencies. H&CD will conduct a housing condition survey as part of each community plan. Planning Division will assist in marketing rehabilitation assistance to community groups involved in community planning.

Schedule and Cost of Implementation. Implementation will begin with the next community plan update and continue as part of the community planning process. Each survey would require budget approval; its cost will depend on the number of housing units to be surveyed within the community planning area. A 1981 housing conditions survey of the entire County, excluding Seattle and Bellevue, cost approximately $15,000. That study relied primarily on assessor data, with limited field work to check the survey findings.

Links with Other Strategies. Housing rehabilitation programs will function relatively independently of other affordable housing strategies.

Citizen Participation. The citizen participation which is already a part of the community planning process provides another marketing opportunity for rehabilitation programs.

STRATEGY 9. COORDINATE AFFORDABLE HOUSING DEMONSTRATION PROJECTS AND OTHER COMMUNITY DEVELOPMENT BLOCK GRANT FUNDED PROJECTS WITH COMMUNITY PLANNING TO HELP MEET AFFORDABLE HOUSING TARGETS. USE DEMONSTRATION PROJECTS TO EDUCATE COMMUNITY GROUPS ABOUT THE NEED FOR AFFORDABLE HOUSING AND THE WAYS IT CAN BE ACHIEVED.

Brief Description. King County has funded affordable housing demonstration projects annually since 1980. The demonstrations, which typically use Community Development Block Grant (CDBG) funds for land acquisition and development, promote the use of cost-saving housing design and construction techniques that can be replicated by private housing developers without subsidy. Future affordable housing demonstration projects should be coordinated with community planning to help meet affordable housing targets and to demonstrate housing development strategies that are particularly appropriate for a community planning area.

Affordable Housing Benefit. Coordination of affordable housing demonstrations with community planning will support Policy 1, fair share of affordable housing. The projects demonstrate strategies that help to reduce development costs, Policy 4.

Advantages. In addition to the immediate benefit to the demonstration project participants, the projects promote cost-saving techniques that can result in decreased housing costs. This strategy also supports one of the major purposes of the plan: integrating housing programs with affordable housing land use and development strategies to help improve housing affordability.

Disadvantages. Because housing demonstration projects are by definition innovative, they typically result in relatively high per unit costs. Recent King County affordable housing demonstration projects have required CDBG subsidies from $3,500 to $16,800 per unit, which have leveraged additional private funds.

Responsible Agencies. H&CD is responsible for planning and implementing affordable housing demonstration projects. Planning Division and Public Works will become involved in planning demonstrations and locating suitable sites.

Schedule and Cost of Implementation. Affordable housing demonstrations should continue to be funded annually. The projects can be managed by existing H&CD staff with no extra administrative expenses. In the past, land acquisition and other development costs have been approximately $300,000 to $400,000 in CDBG funds per project.

Links with Other Strategies. Demonstration projects could be used to promote the use of development incentives proposed in this plan, such as PUD density bonuses.

Citizen Participation. The result of demonstrations are widely publicized to the housing industry to promote replication of cost-saving techniques. Results should also be publicized among community groups, including community plan advisory committees, to educate communities about affordable housing need and strategies.

STRATEGY 10. CONTINUE THE CURRENT POLICY OF DISPERSAL OF ASSISTED HOUSING WHEN DEVELOPING NEW ASSISTED HOUSING DEVELOPMENT STRATEGIES, SUCH AS A HOUSING BOND ISSUE.

Brief Description. King County's Housing Assistance Plan (HAP), which provides policy guidelines and numerical goals for publicly assisted housing, contains location criteria to aid dispersal of assisted housing. New assisted housing is discouraged in areas where existing permanently assisted housing already comprises 5% to 10% of the housing stock. It is unacceptable if the number of assisted units is above 10% of existing housing. The location of new assisted housing will also depend on the County's growth policies, accessibility issues and environmental conditions. The intent of the criteria is to promote diversity and vitality of neighborhoods and avoid concentrations of assisted housing.

The dispersal policy and location criteria should continue to be used as King County develops local resources for assisted housing. Projects developed by private developers should also continue to be monitored to avoid concentrations of assisted housing.

Affordable Housing Benefit. This policy supports Policy 1, fair share of affordable housing.

Advantages. King County's assisted housing dispersal policy and criteria are a well established part of the site selection procedures for assisted housing.

Disadvantages. No disadvantages have been identified.

Responsible Agencies. H&CD will continue to work with the King County and Renton Housing Authorities when leasing and developing new housing projects using King County funds.

Schedule and Cost of Implementation. Implementation of this strategy will occur as funds are developed for assisted housing. Existing H&CD staff will carry out the strategy.

Links with Other Strategies. This strategy relates to the King County housing bond issue strategy and the use of capital improvement spending as an incentive for affordable housing. The location of existing assisted housing will be included in the housing needs model, H&CD Strategy 6, and potential sites for future assisted housing will be considered in community plans.

Citizen Participation. H&CD and housing authority staff involve community groups when developing new assisted housing projects.

H&CD SUPPORT IN IMPLEMENTING OTHER STRATEGIES

In addition to its lead role in the above strategies, H&CD will provide support to other King County divisions and departments to implement affordable housing strategies. As King County's housing division and the lead agency in developing the Affordable Housing Policy Plan, H&CD will continue to emphasize the importance of affordable housing in a wide range of King County actions. In particular, H&CD will contribute to the following short range affordable housing strategies:

Fair Share Strategies: Council Motions for Community Planning, Coordination with Cities. H&CD will work with Planning Division to implement a fair share affordable housing policy. H&CD will support LDIS efforts to obtain the resources necessary to develop an adequate housing market information base for the housing needs model. As the model's housing needs targets are used to guide community planning, H&CD will remain involved in assessing the effectiveness of affordable housing strategies. H&CD will also participate with Planning to coordinate with cities and towns on affordable housing objectives, both through the development of community plans and through review of comprehensive plans and other land use decisions by incorporated jurisdictions which affect housing affordability.

Below Market Rate Housing Strategies: PUD Density Bonuses, Priority Permit Review. H&CD will be involved in developing the PUD affordable housing code changes and will remain active in promoting their use. H&CD will also work with BALD and Public Works to establish criteria for choosing priority permit review projects.

Development Review and Utilities Strategies: Automated Permit Processing and Surface Water Management Utility. H&CD will support BALD and Public Works in urging adequate funding to establish an interdepartmental automated permit processing system and a County drainage utility. While the contribution of these management improvements can not be measured precisely in units of new affordable housing, they will provide a general improvement in County operations which can make development more predictable and allocate costs more equitably.

III. PLANNING DIVISION

STRATEGY 1. IN KING COUNTY COUNCIL MOTIONS ESTABLISHING THE SCOPE OF COMMUNITY PLANS, PROVIDE SPECIFIC TARGETS FOR AFFORDABLE HOUSING TO DIRECT THE EFFORTS OF KING COUNTY STAFF AND CITIZEN ADVISORY COMMITTEES.

Brief Description. King County Council adopts a motion directing each community plan update, including the scope of issues to be addressed in the plan. Recent Council Motions have directed community plans to provide for affordable housing needs, without specifying how much housing need is expected to occur or how it should be met. The direction for affordable housing should be more specific: affordable housing targets in Council Motions should be quantified based on the outcome of the affordable housing needs model, H&CD Strategy 6.

Affordable Housing Benefit. This strategy addresses the need for a fair share of affordable housing throughout King County (Policy 1). Because it focuses planning efforts on finding strategies to improve housing affordability, it contributes to the other three affordable housing policies as well.

Advantages. A specific affordable housing target will assist both community planners and citizen advisory committees by making their responsibilities better defined and understood. Community plans should reflect this change by applying more affordable housing approaches to meet their targets.

Disadvantages. Once the affordable housing model has been developed, quantifying the need for affordable housing should become a relatively standard procedure. Strategies to encourage affordable housing through community planning, however, will be more complex and diverse. Each community plan must provide affordable housing opportunities in ways that are appropriate to the community planning area. These issues are discussed further in Planning Strategy 2.

Responsible Agencies. Planning Division is principally responsible for Council Motions for community plans. H&CD will be involved in the use of the affordable housing model and the development of community planning strategies to address affordable housing needs.

Schedule and Cost of Implementation. Council Motions will reflect the estimates of affordable housing need produced by the model as soon as they are available, most likely beginning in 1987, and thereafter for each community plan. Adding affordable housing targets to Council Motions will not create any new costs.

Links with Other Strategies. In addition to the direct link with H&CD Strategy 1, the affordable housing needs model, this strategy

is linked with the land use and development incentive strategies in this Plan, which provide ways to address housing need in each community planning area.

Citizen Participation. This strategy brings the citizens involved in community planning directly into planning for affordable housing. It provides an opportunity to explain the need for affordable housing and to show examples of demonstration projects and other affordable housing developments.

STRATEGY 2. USE A RANGE OF APPROACHES TO MEET COMMUNITY PLAN TARGETS FOR AFFORDABLE HOUSING OPPORTUNITY, INCLUDING CAPITAL IMPROVEMENT PRIORITIES, INCLUSIONARY ZONING FOR MASTER PLAN DEVELOPMENTS, MIXED USE ZONES, AND SMALL-LOT SINGLE FAMILY AND MULTI-FAMILY ZONED LAND.

Brief Description. In the short range work program, H&CD Strategy 1 describes the affordable housing needs model which will provide affordable housing targets for community planning. Community planners and citizen advisory committees will need to use land use and CIP planning strategies to reach their affordable housing targets. These strategies, combined with housing initiatives by H&CD and affordable housing development incentives, will provide opportunities for needed affordable housing in each community planning area.

A range of approaches will be identified and evaluated as part of the development of the affordable housing needs model. Several approaches are discussed here which should be applied in community plans where appropriate.

(1) Community plans should promote mixed commercial/residential infill development through increased use of the mixed use zone. Multifamily residential development can be successfully combined with commercial development in high density urban areas, providing an excellent opportunity for affordable housing. Existing services, such as roads and utilities, can reduce development costs, and households benefit from good access to transit and shopping.

(2) Community plans should require inclusionary zoning obligations when planning for master plan developments (MPDs). In community planning areas where large urban parcels are available, MPDs are a potential long range approach to development. Communities should continue to require affordable housing to be produced as part of MPDs to prevent the exclusion of low, moderate and median income households from large, growing areas of the county.

(3) Community plans should achieve the Comprehensive Plan's policy of 7 to 8 units per acre densities in newly developing urban areas by using a mix of small-lot single family and multi-family zoning. This strategy builds upon community planning's current use of development trends to estimate needed multifamily zoning; it adds consideration of small-lot single family zones and housing affordability issues. As the relationship of various zoning categories to housing affordability is assessed (see the Plan Evaluation section at the end of this chapter) land use planning will become more effective in promoting affordable housing opportunities.

(4) Community plans should consider affordable housing when prioritizing transportation projects. During the community planning process, King County staff frequently have contact with major land owners and developers in the area. They are in a good position to identify opportunities for using CIP funds to encourage new affordable housing developments.

Affordable Housing Benefit. In general, the application of the housing needs model in community planning implements Policy 1, fair share of affordable housing. Infill development, higher densities and targeted CIP projects help reduce development costs, Policy 4. Inclusionary zoning will increase the supply of housing for low and moderate income households, Policies 2 and 3.

Advantages. The community planning process allows the area's affordable housing needs and opportunities to be considered comprehensively. Community plans will also examine the effects of affordable housing strategies on other important objectives for the community planning area, such as environmental protection and provision of adequate services. Although planning cannot guarantee actual production of affordable housing, the emphasis created by the housing needs target will assure that opportunities for affordable housing are provided in community plans.

Disadvantages. The relationship of land use planning to affordability is hard to define or quantify. Any estimate of effectiveness for various land use approaches will provide only a rough idea of the amount of affordable housing that can actually be encouraged through community planning.

Responsible Agencies. Planning Division will use a range of land use strategies to meet affordable housing targets through community planning. H&CD will be involved in the use of the affordable housing needs model in community planning and will serve on community plan technical advisory committees. Public Works will remain responsible for the CIP process; Planning will add affordable housing considerations when prioritizing transportation improvements, and H&CD will advocate for affordable housing benefits through CIP project rankings.

Schedule and Cost of Implementation. This strategy will be implemented as part of each community plan and should require no additional resources for Planning staff.

Links with Other Strategies. This strategy applies the affordable housing needs model, described in the short range work program, H&CD Strategy 1, to community planning. Community planners can also identify opportunities for using CIP spending to promote affordable housing, H&CD Strategy 1.

Citizen Participation. The citizen advisory committees established for each community plan update will participate in planning for affordable housing. The proposed strategies will be reviewed at public hearings held prior to the adoption of community plans.

STRATEGY 3. COOPERATE WITH CITIES AND TOWNS TO DETERMINE THE OVERALL NEED AND CAPACITY FOR AFFORDABLE HOUSING IN COMMUNITY PLANNING AREAS, AND HOW AFFORDABLE HOUSING OPPORTUNITIES SHOULD BE PROVIDED IN INCORPORATED AND UNINCORPORATED AREAS.

Brief Description. Cooperation between King County and the incorporated cities and towns must be one of the centerpieces of the Affordable Housing Policy Plan. As discussed in Chapter 3, the Comprehensive Plan is emphatic about concentrating growth in existing activity centers to keep public costs manageable and to reduce pressure on rural areas and resource lands. The need to concentrate growth is particularly strong for affordable housing initiatives, given the relationship of low densities to rising housing development costs. The areas in and around incorporated cities and towns that can be serviced to support urban densities provide some of the most appropriate locations for affordable housing.

Increased cooperation regarding the County's affordable housing needs should be developed at several levels. First, there is a need for coordinated data collection between the various jurisdictions. Common data will help in analysis of housing need, land capacity and development trends in various areas of the County. A common information base will assist cooperative planning efforts to address housing need.

Second, there is a need for King County to work closely with incorporated cities and towns when planning for affordable housing in community plans. This communication, which already exists, will become an important forum for affordable housing issues when specific housing needs targets are added to the scope of community plans. King County and each incorporated jurisdiction will develop a cooperative planning process through an interlocal agreement, which will help to clarify roles and responsibilities when planning for affordable housing in and around cities and towns.

IV. BUILDING AND LAND DEVELOPMENT DIVISION

STRATEGY 1. IMPROVE THE PLANNED UNIT DEVELOPMENT (PUD) ORDINANCE BY PROVIDING AN INCREASED DENSITY BONUS IN EXCHANGE FOR A COMMITMENT TO BUILD BELOW MARKET RATE RENTAL HOUSING AND HOUSING FOR ELIGIBLE HOMEBUYERS.

Brief Description. The PUD Ordinance, which is typically used in single family or duplex zones, currently provides density bonuses for a range of public benefits. Some of the project benefits are not typically provided by developers, while others, for example, landscaping, may be required in developments not receiving density bonuses. The Ordinance contains a density bonus for affordable housing which has been used only once, in part because sufficient densities can be achieved using other bonus options.

As a short range strategy, the PUD's density bonus for affordable housing should be increased to make it a more effective incentive. At the same time, density bonuses for less critical needs, or for features required in other develoments, should be dropped from the Ordinance. Density bonuses should be available for only a few major public benefits. Developers using the affordable housing bonus would agree to provide below market rate rental or for-sale housing for eligible households.

Affordable Housing Benefit. This strategy directly addresses Policies 2 and 3, housing for low income households and homeownership affordability. By increasing the amount of lower cost housing produced in new housing developments, it may also contribute to Policy 1, fair share of affordable housing.

Advantages. Development incentives are an affordable housing approach that can be effective with private developers. By providing a sufficient density bonus, PUDs may cause a significant number of new developments to contain lower cost units that are well integrated into new communities. The strategy challenges developers to build lower cost housing that does not detract from the rest of the development.

Disadvantages. Developments using the PUD Ordinance are likely to require complex permit reviews, and thus may be time consuming and costly for both King County and the project developer. Because few developments use PUDs, the number of affordable housing units that can be produced through this strategy is limited. In addition, community groups may feel that substantial density bonuses will allow developments that were not intended by community plans.

Responsible Agencies. BALD would be responsible for rewriting the PUD Ordinance, with support and reveiw by Public Works. H&CD would participate in creating an affordable housing emphasis in the new ordinance, and would monitor affordable housing agreements for projects using the density bonus.

Schedule and Cost of Implementation. The PUD density bonus for affordable housing could be amended in 1986, with implementation following as the Ordinance was used. Because initial planning for revisions to the Ordinance have already begun, the amendment to the density bonus for affordable housing should require a relative small amount of staff time. Because the number of PUDs is small, H&CD staff requirements to monitor annual compliance reports should also be low.

Links with Other Strategies. Improving the effectiveness of the PUD affordable housing density bonus provides an opportunity to gain more experience with the bonus before making it available to all residential developments (BALD mid-range Strategy 1). The PUD bonus has the potential for being linked with other incentives, such as financing strategies for homeownership, to increase the amount of affordable housing produced.

Citizen Participation. BALD staff would contact local builders and developers informally when amending the density bonus. Public comment on density bonuses for affordable housing would occur during public hearings, which are required for all PUDs.

STRATEGY 2. ESTABLISH PRIORITY PERMIT PROCESSING FOR AFFORDABLE HOUSING PROJECTS AS AN INCENTIVE FOR DEVELOPERS WHO COMMIT TO PRODUCE BELOW MARKET RATE HOUSING.

Brief Description. The time needed for permit review is one of the few components of development costs that can be substantially influenced by local government. King County attempts to keep permit review times as low as possible for all developments. The current "first in - first out" system is intended to be as fair as possible to all project developers. Special treatment is justified, however, when a private development provides a substantial public benefit. And the savings that priority permit review can achieve for the developer will provide an additional incentive to produce the public benefit.

All the agencies involved in development permit review must participate in establishing the procedures and criteria for priority processing. The criteria for determining whether a project receives priority review must be specific: for example, participation in certain King County affordable housing programs, or a minimum number of below market rate units produced. Priority for affordable housing projects must be considered in relation to other King County priorities, such as economic development. It is important to use the incentive selectively, providing adequate staff to review priority projects quickly while maintaining service levels for other projects.

King County should provide expedited permit review for projects producing a minimum number of below market rate housing. The incentive should be available to developers who use optional development code incentives, such as the affordable housing density bonus, or financial incentives using CIP or CDBG funds, and thus commit to producing below market rate units. Priority review should also be available to developers participating in the Executive/Council Affordable Housing Design Competition.

Affordable Housing Benefit. This strategy supports Policy 2, housing for low income households, and Policy 3, homeownership affordability.

Advantages. Priority permit processing enhances the effectiveness of other development incentives and financial assistance strategies, and can therefore increase the amount of below market rate housing produced.

Disadvantages. Priority projects will require extra coordination and staff time to prevent increases in the time and cost of other project reviews. Even the priority projects could lose some of their advantage if several competing projects were under review at one time.

Responsible Agencies. BALD will take the lead in the overall coordination of priority review projects. All the reviewing agencies granting development permits, including Public Works, Public Health and Fire Marshall, must participate in developing the strategy and coordinating individual project reviews.

Schedule and Cost of Implementation. This strategy will be implemented as other development incentives become available. Some additional staff time will be needed to coordinate specific project reviews.

Links with Other Strategies. In addition to links with affordable housing development incentives, coordination of this strategy will be more effective within an automated permit processing system.

Citizen Participation. Projects receiving priority permit processing will be required to follow standard public notification procedures.

STRATEGY 3. RECLASSIFY CERTAIN PERMIT DECISIONS THAT ARE MADE BY A ZONING ADJUSTER TO ALLOW DECISIONS BY THE REVIEWING AGENCY (ADMINISTRATIVE DECISIONS) WITHOUT ANY CHANGE IN THE HEARING EXAMINER APPEAL PROCESS.

Brief Description. For conditional use permits and zoning code variances, the zoning code currently prescribes a review process

composed of several steps: the reviewing agency (BALD) submits a report and recommendation to a zoning adjuster who holds a public hearing and issues a decision. The applicant or an interested party can appeal the decision to a hearing examiner who holds a second public hearing.

To save permit review time and cost, King County should amend the zoning code to authorize the reviewing agency to grant or deny conditional use permits and zoning code variances. Several months can be saved by omitting the zoning adjuster's public hearing. Any appeal to the agency's decision would be decided by a hearing examiner, who would conduct a public hearing as before.

Affordable Housing Benefit. This strategy would reduce permit processing time and thus development costs (Policy 4).

Advantages. By omitting a step in the permit process for variance and conditional use development permits, both developers and King County can save time and money without loss of adequate review or public involvement.

Disadvantages. In the current review process, the zoning adjuster holds a public hearing prior to making a decision and is sometimes able to bring opposing parties to a compromise. Compromise will be more difficult when hearings are held afer a decision is made.

Responsible Agencies. BALD would be responsible for writing zoning code amendments and for making future variance and conditional use decisions.

Schedule and Cost of Implementation. Much of the analysis for this strategy is complete. The zoning code amendments will require some staff time and could be made in 1986.

Links with Other Strategies. This strategy is independent of other affordable housing strategies.

Citizen Participation. Hearing examiners would hold public hearings on appeals to permit decisions.

STRATEGY 4. PROVIDE WRITTEN EXPLANATIONS OF THE VARIANCE CRITERIA AND PROCEDURES FOR THE UNIFORM BUILDING CODE TO MAKE IT EASIER FOR BUILDERS AND DEVELOPERS TO PROPOSE COST-SAVING ALTERNATIVES.

Brief Description. Variances for building construction techniques and materials are currently allowed by the Uniform Building Code (UBC), but are used infrequently. Variances could be granted for construction that meets the code's performance criteria. King County should encourage builders to experiment with costsaving

building techniques by providing written descriptions of performance criteria and variance procedures. The scope of variances that can be granted is limited by the State's building code.

Affordable Housing Benefit. This strategy could reduce development costs, Policy 4.

Advantages. This strategy focuses on the need to identify and use cost-saving building design and construction techniques, and thus has the potential for lowering development costs in the long term. Once a cost-saving technique has been tested through code variances and shown to be successful, the building code should be amended to allow the design or construction technique outright.

Disadvantages. Non-traditional construction may cost more in the short term. King County's housing market is comprised primarily of small builders who may lack the economies of scale needed to change building construction techniques or materials. Changes in usual construction practices will also increase both the builder's and King County's risk.

Responsible Agencies. BALD will be responsible for clarifying performance criteria and variance procedures in the building code, and for reviewing variance requests.

Schedule and Cost of Implementation. Information on building code variances could be provided in 1986 by existing BALD staff.

Links with Other Strategies. Building code variances may be considered for the Executive/Council Affordable Housing Design Competition, or linked with affordable housing development incentives.

Citizen Participation. Building code variances do not typically involve public review. However, an existing Building Code Advisory Committee of industry representatives can assist in evaluating new construction methods.

STRATEGY 5. SUPPORT THE DEVELOPMENT OF AN INTERDEPARTMENTAL AUTOMATED PERMIT SYSTEM TO IMPROVE PERMIT PROCESSING.

Brief Description. King County's permit processing system is very difficult to manage. County agencies review more than 30,000 permit applications annually. In 1984, BALD's Permit Center information line alone received from 370 to 630 calls per day. Automation would vastly improve the County's ability to manage permit processing, improving the accuracy of information available for making permit decisions and coordination among King County's reviewing agencies.

An automated system would allow many improvements. A common data base among County Departments would speed up permit review. Permit reviewers would have better access to information on site conditions, applicable codes and other development requirements, improving the quality of permit decisions. Automated permit tracking would allow better scheduling of reveiwers' time and developers could check on the status of their permit application more easily. With a monitoring system in place, typical turnover times for a variety of permit types could be forecast.

Automation would also make it easier to disaggregate permit review, assigning individual staff to certain types of permits. Development permits are currently reviewed on a "first in - first out" basis, a relatively simple and fair system. However, smaller and less complex development permits must wait in line as permit reviews work on larger, more time consuming projects. Separating developments requiring very lengthy reviews from those that are more routine would allow these projects to turn over more quickly.

Affordable Housing Benefit. This strategy addresses development costs, Policy 4.

Advantages. A new system would help permit reviewers to avoid errors and thus reduce County risk. It would speed County permit review, particularly for less complex projects. And it would provide more predictability and therefore help reduce costs for project developers.

Disadvantages. An automated permit processing is expensive, particularly its up-front acquisition and data conversion costs.

Responsible Agencies. BALD will be the lead agency in developing the automated system, working closely with Public Works.

Schedule and Cost of Implementation. Current estimates of project costs include approximately $800,000 for system acquisition and development (including hardware, software, custom modifications and training), $138,600 annually for operation and maintenance and $117,000 to convert assessor situs files.

Links with Other Strategies. This strategy will improve coordination of priority permit reviews, BALD Strategy 2.

Citizen Participation. Citizen participation is not anticipated.

BALD SUPPORT IN IMPLEMENTING OTHER STRATEGIES

Affordable Housing Design Competition. BALD staff will participate in reviewing King County's request for design proposal, selecting the developer/builder and reviewing permit applications for the project.

V. DEPARTMENT OF PUBLIC WORKS

STRATEGY 1. ESTABLISH A CLEAR PROCESS FOR DEVELOPERS TO PROPOSE ALTERNATIVE ROAD DESIGNS THAT MEET THE SERVICE LEVELS USED TO DEFINE THE ROAD STANDARD.

Brief Description. Development variances allow developers and builders to propose lower cost alternatives to road and drainage standards which meet performance criteria. Variances can be especially useful for infill sites that can not be easily developed using existing code requirements. Yet developers and builders are typically not aware that variances are available for road and drainage standards.

Procedures for applying for variances should be specified in an administrative rule that is referenced in King County's Road Standards. By making the decision process and criteria clear to builders, unreasonable variance requests should be avoidable. Adequate resources must be available to review requests for variances.

Affordable Housing Benefit. By granting variances to allow cost saving designs, development costs can be reduced (Policy 4).

Advantages. By specifying how variances will be evaluated, King County can allow developers to propose variances which provide adequate service for less expense. The new Road Standards will include performance requirements for developments of various sizes, which should help developers demonstrate that a lower cost design will adequately serve their development. Variances can result in lower per unit costs by reducing construction costs.

Disadvantages. Variance requests should be granted where the proposed change will not threaten public safety or environmental quality, impede traffic circulation or increase County maintenance costs. This determination of future impacts is difficult to make. Reviewing variances increases permit review time and costs, and granting variances increases the risk of higher maintenance costs in the future.

Responsible Agencies. Public Works will be responsible for specifying variance procedures and reviewing variance requests.

Schedule and Cost of Implementation. Variance criteria and procedures will be specified in an administrative rule, which will be completed in 1986. Staff time to write variance procedures will be needed. If many developers request variances, additional staff to review requests will also be needed.

Links with Other Strategies. Variances to Road Standards may be proposed as part of the Executive/Council Affordable Housing Design Competition, H&CD Strategy 2.

Citizen Participation. The public hearings required for all subdivision, PUDs and public right-of-way dedications provide an opportunity for public comment on specific variance requests.

PUBLIC WORKS SUPPORT IN IMPLEMENTING OTHER STRATEGIES

Below Market Rate Housing Strategies: PUD Density Bonuses, Priority Permit Processing. Public Works will review the PUD density bonus code changes developed by BALD. Procedures for granting priority permit processing to affordable housing developers must also be established with Public Works' involvement. These housing projects will require priority review in Public Works as well as BALD.

Permit Processing Strategies: Automated Permit System. While BALD will take the lead in developing permit automation, Public Works will need to assure that the new systems effectively coordinate review between the two agencies.

Affordable Housing Design Competition. Public Works staff will participate in reviewing King County's request for design proposal, selecting the developer/builder and reviewing permit applications for the project.

MID-RANGE WORK PROGRAM

CHAPTER 5

MID-RANGE WORK PROGRAM

I. INTRODUCTION

This chapter describes the strategies that will be implemented in 1988 through 1990. These mid-range strategies are all high priority strategies that, because of their complexity or funding needs, require extra time to implement. Many of the short range strategies already initiated (described in Chapter 4) will continue to be implemented concurrently with these new strategies.

As in Chapter 4, the work program is organized according to implementing agency. Each section contains the strategies which the agency has lead responsibility for implementing, and summarizes its role in supporting strategies implemented by other agencies. The strategies in this chapter are usually expressed the same as when introduced in Chapter 3, with some modifications to combine related strategies. Table 9 summarizes the mid-range strategies, and the affordable housing policies they address.

The process for evaluating the implementation of the Plan is described at the end of this chapter. Evaluation will require information on the effects of various land use designations and changes in development code and procedures on housing affordability. Therefore the first step will be to coordinate with cities and towns to establish a sufficient data base relating to residential development and affordability. Then after a few years of experience, King County will evaluate the effectiveness of the strategies that have been implemented, and reexamine affordable housing priorities in light of changes in housing need.

TABLE 9

SUMMARY OF MID-RANGE WORK PROGRAM

	Affordable Housing Policies			
	Fair Share	Low Income Housing	Home Owner-Ship	Reduced Develop. Costs
HOUSING AND COMMUNITY DEVELOPMENT DIVISION				
Urban Self-Help Housing			●	
Lease Purchase Homeownership Program			●	
Single Loan for Manufactured Housing			●	
PLANNING DIVISION				
Inventory of King County-owned Land		●	○	
BUILDING AND LAND DEVELOPMENT DIVISION				
Density Bonus for Affordable Housing		●	●	
Inclusionary Zoning for Residential Development	○	●	●	
Density Zoning		○	○	●
Zoning Code Variances for Infill				●
DEPARTMENT OF PUBLIC WORKS				
Road Standard Variances for Infill				●

Key: ● Primary Benefit

○ Additional Benefit

II. HOUSING AND COMMUNITY DEVELOPMENT DIVISION

STRATEGY 1. ASSIST AN ESTABLISHED NON-PROFIT SELF-HELP HOUSING AGENCY TO OPERATE IN URBAN AREAS OF KING COUNTY, TO ENABLE ELIGIBLE HOUSEHOLDS TO BUILD THEIR OWN HOMES.

Brief Description. Nonprofit self-help housing agencies operate 74 programs throughout the country assisting low income households build their own homes. In most self-help developments, approximately 10 to 12 households work together to build all the houses at a single site, under the supervision of an experienced construction manager. Program participants or their families' members typically must work 30 hours per week over approximately one year to complete the houses, in addition to holding a full-time job.

In King County, self-help agencies operate in rural areas (homes have been built in Carnation, Black Diamond and Enumclaw, for example) under a U. S. Department of Agriculture Farmers Home Administration (FmHA) program. FmHA pays for construction management by a nonprofit organization and provides below market mortgage interest rates for the low income participants. In an FmHA project in Enumclaw managed by House My People, for example, land and materials cost $37,700 per house and construction management cost approximately $3,000 per house. The participants received low interest mortgages from FmHA for $39,950 once the homes were completed. The finished houses were appraised for $53,000. The $13,050 difference between the loan value and appraised value represents the "sweat equity" that the households achieve through the self-help program.

King County should use CDBG funds to assist self-help housing agencies to operate in urban areas not eligible for the FmHA program. CDBG funds can be used to purchase land for the program. The funds could be recaptured once the homes were built and the mortgages sold, or used to capitalize a revolving loan fund to continue to assist eligible households to participate in the self-help program. Long term mortgage financing may be available through the Washington State Housing Finance Commission. In a presentation to the Northwest Self-Help Housing Association in 1985, the WSHFC director indicated a strong interest in providing long term financing for self-help programs and suggested that reduced fees may be available for low income households.

Affordable Housing Benefit. This strategy addresses homeownership affordability, Policy 3.

Advantages. In addition to providing an opportunity for homeownership for low income households, a self-help program teaches maintenance and repair skills that enable the homeowner to keep household expenses down. King County's contribution to self-help projects could be recaptured or reinvested in future self-help projects.

Disadvantages. Only a few households can be helped at any one time due to the intensive supervision required. Self-help programs in urban areas will also need a source of financing for short term construction, which is usually not eligible for CDBG funds.

Responsible Agencies. H&CD will propose CDBG funding in 1988 or 1989 for an urban self-help project and will oversee its implementation. H&CD and other County agencies could become involved in helping the self-help agency locate suitable property for acquisition.

Schedule and Cost of Implementation. Land for a 10-to-12-unit self-help development will require approximately $250,000 in CDBG funds. The funding should be sought for the 1988 or 1989 CDBG program year.

Links with Other Strategies. This strategy is independent of other affordable housing strategies.

Citizen Participation. The self-help housing agency would advertise the program and select eligible households.

STRATEGY 2. ASSIST THE KING COUNTY HOUSING AUTHORITY TO ESTABLISH AN AFFORDABLE HOUSING LEASE PURCHASE PROGRAM FOR LOW AND MODERATE INCOME HOUSEHOLDS.

Brief Description. The lease purchase program provides eligible households an affordable house, with an option to purchase the house at a predetermined price at the end of an 11-year lease period. It involves the use of tax exempt financing and the tax code to encourage upper income people to invest in low income housing.

The program is modeled on a homeownership program in Tulare County, California. New homes are constructed by participating builders and sold to investors at below market interest rates. Mortgage funds for this program are generated through the sale of tax exempt multifamily mortgage revenue bonds. Investors then lease the homes to qualified households for eleven years. Prior to leasing, each household must purchase an option to buy the property at the end of the lease period. The option is estimated to cost $3,000 or 5% of the appraised value of the home, whichever is greater. Eligible households have incomes in the range of $16,000 to $26,000 per year and must have good credit and rental histories. The household's monthly lease payment is made to the investor through the housing authority; it includes the mortgage amount, taxes, insurance and a management fee. At the end of the lease term the home is refinanced and the household obtains possession of the house and makes mortgage payments directly to the mortgage holder.

Under this program the housing authority issues mortgage revenue bonds for long term financing. The housing authority also locates qualified low and moderate income households and investors to participate in the program. The participating households make lease payments directly to the housing authority, which then assures that payments to bond holders are made and that taxes and insurance are paid in a timely fashion. In the event of tenant default, the housing authority is responsible to evict the tenant, repair the unit if needed, and re-lease and re-option the unit to a qualified household.

King County should assist the King County Housing Authority to develop a similar lease purchase program. King County could ensure that units are affordable through Community Development Block Grant or capital improvement program subsidies to low and moderate income households. Land purchase and the cost of installing roads, sewer and water facilites could be reduced with these subsidies. According to the Tulare, California Housing Authority's estimates, a mortgage pool adequate for 200 to 300 units is needed to justify startup of the program.

Affordable Housing Benefit. This program directly addresses Policy 3 by increasing the ability of low and moderate income households to purchase their own home.

Advantages. Low and moderate income households participating in the program receive the right of possession of the house at a predetermined price and the right to any future appreciation in the value of the property if they sell it after the lease term. An analysis performed by the Tulare County Housing Authority indicates that a household's lease payment on a $67,000 house would be $354 less than their payment on a Federal Housing Administration (FHA 203b) mortgage. The net savings available to a qualified household under the lease purchase program is approximately $40,800 compared to a conventional mortgage. Their principal and interest payments on a fixed term mortgage will not increase over the life of the lease. The taxes and insurance they pay can be expected to increase proximate to the rate of inflation, which is estimated to be less than the rate of rent increases if they had continued to rent their home. (In 1985 the rate of rent increases in King County is approximately double the rate of inflation.) During the lease term, the lessees may sell their option to other qualified low and moderate income households. After the lease term, the program participants will also receive the tax benefits of homeownership.

Investors receive a reasonable rate of return on investment and tax benefits. A projection performed by M. Green and Company, Certified Public Accountants for the Tulare County Housing Authority, anticipates an average annual return of 23.44% over the life of the project, after taxes, on a cash investment of $13,130. Investors have no day to day management responsibility as the housing authority would collect lease funds and ensure principal,

interest, tax and insurance payments. The housing authority also ensures an adequate level of maintenance to the home and is responsible to evict, re-lease and re-option the home to qualified households if necessary under the terms of a management agreement.

Bond holders are secured by the credit worthiness of the issue.

Disadvantages. At present, housing authorities in Washington are prevented from assisting moderate income households. This program would require that the Housing Authorities Law (Chapter 35.82 of the Revised Code of Washington) be revised to permit housing authorities to assist moderate income households.

In the event that a lessee defaults on their lease, investors may be responsible for paying the mortgage and maintaining the property until a subsequent lessee could be qualified by the housing authority. This would reduce the return on investment that the investor could expect from the program. A trust fund would be established to pay mortgages in the event of lessee default, which would mitigate this potential loss to the investor.

If a household wishes to sell their option prior to the end of the lease period and is unable to do so, they may default on the lease and forfeit their option payment to the investor. In addition, there is no guarantee that financing will be available at reasonable rates in eleven years to allow the household to refinance their home. The household will build up equity during the lease period through principal payments and appreciation in the value of the house. If the property does not appreciate in value during the eleven year lease period, the household may have inadequate equity to refinance the home. None of the tax benefits of homeownership will be made available to the participating household until the end of the lease period when the home is refinanced.

Responsible Agencies. H&CD will assist the King County Housing Authority to establish this affordable housing lease-purchase program.

Schedule and Cost of Implementation. No new staff costs are anticipated to be incurred by H&CD. Bond proceeds and management fees will pay the housing authority for the cost of administering this program.

Links with Other Strategies. The affordable housing lease-purchase program is closely linked to other strategies. The program will assist communities to meet their affordable housing targets. The King County policy of dispersing low income housing units to avoid concentrations of assisted housing will apply to this program.

This strategy is also related to King County's support of affordable housing legislation before the State Legislature as an amendment to the Housing Authorities Law will be required to assist moderate income households.

Citizen Participation. The King County Housing Authority will market the program to the public and screen applications for eligibility.

STRATEGY 3. URGE THE MANUFACTURED HOUSING INDUSTRY AND LOCAL LENDERS TO ASSIST HOUSEHOLDS TO PURCHASE MANUFACTURED HOUSING AND LAND WITH A SINGLE LOAN, SUBSTANTIALLY REDUCING DOWNPAYMENT AND FINANCING COSTS FOR THE PURCHASER.

Brief Description. Manufactured housing has been shown to be cost-effective and affordable. It enables low and moderate income households to own their own home, in some cases on their own lot. As demonstrated in the King County-sponsored manufactured housing subdivision in Federal Way, manufactured housing can be designed to blend in well with site-built homes in conventional neighborhoods.

King County's 1984 housing affordability survey found that many households would consider manufactured housing an acceptable homeownership option if they could own both the manufactured house and their own lot. To exercise this option, a household needs to take out two loans, one for the land and one for the manufactured house. Two loans are required because manufactured housing dealers want to arrange financing before assembling and delivering a house, and lenders are not willing to make a single loan for a house and land until the house is permanently on the lot. Two loans require two downpayments, two sets of closing fees, and so on, and are sufficiently expensive to prevent some low and moderate income households from taking advantage of this opportunity for homeownership.

The obstacle to the single loan approach is that the loans cannot be sold on the secondary market until the house is permanently situated on the lot. A single loan would need to be closed prior to delivery of the house, based on the future value of the house and lot. A lender would risk a change in interest rates between the time the loan is closed and when it can be sold. Because lenders are unwilling to take the risk of making loans that cannot be sold immediately, an interim secondary market is needed to purchase and hold the loans while the house is constructed and delivered.

King County should encourage the manufactured housing industry and local lenders to create a pool of funds to purchase single loans by private lenders for manufactured houses and vacant lots. One potential source of funds is the Washington State Housing

Finance Commission (WSHFC), which could set aside funds to purchase single loans and then sell them to the secondary mortgage market once the house is delivered.

Affordable Housing Benefit. This strategy addresses homeownership affordability, Policy 3.

Advantages. The single loan strategy involves the manufactured housing industry and local lenders in supporting and promoting an important affordable housing option. WSHFC funds could be used to improve the affordability of manufactured housing for low and moderate income households who are first time homebuyers.

Disadvantages. A legal opinion is needed to assure that the WSHFC has the statutory authority to act as a conduit to the conventional secondary mortgage market for these loans.

Responsible Agencies. H&CD will work with manufactured housing industry, lender representatives and the WSHFC to create a pool of funds for single loans.

Schedule and Cost of Implementation. H&CD staff would work with industry and lender representatives to develop this strategy in 1988. This strategy will not require additional staff in H&CD.

Links with Other Strategies. This strategy could be used to meet inclusionary zoning obligations; for example, a subdivision developer could sell lots prepared for manufactured housing to low income households purchasing manufactured housing under the single loan approach.

Citizen Participation. Manufactured housing dealers and lenders would advertise the availability of single loans to potential buyers.

H&CD SUPPORT IN IMPLEMENTING OTHER STRATEGIES

King County Land Inventory. H&CD will work with Planning Division to evaluate the potential for using King County owned land as an affordable housing resource as part of the Open Space Plan.

Zoning Code Revision Project. H&CD will work with BALD and other divisions and departments on zoning and subdivision code revisions, providing assistance on land use regulation and permit processing issues relating to housing affordability.

Below Market Rate Housing Strategies: Inclusionary Zoning and Affordable Housing Density Bonus. H&CD will monitor any affordable housing commitment for developments having an inclusionary zoning requirement or using a density bonus.

III. PLANNING DIVISION

STRATEGY 1. CONDUCT AN INVENTORY OF KING COUNTY OWNED LANDS TO DETERMINE THE RESOURCES AVAILABLE FOR PUBLIC PURPOSES, INCLUDING HOUSING FOR LOW INCOME RESIDENTS.

Brief Description. King County currently owns numerous parcels of vacant land in incorporated and unincorporated areas of the county. Many parcels have legal restrictions on their use, for example, dedications for open space, drainage facilities or parks, or long term leases for forest production. A single source of information on the size, location, environmental constraints and legal restrictions for each parcel is now being compiled for the first time by the Planning Division as part of the Open Space Plan.

King County should evaluate the potential of using County-owned vacant land as a resource for affordable housing developments. The Open Space Plan will enable the County to determine which parcels are physically capable of being developed and have no legal requirements limiting their use. Some parcels may be needed for parks or drainage facilities, others might be sold, traded or donated. The Open Space Plan should identify those parcels which could potentially be used for affordable housing developments.

As described earlier, the Washington State Constitution prohibits lending of the public's credit for private purposes, including housing for low income residents. Therefore, this strategy can not be implemented until State Constitutional limitations are relaxed to allow King County to sell or donate land at below fair market value to subsidize affordable housing.

Affordable Housing Benefit. This strategy would assist low income housing development, Policy 2.

Advantages. The vacant land inventory will encourage productive use of an existing County resource.

Disadvantages. The State Constitution has been interpreted strictly, preventing local assistance even to very low income households. Therefore, a Constitutional amendment will be needed before King County can sell land for below market value in support of low income housing development.

Responsible Agencies. The survey of County-owned land is being conducted by Planning Division as part of the Open Space Plan. This strategy extends that work to include an analysis of parcels suitable for affordable housing development. H&CD will be responsible for urging a State Constitutional amendment and for developing assisted housing projects using King County owned land.

Schedule and Cost of Implementation. The Open Space Plan is currently under way. The additional analysis could be added to the plan during 1986 with some increase in staff time. Implementation of the strategy depends on State Legislative action.

Links with Other Strategies. Once lending of credit restrictions are relaxed, a land banking program for affordable housing could be initiated. Land can be used as financial assistance to private nonprofit housing agencies and public housing authorities to develop low income housing through a wide range of strategies.

Citizen Participation. Public comment would be part of environmental review and development permitting for any new development of County property. Any Constitutional amendment will require the approval of Washington State voters.

PLANNING DIVISION SUPPORT IN IMPLEMENTING OTHER STRATEGIES

Zoning Code Revision Project. Planning staff will work with BALD throughout the zoning code project, including development of density bonuses and inclusionary zoning code changes and consideration of density zoning.

IV. BUILDING AND LAND DEVELOPMENT DIVISION

STRATEGY 1. AS PART OF THE MAJOR REVISIONS TO THE ZONING CODE, ALLOW DENSITY BONUSES FOR AFFORDABLE HOUSING IN ALL SINGLE FAMILY AND MULTIFAMILY DEVELOPMENTS IN URBAN AREAS AND RURAL ACTIVITY CENTERS.

Brief Description. The Comprehensive Plan identifies density bonuses as an effective tool to realize important public benefits. Residential Policy 303 encourages the use of density bonuses in Urban Areas and Rural Activity Centers to persuade private developers to provide low cost housing or to promote historic preservation and energy conservation. It specifies that density bonuses "should be available to single family detached housing developments, multifamily projects, or developments combining both attached and detached dwelling units."

King County currently allows a density bonus for affordable housing in its Planned Unit Development (PUD) Ordinance. As discussed in the Short Range Work Program, the PUD process is used infrequently due to its complex permit review and high up-front costs. In addition, the affordable housing density bonus competes with many other density bonuses available for PUDs and has been used only once. As part of the Plan's Short Range Work Program, the PUD Ordinance will be amended to make the affordable housing density bonus a more effective incentive for developers using PUDs. Still, the PUD bonus provides only limited effectiveness: only 6 or 7 PUDs are recorded each year, and high up-front costs make affordable housing difficult to produce.

As part of the overall revisions to the zoning code, King County should make a density bonus for affordable housing available to all residential developers. In exchange for increased development potential, the project developer would agree to sell or rent a percentage of the units to low and moderate income households at a price they could afford. Making the bonus available to all residential development would encourage widespread use, and therefore increased production of affordable housing.

Affordable Housing Benefit. The strategy will increase the supply of housing available to low and moderate income renters and first-time home buyers, Policies 2 and 3.

Advantages. Development incentives are an affordable housing approach that can be effective with private developers. A sufficient density bonus would encourage a significant number of new developments to include lower cost units that are well integrated into new communities. The strategy supports the Comprehensive Plan's emphasis on increased densities.

Disadvantages. Currently, residential development in King County typically falls below the maximum allowed densities specified in community plans, therefore a density bonus for affordable housing would not increase the number of allowed units significantly beyond the community plan designation. If affordable housing density bonuses are combined with density zoning (BALD Strategy 2), however, the community plan densities will be exceeded. In either case, community groups may oppose increased density and smaller lot sizes.

Responsible Agencies. The Zoning Code Revision Project is directed by BALD, with Planning, Public Works and H&CD participation. H&CD will work with BALD to determine the extent of the density bonus and the number of affordable housing units required, and will monitor sales and rental agreements with developers using the bonus.

Time and Cost of Implementation. The appropriate use of density bonuses is already a topic for evaluation in the Zoning Code Revision Project, which will be completed in 1987. This strategy can be achieved with the project's time and staff resources. H&CD currently monitors several similar affordable housing agreements. Sales reports are produced by independent auditors, requiring only a small amount of H&CD staff time for review. Once the bonus becomes frequently used, however, the task of monitoring the affordable housing commitments will grow. The H&CD staff resources for monitoring house sale and rental agreements should be supported through development fees.

Links with Other Strategies. Density bonuses will be useful for producing affordable housing in the majority of residential developments which are too small for inclusionary zoning requirements. For projects having inclusionary requirements, bonuses can be used to produce additional affordable housing.

STRATEGY 2. ON A SLIDING SCALE BASED ON PROJECT SIZE, REQUIRE ALL HOUSING DEVELOPMENTS TO SELL A PERCENTAGE OF THEIR UNITS TO LOW, MODERATE AND/OR MEDIAN INCOME HOUSEHOLDS.

Brief Description. Requirements for affordable housing development, or inclusionary zoning, already exist in King County for large, mixed residential/commercial projects. These master plan development (MPDs), are currently allowed in three community planning areas where large urban parcels are still undeveloped: East Sammamish, Tahoma/Raven Heights and Newcastle. Because of their large scale (minimum project size ranges from 250 to 400 acres in the three communities), developers must provide a range of public benefits. Provision of affordable housing, through inclusionary housing requirements, is included in each

of the three MPD guidelines. Thirty percent of the MPD's units must be sold to eligible households: 10% to median income households, 10% to moderate income and 10% to low income.

Because of the large acreage required in MPDs and their application in only three community planning areas, they are a limited tool for affordable housing in spite of their inclusionary housing requirements. The vast majority of housing is constructed in smaller subdivisions. In many parts of King County, the new housing being constructed tends to be too expensive for low, moderate and median income households.

To assure that lower cost housing is also built, inclusionary zoning should be extended to all housing developments over a minimum size. The requirement should be applied according to project size. For example, projects from 50 to 100 units in size should make 10% of the total units available to moderate income households; projects from 100 to 500 units should make 10% of the total units available to low income households and 10% to moderate income households; and projects over 500 units should make available 10% each to low, moderate and median income households. Both rental and for-sale units could be used to meet the requirement.

To provide additional flexibility, developers should have the option of fee in lieu payments to a King County-managed housing development fund. Developers should also be allowed to exceed their minimum requirements and then apply excess units to projects elsewhere in King County, although safeguards would be needed to prevent an over-concentration of low income housing. Developments might be exempted from the inclusionary housing requirement if located in area which already exceeds an established level of housing affordable for low income households.

Affordable Housing Benefit. This strategy directly addresses Policies 2 and 3, affordability for low income households and homeownership affordability. It also indirectly addresses Policy 1, fair share of affordable housing, by increasing the amount of lower cost housing in new housing developments.

Advantages. This strategy is a direct requirement and therefore is the most certain way to assure that new affordable housing will be built throughout the county.

Disadvantages. This strategy implies a major shift in housing policy for King County which will require substantial documentation and community education to achieve. Once the policy is in place, King County will need to monitor compliance for each housing development constructing housing under this requirement. Administration could become complex, particularly the fee in lieu program.

Responsible Agencies. Code revisions would be written by BALD, with review by Public Works. H&CD will advocate for the strategy, monitor compliance to the inclusionary zoning requirement, and administer the fee in lieu funds.

Schedule and Cost of Implementation. Code revisions to implement this policy could be written by 1987, with immediate implementation. BALD code development staff would be diverted from other code revisions for this project. H&CD's monitoring responsibilites could require a new staff position; a funding source should be identified for this ongoing monitoring function, possibly by increasing development fees, to avoid using limited CDBG administration funds.

Links with Other Strategies. With this requirement in place, development incentives for affordable housing may be used less often in large projects. Incentives such as density bonuses may still be quite useful to encourage affordable housing in smaller, infill developments.

Citizen Participation. The public hearings required for all subdivisions and PUDs provide an opportunity for public comment on specific projects.

STRATEGY 3. AS PART OF THE MAJOR REVISIONS TO THE ZONING CODE, EXAMINE THE ADVANTAGES AND DISADVANTAGES OF A CHANGE FROM ZONING BY MINIMUM LOT SIZE TO ZONING BASED ON OVERALL DEVELOPMENT DENSITY.

Brief Description. The Zoning Code Revision Project provides an opportunity to consider major changes to land development regulations, rather than simply code amendments, which will affect housing affordability. Density zoning is one of the options that should be explored.

Traditional zoning, as in King County, regulates density by minimum lot sizes. This system makes it difficult to work with irregular or constrained parcels; community plan densities are seldom reached. As subdividers attempt to maximize the number of developable lots, they push development onto environmentally sensitive lands. Zoning by minimum lot size also creates homogenous neighborhoods, restricting housing diversity and the dispersal of affordable housing throughout communities.

Traditional subdivision regulations for single family developments also limit the amount of land available for construction of new housing. Typically, land developers subdivide large vacant parcels through a permit review process lasting a year or longer, and then sell blocks of lots to builders. Permit processing costs increase the price of land, and builders are restricted to the existing supply of subdivided lots.

King County has allowed alternatives to traditional subdivisions through its Cluster Subdivision and Planned Unit Development Ordinances. Both approaches base the number of allowed lots on the overall zoning density (for example, 5 units per acre) rather than minimum lot sizes, allowing more housing diversity and reducing pressure on environmentally sensitive areas. PUDs also allow additional density in developments that provide certain optional amenities.

Both cluster subdivisions and PUDs require lengthy review processes. In addition, PUDs developers must commit in advance to the mix of housing types; any attempt to respond to changes in housing market demand would require a new subdivision. Therefore PUDs require an experienced developer/builder with considerable financial resources. Because of these difficulties, less than 10% of new units are currently developed through PUDs, and as of the end of 1984, only 322 units have been developed in cluster subdivisions.

As part of the zoning code and subdivision changes, King County should consider density zoning as a way to address these issues. Density zoning would eliminate traditional minimum lot size and dimension regulations for all residential developments. Development would instead be regulated by the overall number of units allowed on a site, regardless of housing type, and by criteria for height, bulk, privacy, noise, traffic, environmental protection and so on. This approach would encourage flexibility in site design and building type, tailored to market demand for housing and the environmental limitations of the site.

King County should also consider allowing single family construction without subdivision where feasible. State law requires public hearings when public right-of-way for roads and utilities are established. For multifamily construction in areas where right-of-way is already established, a developer can deed the land to the County without a public hearing. If this option is extended to single family development, subdivisions will not be required if right-of-way is already established and the developer/builder does not want to sell individual lots. If the builder does want to sell individual lots, subdivision could occur simultaneously with site plan review, preventing a commitment in advance to a mix of building types. This approach would make much more vacant land available for development, and processing time could be reduced by as much as a year, allowing builders to respond quickly to market demand for various housing types.

Affordable Housing Benefit. This strategy addresses all four affordable housing policies: fair share of affordable housing, housing for low income households, homeownership affordability and reduced development costs.

Advantages. Density zoning may help achieve several County objectives: achieving planned densities, protecting environmentally

sensitive land and promoting diversity of housing type and cost. Changes in subdivision regulation could reduce permit processing time dramatically for some projects, and increase the amount of developable land. Density zoning will redirect land use regulation away from minimum lot sizes, which have the effect of keeping housing prices high and segregating communities by income. Minimum lot sizes prevent widespread development of diverse and affordable housing types, such as duplexes and townhouses, and the dispersal of affordable housing throughout communities. Public health and safety concerns, such as traffic safety and circulation, building height and bulk, parking, open space, and surface water runoff can be protected through discretionary review of density and environmental impacts.

Disadvantages. Density zoning could create new problems. Criteria for evaluating environmental impacts may be difficult to administer. Site plan review would address many of the issues formerly resolved during subdivision, and thus would become more lengthy and complex. Site plans would be required on more developments, and public hearings would still be required for public street dedications in advance of approving the site plan. Public opposition may also arise when zoning no longer regulates the character of residential development or promotes neighborhood conformity. Projects proposing a mix of housing types may encounter opposition.

Responsible Agencies. The Zoning Code Revision Project is directed by BALD, with Public Works, H&CD and Planning Division participation. H&CD will assist with housing development and affordability issues.

Schedule and Cost of Implementation. Code revision began in 1985 and will be completed in 1987. Density zoning and subdivision options will be evaluated by staff assigned to the Zoning Code Revision Project.

Links with Other Strategies. The overall code revisions will incorporate the changes to the PUD Ordinance discussed in the Short Range Work Program. Density zoning would provide flexibility which would make inclusionary zoning obligations easier to achieve (BALD Strategy 2).

Citizen Participation. The Zoning Code Revision Project will include input from development industry representatives and city and town staff, and public review of draft codes.

STRATEGY 4. FOR SMALL INFILL SITES IN DEVELOPED AREAS, PROVIDE VARIANCES TO ZONING CODE STANDARDS, WHERE JUSTIFIED, TO MAKE DEVELOPMENT ON SKIPPED OVER SITES MORE FEASIBLE.

Brief Description. King County's Comprehensive Plan supports infill development in urban areas as a way to reduce the public

costs of growth. Infill helps to concentrate growth in urban areas where many urban services already exist, and reduce development pressure on rural areas and resource lands. By increasing densities in urban areas, it supports public transit and energy conservation.

The Comprehensive Plan also recognizes the potential connection between infill and affordable housing: infill development can cost less for the developer due to existing roads and utilities, and infill locations tend to be less expensive for low and moderate income households due to nearby transportation, employment and shopping.

But underdeveloped parcels in otherwise developed urban areas often have some obstacle to development. Sites that have steep slopes, unstable soils, seasonal water flows or some other environmental constraint on development should remain undeveloped. Some skipped over sites have less serious problems, such as difficult access or topography, or an odd shape that makes zoning requirements hard to meet. Other parcels may be undesirable because they are subject to current development standards although surrounding properties were built without these improvements.

Some of these infill sites may be excellent locations for affordable housing. If the land is moderately priced and site conditions do not require expensive construction techniques, the existing services and higher densities often available with infill development can make it affordable for both the developer and future households. The factors that make infill parcels good candidates for affordable housing should be better defined so that strategies can be targeted to encourage their development.

King County should encourage infill development by granting zoning variances where justified. Building setbacks and other zoning requirements should be relaxed if the site is difficult to develop under existing requirements, but the proposed development is appropriate for the location. Opportunities for infill should not be lost by requiring standards that are not in character with the neighborhood. If a small parcel is located in an area developed below current standards, and the area is not designated for redevelopment, zoning code variances should allow the new development to match the level of the surrounding area.

Affordable Housing Benefit. This strategy addresses Policy 4, reduced development costs.

Advantages. Infill development helps reduce public facilities costs by lessening the need to extend public facilities to unserviced areas. Because of existing roads and utilities, some infill sites have lower private development costs than sites in outlying areas, allowing new lower cost housing to be built. Variances can encourage development on skipped over urban land while protecting environmentally sensitive areas.

Disadvantages. Whether a development can be considered infill depends on the size of the parcel and the level of development in the surrounding area. Additional work is needed to determine the size and type of infill land that holds the most potential for affordable housing development, and the type of actions King County should take to encourage its development. In addition, vacant parcels in urban areas often serve as local parks and open space; neighbors may oppose variances that encourage development.

Responsible Agencies. BALD will coordinate with Planning and Public Works to develop an approach and definition for infill development. BALD is responsible for reviewing requests for zoning code variances.

Schedule and Cost of Implementation. County strategies to encourage infill will be developed as part of zoning code revisions and completed in 1987. The work will require additional BALD staff time.

Links with Other Strategies. Infill development can also be encouraged through variances to Road Standards, Public Works Strategy 1.

Citizen Participation. Public hearings are required for zoning code variances, providing an opportunity for public comment on specific projects.

V. DEPARTMENT OF PUBLIC WORKS

STRATEGY 1. FOR SMALL INFILL SITES IN DEVELOPED AREAS, PROVIDE VARIANCES TO ROAD STANDARDS, WHERE JUSTIFIED, TO MAKE DEVELOPMENT ON SKIPPED OVER SITES MORE FEASIBLE.

Brief Description. The rationale and policy direction for infill development is discussed at length in BALD Strategy 4. The Comprehensive Plan supports infill as a way to concentrate growth in urban areas where many services are already available, and to reduce development pressures on rural areas and resource lands. Some infill sites may be excellent locations for affordable housing: if the land is moderately priced and site conditions do not require expensive construction techniques, existing roads and utilities at infill sites can reduce development costs. Higher density urban areas can also be more affordable for low and moderate income households due to reduced transportation costs.

King County should encourage infill development by providing variances to Road Standards where justified. Street, sidewalk and road-related utility requirements should be relaxed if the proposed development is appropriate for the location. If an area is not planned for redevelopment, new developments should be allowed to match the standard of the surrounding area.

Affordable Housing Benefit. This strategy addresses Policy 4, reduced development costs.

Advantages. Infill development is a principal strategy for focusing growth in existing urban areas to reduce sprawl and better manage public facilities costs. By providing variances to some road and road-related utility standards to promote infill, King County will achieve a savings in capital facilities costs due to the greater utilization of existing facilities.

Disadvantages. Granting variances to standards for public facilities always involves some risk of increased maintenance and repair costs. Development on infill sites with steep slopes, flooding or ponding may increase storm water runoff problems for the surrounding area. In addition, in areas where vacant parcels serve as neighborhood open space, communities may object to variances that encourage its development.

Responsible Agencies. Public Works will review requests for road standard variances for infill projects.

Schedule and Cost of Implementation. Public Works, BALD and Planning will take up the issue of encouraging infill development by 1988. Public Works will require staff resources to develop variance guidelines and to review variance proposals.

Links with Other Strategies. This strategy is related to BALD Strategy 4, which promotes infill through zoning code variances.

Citizen Participation. Opportunities for public comment on road standard variances would occur during the public hearings for preliminary and final subdivision approvals.

PUBLIC WORKS SUPPORT IN IMPLEMENTING OTHER STRATEGIES

Inventory of King County-owned Land. Public Works will coordinate its own inventory of land owned by the Department of Public Works with the overall King County inventory, to help establish a comprehensive analysis of the County's land resources.

Zoning Code Revision. Public Works will be actively involved in BALD's code revision project, which will impact its permit review procedures.

VI. AFFORDABLE HOUSING POLICY PLAN EVALUATION

King County has experienced dramatic changes in housing needs and the housing market in the decade from 1975 to 1985. The housing needs of 1985 are the result of changes in household makeup, economic conditions and Federal resources for housing that will continue to change in the future. These variables make it difficult to predict the housing needs of the 1990s.

Housing needs and market conditions should be examined again after the plan has been in place for several years to see if the plan's emphasis should be redirected. The long term strategies presented in Chapter 3 and the recommendations of the Issue Committees would be reconsidered as part of the evaluation. The plan evaluation should ask two questions: Are the affordable housing strategies successful in addressing the Plan's affordability policies of fair share, increased housing for low income households, homeownership affordability and reduced development costs? And are the strategies still appropriate and still the highest priorities for addressing housing need as we now understand it?

To answer the first question, a system for monitoring the results of the affordable housing strategies should be established as the strategies are first implemented. Community plan strategies will begin in 1987 or 1988, following the development of the housing needs model. Other affordable housing strategies, such as development incentives, will be implemented through code changes and capital improvement planning.

New data sources will be needed to evaluate the Plan. In order to analyze the relationship of land use designations to housing affordability, for example, some sampling of house prices and rents will be needed. Cooperation with cities and towns will be important for tracking development and affordability trends in King County's housing markets.

As reliable data on implementation of the strategies is developed, community planners will have more guidance in planning to meet affordable housing targets. The housing needs model will be refined to reflect the amount of affordable housing that can be provided through community planning's land use and CIP planning strategies. It will give community planners a better indication of the amount of affordable housing likely to be produced in response to development incentives.

The evaluation of the Plan itself should be initiated in 1989, after the affordable housing strategies have been in operation for several years. The evaluation would reexamine trends in housing need to see if new strategies should be developed, and would determine if the affordable housing strategies already in place should be strengthened or changed.

H&CD will be responsible for the Plan evaluation. Planning staff will provide technical assistance and assist with policy analysis. H&CD will work with Planning Division to develop a system for monitoring the implementation and effectiveness of the Plan's land use and development incentive strategies.

The Plan evaluation will include participation of staff from cities and towns, housing industry representatives and community groups. Staff of cities and towns will also participate in developing the information base for monitoring the effectiveness of various affordable housing strategies.

APPENDIX 1
Housing Finance Issue Committee Report

REPORT AND RECOMMENDATIONS

OF THE

KING COUNTY

AFFORDABLE HOUSING FINANCE ISSUE COMMITTEE

Presented to King County Executive Randy Revelle and the King County Affordable Housing Policy Plan Steering Committee.

April, 1985

KING COUNTY AFFORDABLE HOUSING

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d/027
3/15/85

April 12, 1985

TO: King County Executive Randy Revelle
The King County Affordable Housing Policy Plan Steering Committee

FM: Gordon Schlicke, Chairman
Members of the Affordable Housing Finance Issue Committee

RE: **The Affordable Housing Finance Issue Committee Report**

We are pleased to present the completed work of the King County Affordable Housing Finance Issue Committee. As a Committee we were charged with the responsibility of assessing existing King County policies and programs for affordable housing. The Committee also identified new policies, programs and strategies to promote the financing, rehabilitation and development of affordably priced rental and owner-occupied housing within suburban King County. Given these responsibilities, the Committee chose to focus its efforts on strategies with the greatest promise for results over the next one to two years.

The Committee utilized a working subcommittee structure to develop its recommendations. This subcommittee approach allowed individual members to apply their expertise in specific areas of interest, given the limited time provided to review and assess the issues. The Committee addressed some very difficult issues with much thought, consideration and research by the subcommittees. Criteria were established for use by the Committee in prioritizing issues. The Committee addressed all relevant issues as thoroughly as possible, within the time frame allowed. We met approximately every other week from November 14, 1984 through February, 1985 to prepare the enclosed recommendations.

The Committee adopted endorsements to address those issues of importance which were not pursued by the Committee as fully as recommendations. The endorsements reflect the Committee's recognition of issues for further investigation and development by King County. The endorsements are not developed as full recommendations because many of them did not meet our self-imposed criteria of considering strategies which could be implemented within two years.

We sincerely hope that the hard work of this Committee, and the recommendations and endorsements made, will be helpful to you and the King County Affordable Housing Policy Plan Steering Committee in addressing some of the major financial concerns pertaining to affordable housing. We further understand that you and the King County Council must balance the diverse interests and needs of King County residents. To this end, we urge you to incorporate these recommendations fully into the King County Affordable Housing Policy Plan and other policies, plans and programs, where appropriate.

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INTRODUCTION

The lack of affordable housing has become a growing problem for low, moderate and median income residents living in King County. Renters as well as potential homeowners find it increasingly difficult to obtain affordable, decent, safe and sanitary housing to meet their needs.

This report contains the recommendations of the King County Affordable Housing Finance Issue Committee in response to the need for affordable housing in King County. King County Executive Randy Revelle charged this Committee with the responsibility of reviewing and assessing those issues most relevant to the cost of housing in King County and developing strategies to provide affordable housing. The Committee met regularly for over three months with the assistance of King County technical resource staff to research, gather information, evaluate programs and policies before making the enclosed recommendations for new policies and programs. The Committee approached the problems presented to them by looking at methods to improve housing affordability within the shortest possible time period while recognizing that the future housing needs of a diverse and growing King County population reach far beyond a two year time period.

HOUSING AFFORDABILITY IN PERSPECTIVE

Housing affordability has become a serious problem for about one quarter of King County's 273,500 households[1/]. Housing is generally viewed as affordable when a household can pay the cost of housing that meets its needs and still have resources left for other necessary household and personal expenses. According to a national standard, no more than thirty percent (30%) of a household's monthly income should be expended for housing to be considered affordable. Based on a recent survey of King County residents[2/] about twenty-three percent (23%) of King County households spend more than thirty percent (30%) of their income on housing.

King County's residents have not seen their incomes rise as rapidly as the cost of housing has increased in the recent past. According to information available from the 1980 U. S. Census of Population and Housing, the median value of a home in King County more than tripled between 1970 and 1980, from $21,700 to $71,700 (a 230 percent increase). Median rents increased 125 percent from $114 to $256 during the same ten year period. On the other hand, median family income increased 113 percent from 1970 to 1980. By the first half of 1984, the median value of owner-occupied housing in King County, excluding Seattle, increased further to $89,140[3/]. Although the cost of the median priced home in King County has declined slightly over the last year, increasing numbers of households are excluded from purchasing homes. While rental rates remained reasonably stable between 1980 to 1983, recent market trends indicate that rents are up 7.1 percent from a year ago and are expected to increase at about the same rate in 1985. Census data indicate that renter households earn a little more than half of the median income of owner households and they tend to pay a greater percentage of their income for housing than do homeowners.

[1/] 1983 King County households less Seattle and Bellevue from the King County "Land Development Information System", March, 1985.

[2/] A Survey of King County Housing Affordability, Gilmore Research Group for King County Housing and Community Development Division, May 1984.

[3/] Fall 1984 Seattle-Everett Real Estate Research Report, Seattle-Everett Research Committee, Volume 35, Number 2.

This housing affordability problem is experienced nationwide and is reflected in national trends. Between 1980 and 1983 the percent of Americans who own their homes slipped from sixty-five and six-tenths percent (65.6%) to sixty four and six-tenths percent (64.6%) the first decline in these statistics since 1962.

The Survey of King County Housing Affordability prepared in May 1984 concluded that of those renters who had never owned a home, an overwhelming eight out of ten (81%) would like to purchase a home in the next three years. Because of this overriding interest in home ownership and the prevailing expertise of the Housing Finance Issue Committee members in single family housing finance techniques, the Issue Committee focused on strategies to improve housing affordability for potential homeowners in King County with predominantly moderate and median incomes. The Issue Committee has addressed low income housing needs by developing housing rehabilitation strategies, endorsing self help housing initiatives and recommending a broader use of the Community Development Block Grant (CDBG) funds King County receives from the U. S. Department of Housing and Urban Development.

For the purposes of this report, the Issue Committee is defining the terms low, moderate and median income consistent with definitions established by the U. S. Department of Housing and Urban Development:

- **A family of four is considered to be low income if their annual income does not exceed $26,000 (i.e. 80% of median income for the Seattle Everett Standard Metropolitan Statistical Area (SMSA)).**

- **A family of four is considered to be moderate income if their total income is between $26,000 per year and $32,500 per year (i.e. between 80% and 100% of the median income for the Seattle-Everett SMSA).**

- **A family of four with an annual income between $32,500 and $40,625 is considered a median income family (i.e. between 100% and 120% of median for the Seattle-Everett SMSA).**

Definition of Affordable Housing

In order to effectively address the affordability problem, the Housing Finance Issue Committee found it necessary to define "affordable housing" in such a way that will apply in future years. A price-level definition of affordable housing was ruled out because it is a static instrument to define affordability, which would become irrelevant in one or two years.

The Issue Committee adopted two definitions of affordable housing commonly used in the real estate finance industry. Whichever of the following definitions is most favorable to the purchaser, should be used:

- Housing is considered to be affordable if the housing loan payment to gross income ratio does not exceed twenty eight percent (28%) of income and if the obligation to income ratio does not exceed thirty six percent (36%) of total income.

  - Loan payment to income ratio includes principal, interest, taxes and insurance divided by total income.

  - Total obligation to income ratio includes all outgoing payments including mortgage/loan payments, revolving credit obligations, etc. divided by total income.

- The standard residual method may also be used. This method considers net income rather than gross income figures and uses a comprehensive definition of debt which includes both principal, interest, taxes and insurance, as well as all maintenance, heat and utility costs associatd with homeownership. Taking total debt from total net income, the standard residual is the amount of money remaining for all other living expenses, once all debt has been paid.

  - The Federal Housing Administration (FHA) requires a standard residual amount of $400 per month for a single person, $500 per month for a couple and $125 per month for each child.

The conventional ratio method of calculating debt to income may reflect a less favorable picture of the ability to assume debt and still have enough money remaining to live on. In this case, the standard residual method is used; as it is a more accurate indication of real debt to real income, with all living expenses calculated into the determination of an ability to assume home-ownership expenses.

IDENTIFICATION OF HOUSING FINANCE ISSUES

King County Housing and Community Development Division (H&CD) identified housing finance issues from two sources. The King County Affordable Housing Conference held on June 21, 1984 in Renton, Washington brought together local lenders, developers, local government officials, builders and others to define issues and strategies for affordable housing in a series of small group sessions. Three such sessions were held on housing finance which resulted in consensus on eleven (11) priority issues and strategies. H&CD staff also accumulated housing finance issues determined from the Survey on King County Housing Affordability and evaluated each issue from the Conference and Study according to several standards and requirements to narrow the field of issues to the most effective in producing affordable housing.

Upon the recommendation of the Affordable Housing Policy Plan Steering Committee, King County Executive Randy Revelle recommended the following issues to the Housing Finance Committee for further study:

1. King County should work with the Washington State Housing Finance Commission to develop programs to provide more single and multi-family mortgage funds.

2. King County should consider feasible alternatives to create a variety of financing options for all types of affordable housing such as:

   - The use of public pension funds to buydown interest rates and lower the cost of home mortgages;

   - The creation of a deferred compensation program to reduce home mortgage payments;

   - The creation of a King County program to assist qualified home buyers with down payment requirements by lowering fees and/or points;

   - The use of King County Community Development Block Grant funds to create a mortgage insurance program (such as the HUD 221 D 2 Program) for qualified King County residents;

- The use of private funds, second mortgages, pooled mortgages and leveraged buydowns to create greater opportunities for home ownership;

- Encouraging the use of underwriting criteria that recognize energy efficient construction when determining a homebuyer's eligibility for a loan; and

- The use of Community Development Block Grant (CDBG) funds to construct more demonstration projects like the Federal Way manufactured housing subdivision. This project was funded by King County with CDBG funds and by Continental Incorporated so that the homes valued at $62,000 actually cost their owners $40,000.

3. Lenders should be encouraged to finance projects with a variety of building types (such as a combination of single family and townhouse units or mobile home and manufactured housing subdivisions), so that available land is used to its fullest potential in King County.

These issues were recommended for further study by King County Executive Revelle with the understanding that the Issue Committee had the latitude to address other issues of importance regarding housing finance, as time permitted.

PROCESS AND CRITERIA USED TO EVALUATE ISSUES AND DEVELOP STRATEGIES

At the first meeting of the Housing Finance Issue Committee, each of the issues recommended for further study was subjected to two tests.

(1) Is the issue manageable for the Committee to investigate thoroughly within the given time frame?

(2) Will a strategy to address the issue result in a positive plan for action within one or two years?

Preliminary strategies were then rated according to ten (10) criteria. Each strategy was expected to meet a majority, but not all, of the following evaluation criteria:

(1) A strategy must result in an increase in the supply or the retention of existing affordable housing in King County.

(2) A strategy must improve housing affordability by reducing the cost of housing within the range of $40,000 to $80,000 and benefit low, moderate or median income households.

(3) A strategy must reduce the consumer's initial and/or life cycle cost of housing.

(4) A strategy that improves housing affordability for a substantial number of people is preferred over a strategy that benefits a small number of people.

(5) A strategy that provides significant cost reductions to the consumer is preferred over a strategy that has a small impact on cost to the consumer.

(6) A strategy that can be implemented by modifying existing programs is preferred over a strategy that requires new programs to be created.

(7) A strategy that can be implemented at a relatively low startup and administrative cost to the public is preferred over a strategy that is relatively expensive to implement.

(8) A strategy that is considered highly feasible is preferred over a strategy that is possible but untested or experimental and not feasible.

(9) A strategy that may be implemented in one year or less is preferred over a strategy that may take two or three years to implement.

(10) A strategy that does not increase King County's exposure to liability is preferred over a strategy that increases potential liability.

The process of assessing the effectiveness of each strategy led the Committee to prioritize and adopt the following strategies for further study. The Committee then organized itself into subcommittees to research and prepare materials for further review and discussion by the Committee as a whole. The strategies selected for further study are as follow:

(1) **Washington State Housing Finance Commission Strategies**

(a) Tax exempt financing for housing rehabilitation.

(b) Tax exempt financing for housing acquisition.

(2) **Mortgage Insurance/Guaranty Strategies**

(a) Mortgage insurance/mortgage guaranty programs for eligible homeowners.

(3) **Loan Strategies**

(a) Greater use of bonus density incentives to encourage affordable housing.

(b) Single-loan approach for manufactured housing.

(4) **Community Development Block Grant (CDBG) Strategies**

(a) Tri-party financing agreements between local government(s), lenders and the Federal National Mortgage Association.

(b) Housing Demonstration projects using Community Development Block Grant funds.

(c) Greater use of self-help housing methods to produce more affordable housing.

These strategies were then refined and discussed on an in-depth basis by the subcommittees for development into recommendations and approval by the Committee as a whole. A detailed discussion of each of the recommended strategies follows in the next section.

HOUSING FINANCE ISSUE COMMITTEE RECOMMENDATIONS

The Housing Finance Issue Committee recognizes the need for affordable decent, safe and sanitary rental and owner-occupied housing. While the Committee recognizes the need for a broad range of housing options, the following recommendations are focused on strategies which:

- Make affordable housing accessible to prospective homeowners who are not eligible for limited Federal housing assistance programs;

- Can be implemented within one to two years;

- Emphasize methods to recover or recycle funds targeted for affordable housing programs rather than programs targeted to serve as a one-time grant for housing related activities; and

- Establish working relationships between King County and non-governmental organizations and businesses which will result in the availability of more affordable housing for low, moderate and median income families.

The recommendations made by the Housing Finance Issue Committee are based on their merit and potential effectiveness in providing more affordable housing to King County residents. They are as follow:

- King County should work with private lenders and the Federal National Mortgage Association to establish a **tri-party agreement** to provide below market interest rate mortgage money to eligible homeowners;

- King County should encourage the use of a **single loan approach** to finance manufactured housing units and the sites the units will be installed upon to reduce financing costs and out-of-pocket expenditures necessary for low and moderate income people to purchase manufactured homes;

- King County should work in cooperation with private lenders and the Washington State Housing Finance Commission to provide below market interest rate, **tax exempt funds for housing rehabilitation;**

- King County should reduce the cost of homeownership for low and moderate income people by establishing a **mortgage insurance program**; and

- King County should expand upon past and present efforts to fund **housing demonstration projects** using Community Development Block Grant funds. Such projects can demonstrate new or innovative land development, construction or lending practices and methods which result in more affordable housing. The public, bankers, builders, developers, suburban cities and others can benefit from demonstration projects in addition to the low and moderate income people who are selected to live in such housing.

Federal National Mortgage Association

(Fannie Mae) Tri-party Agreements

Recommendation

The Issue Committee recommends that King County work cooperatively with private lenders and the Federal National Mortgage Association (Fannie Mae) to establish a tri-party loan agreement. By pledging thirty percent (30%) of the total value of a loan pool under this program, King County can reduce the interest rate of mortgage money offered by private lenders by approximately five percent (5%). Fannie Mae is a secondary market source for mortage money. Approved lenders may enter into an agreement with King County to establish a pool of funds available for loans at an agreed interest rate. Ownership in the pool is typically divided among Fannie Mae (60%), the local government (30%), and the local lender (10%).

Background

The participating lender and Fannie Mae both receive the agreed yield on their respective portion of the pool ownership. King County has the choice of foregoing a yield on its share or charging a nominal return. The actual rate charged to the borrower will depend on the extent of yield requirement by King County.

Loans are originated and serviced by the lender, for which a servicing fee is paid by Fannie Mae on its share of the pool. King County may also select the lender as its servicer and agree to a servicing fee, typically .375%. In any event, all Fannie Mae Seller-Servicer rules are in effect.

Loans must be secured by first liens on single family dwellings. Maximum loan amounts and loan-to-value ratios are subject to Fannie Mae guidelines. Assumption by qualified borrowers is allowed provided the terms of sale are approved and the assumptors otherwise qualify as credit worthy and meet the requirements of the program in effect at time of assumption.

Loans for new construction or substantial rehabilitation of the property qualify for inclusion in the pool. The property may be owner-occupied or investor-owned. Loans in the non-occupant-owner category will carry a higher interest rate and fee structure.

Private mortgage insurance is required if the loan-to-value ratio exceeds 80% and the lender retains less than a 10% interest in the pool. Insurance is not required if the loans are covered by a repurchase agreement.

The Committee recommends the inclusion of both low and moderate income families as defined by the Department of Housing and Urban Development (HUD). Lenders will follow Fannie Mae underwriting guidelines to assure uniformity to the pool and an even approach to risk analysis.

Fannie Mae routinely issues forward commitments to purchase loans, minimum Fannie Mae participation in a pool of this nature is $250,000, there is no maximum. Generally, the greater the delivery time allowed, the greater the front end fees.

Advantages

As loans are paid down, recapture of the principal occurs. King County would receive regular principal paydowns on its share. This allows recycling of the CDBG funds and is seen as a major advantage. Once established, the program has the potential of self-perpetuation.

Lenders are motivated to participate since they receive loan fees, servicing income and the market yield on their share of the pool. The extent of lender participation may be limited in times of economic constriction. However, it is difficult to imagine extended time periods wherein Fannie Mae would not purchase participations.

Implementation

A minimum note or coupon rate is established. Changing the pro-rata share or the yield requirement for the lender or King County will affect the note rate for the pool.

Example:	YF = Gross Yield to Fannie Mae	16.5	%
	YL = Gross yield to Lender	16.5	%
	YC = Gross yield to County	0	%
	F = Fannie Mae's pool interest	60	%
	L = Lender's pool interest	10	%
	C = County's pool of interest	30	%
	sf = Servicing Fee	.375	%

(F x YF) + (L x YL) + (C x sf) = Note Rate

(.6 x .165) + (.1 x .165) + (.3 x .00375) = 11.66

In this example loans can be originated at 11.66%, well below the 16.5% market rate. King County's participation at 0% yield in this example acts as the lever to buy down the note rate to the borrower.

Summary

The Committee recommends that King County allocate Community Development Block Grant funds for its thirty percent (30%) share of a tri-party agreement in the next block grant consideration. If funds are not sufficient to provide for a meaningful number of units, we recommend multi-year appropriations until sufficient capital is accumulated.

For example:

If a standard of 80 to 100 housing unit pool is established, then, depending on average loan amounts and other variables, a sum of $900 thousand to $1.5 million should be appropriated. This assumes a 30% interest in a total pool of $3 million to $5 million.

Single Loan Approach to Manufactured Housing

Recommendation

The Issue Committee recommends that King County encourage the use of a single loan approach to finance manufactured housing units and the sites the units will be installed upon, to reduce the financing and out-of-pocket expenditures necessary for low and moderate income people to purchase manufactured homes. King County should consider the allocation of Community Development Block Grant funds as a demonstration project for this purpose.

Background

A major reason why manufactured housing is not more frequently purchased is that the buyer cannot obtain a mortgage loan for the housing unit until it is in place on the lot. A real estate mortgage loan is made (with few exceptions) against the market value of the completed unit permanently situated on a lot. Manufacturers will not normally begin assembly on a manufactured home until they have the entire cost of the home in hand. Potential low or moderate income purchasers cannot make this payment because they are not likely to have adequate savings and cannot borrow against the uncompleted product.

Advantages of Manufactured Housing

Manufactured housing offers a legitimate opportunity to reduce housing costs for low and moderate income families and individuals. By the time lot purchase and other expenses are added to the price of the manufactured unit, the total cost is toward the high end of the affordability range for the low income family. However, the use of manufactured housing can make public subsidy dollars go much further than in the case of site-built housing, since the relative cost of manufactured housing is less than site-built housing.

The advantages of manufactured housing lie in cost savings in the production process. The United States League of Savings Institutions called the manufactured housing sector "...the most cost-efficient force in American homebuilding

today." Construction costs of comparable 1,500 square foot units are about 34% lower using manufactured housing factory built techniques rather than site built approaches. This works out to about $17,000 per unit less than the final cost of a home for a comparable site built home (excluding land prices).

The Single Loan Approach

Because the savings can be considerable on manfactured homes, the Committee recommends that King County develop a program which facilitates the purchase of manufactured housing by low and moderate income families and individuals. The most effective program is one which makes payment for the unit available to the manufacturer prior to construction. Under these conditions the manufacturer could then complete and deliver the unit.

The key mechanism for doing this would be a single loan, for the value of the lot and completed housing unit, given by a private lender. Such loans would be made, in effect, on the future value of the land and improvements. The loan could be disbursed in either of two ways: in a lump sum to an interest bearing account in the name of the borrower, or in increments to the borrower or the manufacturer as needed. Whichever technique is used, lenders can participate only if the loan is immediately marketable.

There is precedence for making mortgage loans on the basis of future value in Rainier National Bank's purchase/rehabilitation loan program. Under this program the bank makes a loan large enough for the purchaser to acquire the property and rehabilitate it, the basis for the loan being the value of the rehabilitated property. The Federal National Mortgage Association (FNMA), also known as Fannie Mae, has agreed to purchase the loans made under this program, and in an unstable market this is an essential ingredient. Fannie Mae has been asked to purchase similar single loans on manufactured homes but has declined to do so since the agency apparently feels that a program supporting new construction violates its charter. The possibility should still be pursued with the Federal Home Loan Mortgage Corporation (FHLMC), also known as Freddie Mac.

Fannie Mae could still serve as the market for such loans after the housing unit was completed and in place on the lot. In the absence of Fannie Mae commitments for single loans on new manufactured homes, the Committee recommends that King County enter into an agreement with WSHFC to set aside an agreed upon amount of funds to purchase single loans closed by private lenders against vacant lots and manufactured housing units. As an alternative to an agreement with WSHFC, King County should consider creating a pool of funds from its CDBG entitlement to purchase these loans.

WSHFC or King County would provide the secondary market function, selling the loans to Fannie Mae after the unit is completed and permanently in place. Thus the risk of interest rate differentials between the time the loan is made and the time it is marketed to the conventional secondary market would be taken by the WSFHC or King County. Since the time needed to erect and complete a manufactured home is minimal compared with site built methods, that risk is seen as small.

This program could apply to scattered site housing or could be used in residential developments. All units financed in this manner would have to meet Fannie Mae or Freddie Mac standards. Units could be chassis built, kit built, log, panel or any other type of manufactured housing, but an important part of the program should be that the manufacturer/developer has the full responsibility for preparing the site and constructing the unit. This is the fastest way to construct a unit and therefore, the least susceptible to interest rate fluctuations.

Issue

The major issue to be addressed is whether or not the Washington State Housing Finance Commission has the statutory authority to act as a conduit to the conventional secondary mortgage market for these loans. Initial reaction indicates that there would be no problem, but a legal opinion would have to be sought from the WSHFC before the program could be put into place.

Tax-Exempt Bonds to Finance Rehabilitation

Recommendation

The Issue Committee recommends that King County work in cooperation with private lenders and the Washington State Housing Finance Commission to provide below market interest rate, tax exempt funds for housing rehabilitation. This will encourage the improvement of the existing housing stock in King County which is the most affordable for low and moderate income people.

Background

In using this strategy, King County will take steps to make available tax exempt mortgage revenue financing for owner-occupied and/or rental housing. While the majority of tax-exempt mortgage revenue bond funds are used to provide financing for first time homebuyers and the development of rental housing, tax-exempt bonds have also been successfully used to finance the rehabilitation of owner-occupied and rental housing. Because rehabilitation loans are normally unsecured loans or junior liens on mortgaged properties, tax-exempt financing for rehabilitation is often more costly and more difficult to structure than financing to purchase homes or develop new rental housing.

The Case for Rehabilitation

Housing rehabilitation can make a significant contribution to maintaining affordable housing. Rehabilitation has several advantages:

- Used or existing housing is generally less expensive than new housing, even after rehabilitation;

- Rehabilitation extends the life span of existing lower-priced housing, therefore maintaining the current supply;

- Full use of existing housing reduces the need for public infrastructure expenditures required by new housing (streets, schools, sewer, water, etc.);

- Rehabilitation improves the neighborhood as well as the home;

- In built-up areas where new construction is not feasible, rehabilitation makes old housing meet new needs.

Advantages of Tax-Exempt Bond Financing

The primary advantage of tax-exempt mortgage revenue bond financing is that rehabilitaion loans can be made available to borrowers at lower than conventional rates. Rates typically can be two to three percent lower depending on the program and market conditions. A recent State of Ohio issue has a standard borrower interest rate of 11.5% and a Community Development Block Grant (CDBG) subsidized 5.5% rate for lower-income residents. Other advantages of a bond-financed program include:

- CDBG funds can be leveraged to offer deeper interest rate reductions. The depth of the subsidy can be adjusted to meet the needs of borrowers.

- Because the program relies on private lenders to make the loan, it requires few County administrative resources.

- Bond-financed programs can replace some of the reductions in Federal housing rehabilitation programs.

Issues

A 1984 legal opinion obtained by King County casts doubt on the legal authority of the County to issue its own tax-exempt mortgage revenue bonds. It is therefore necessary to identify an organization with which King County may work to develop a rehabilitation financing program. It is feasible for King County to expand its relationship with the King County Housing Authority or the Washington State Housing Finance Commission (WSHFC). Program flexibility will be broader with a WSHFC program because the WSHFC has clear authority to serve moderate-income residents while local housing authorities are more narrowly restricted to low-income residents.

In working with the chosen issuer, program design issues must be addressed. Among them are:

- o Market: Because the bond-financed program is market based and uses loans instead of grants, an assessment must be made of both the demand for a program and the market for loans at a projected interest rate and of a given program design.

- o Eligible Applicants and Properties: A decision must be made whether to offer a homeowner rehabilitation program, a homeowner rehabilitation-purchase program, and/or a rental housing program. Bonds used to finance the rehabilitation of owner-occupied homes count toward the state's yearly limit for single family mortgage revenue bonds. There is no volume limit for rental housing bonds.

- o King County Contribution: An up-front contribution is often required to establish the program. Such funds would add security to the loans and increase the marketability of the bonds. Added security may be necessary because rehabilitation loans are usually considered more risky. The size of the contribution varies based on the size of the bond issue, program guidelines, and other forms of security (like the commonly used FHA Title 1 insurance). In addition to security contributions, the County may wish to include additional contributions to reduce the interest rate on loans for lower income borrowers.

- o Income Limits: If CDBG funds are used with bond financing, the program will have to be structured to take into account the low income requirements of the CDBG program.

Summary

A bond-financed housing rehabilitation program is a workable method for King County to maintain a supply of affordable housing. It is a strategy that can effectively be used in conjunction with limited King County CDBG or other funds.

Mortgage Insurance Alternatives

Recommendation

The Issue Committee recommends that King County reduce the cost of homeownership for low and moderate income people by establishing a mortgage insurance program.

Background

Mortgage insurance has a contradictory impact on housing affordability. The positive impact is that private mortgage insurance can assist families with limited capital in the purchase of a home by permitting lenders to increase their loan-to-market-value ratio, often up to 95% of the market value of the property. On the negative side, mortgage insurance is not free; the first year premium must be paid in advance (and can be as much as 1-2% or more of the loan amount), and the annual premium can range from .25 to .65% of the principal balance. This premium can be the additional expense that tips the scales against a home buyer's eligibility for a loan. The idea of this strategy is to provide adequate mortgage insurance yet minimize the cost of that insurance to the home buyer.

There is a role for lenders, private mortgage insurance providers and King County. King County may choose to act through housing authorities, non-profit organizations, or public corporations specifically created to work in the mortgage insurance field. The Committee recommends that the effort be a partnership promoted by King County, working with private lenders and mortgage insurance companies, rather than a separate publicly funded mortgage insurance corporation created on the local level. The creation of a public corporation would not address the issue of housing affordability. The fees and annual charges required to support a public corporation would probably be comparable to a private mortgage insurance corporation.

Assuming the concept of the public-private partnership, the Committee recommends two strategies, pool insurance and co-insurance. Under pool insurance, a large group of homes are covered under one premium at a bulk rate, rather than insuring on a house-by-house basis. The risk is spread and the cost

of the premium reflects this reduced risk. Co-insurance requires a partnership between private mortgage insurers and King County, with shared risk. King County would establish a fund to be matched by private mortgage insurers under this example.

The most effective approach would be a combination of pool and co-insurance, enabling the home buyer to reduce closing costs and have lower monthly payments. This approach would make possible higher qualifying obligations/income ratios, which will allow families to make a greater commitment to housing cost than are permitted through existing programs.

As an alternate strategy, the Committee recommends that King County guarantee the flow of premiums to the private mortgage insurer. Under this strategy, a fund would be created to assure that the insurer receives premiums for a set period of time, such as five years. Through this method, a modest public investment could assist a large number of home buyers by reducing premiums.

For example:

Assuming a sales price of	$65,000
down payment	3,250
loan amount	61,750
term	30 yrs
adjustable rate	10.5%

	With Standard Mortgage Insurance Program	With Alternative* Mortgage Insurance Program
Payment:		
Principal and Interest	$ 564.85	$ 564.85
Private Mortgage Insurance	20.58	7.20
Insurance	16.50	16.50
Taxes	55.00	55.00
Total	656.93	643.55
1st year Premium	1,358.50 (2.2%)	0.00
Renewal	16.50 (.40%)	7.20 (.14%)
Minimum Income to Qualify	2,628.00	1,950.00
Maximum Other Debts	210.00	97.00
Ratios (Loan Payment-to-income/ total obligation-to-income)	25/33	33/38
Minimum Funds Required to Close: Prepaids	532.00	532.00
Closing Costs	3,224.00	1,866.00
Down	3,250.00	3,250.00
Total	$7,006.00	$5,648.00

*With Pool Insurance all homes are covered under one bulk rate premium, in this case allowing a below market renewal (.14%).

With Co-Insurance, the County insures the top 7.5%, the mortgage insurance company pays the second 7.5%, with joint payment of the last 15%, giving 30% coverage to insure higher ratios. This makes possible a $0.00 first year premium to the borrower, and also reduces the renewal. King County would lien the property in case of default and there would be a penalty for early sell out.

In this example, using the alternative mortgage insurance program, King County can save the borrower $1,358 at closing and $13.38 per monthly payment. The alternative program will also allow a borrower to qualify with income up to $678 per month less than under the standard program.

Impact

One or a combination of the alternatives listed above could result in the elimination of mortgage insurance up front fees and/or the reduction in the amount of annual premiums. A greater number of potential home buyers may come within reach of a home, especially if qualifying ratios are also raised. The County must identify the group to be assisted and the price range of the housing. The County can then begin to work with lenders and mortgage insurers to establish a program acceptable to all three parties. The County, mortgage insurance companies and lenders would need to work together to satisfy all the necessary requirements to meet their individual criteria: underwriting, percentage of costs, maximum sales prices and incomes, types of properties, etc.

Summary

Through the development of an alternative mortgage insurance program, using pool and/or co-insurance, a guarantee fund, and through raising qualifying ratios, the County can significantly reduce the cost of mortgage insurance premiums and increase the number of families able to qualify for mortgage loans. This strategy requires minimal capital and allows the County to recover potential losses.

Housing Demonstration Projects

Recommendation

The Issue Committee recommends that King County expand upon past and present efforts to fund housing demonstration projects using Community Development Block Grant funds. Such projects can demonstrate new or innovative land development, construction, or lending practices and methods which result in more affordable housing. The public, bankers, builders, developers, suburban cities and others can benefit from demonstration projects in addition to the low and moderate income people who are selected to live in such housing.

Background

Demonstration projects serve a variety of purposes. They may:

- Demonstrate the effectiveness of specific construction procedures or methods to local housing developers;
- Demonstrate the "lendability" of specific construction or housing types to the financial community;
- Develop or improve the capabilities of a specific sector of the construction industry;
- Provide a format for investigating or demonstrating experimental land use, siting or building code alternatives;
- Provide data and experience needed for effective housing policy and planning.

King County has, in the past, used CDBG funds to support and assist two housing demonstration programs: a manufactured housing subdivision demonstration project in 1983 - 1984, and a factory built housing demonstration project funded for 1985. King County has also funded a wide variety of housing programs

with CDBG funds during the past decade, some of which may be considered demonstration or experimental, for example scattered site residences for mental health programs.

The 1974 Community Development Block Grant Act allows funding of site acquisition, infrastructure improvements, direct subsidy of income-eligible residents, loans for housing rehabilitation and economic development. Direct funding of new construction is not allowed except under special exceptions.

Advantages

To date, King County's housing demonstrations have been directed toward construction methods (e.g. component built housing). There are, however, a number of other potentially fruitful areas and recently generated ideas which have been locally developed. Some of these ideas are:

- Housing Financing: As a significant variable in the cost of housing, financing is an excellent target of a demonstration program. Financing mechanisms are not necessarily limited to construction/mortgage lending variations but could explore several developing concepts. For example, the tri-party blended mortgages presented earlier in this report as a Committee recommendation could be very effectively displayed in a demonstration program.

- Ownership Structure: Several variations of the traditional rental, condominium, or fee simple ownership patterns have been developed. Partnerships between non-profit organizations and private investors using such mechanisms as leasebacks and bargain sales should be considered in a demonstration project. With King County providing assistance with early development costs or seed money, substantial savings may be obtained through proper use of tax incentives and tax-exempt status.

- Policies: Housing development or incentive policies under consideration by King County can be subjected to "field testing" through demonstration projects. Similarly, demonstration projects can be used to effectively

show the effects of specific land use or development policies. A demonstration could be structured to make maximum use of King County's current density incentives. These incentives, although available for several years, have not been used on a widespread basis. A demonstration project would be of significant value in identifying the use of incentives and improvements to existing codes.

- Construction: A construction oriented demonstration project could explore specific code alternatives, allowing more cost effective construction. The Uniform Building Code allows for variances subject to testing as approved by the local building official. King County, with such organizations as the Association of General Contractors (AGC); Seattle Master Builders Association; American Institute of Architects (AIA); Washington Association of Building Officials (WABO); and academic groups, can assist with the research and development of alternate codes.

Summary

Housing demonstration projects provide an effective method of proving, investigating and/or marketing new housing development practices with significant possibilities for reducing the cost of housing. In addition, housing demonstration projects provide an opportunity to King County for community education to improve public understanding and acceptability of new housing types, land development practices and housing financing methods. The Committee recommends that King County continue to invest CDBG funds into housing demonstration projects that can be replicated by the private sector. Special efforts should be made by King County to publicize the results of the demonstration projects to the public and to the private sector.

Consideration should be given to working with CDBG-eligible organizations at the policy level to structure combined demonstrations and to the possibility of performing "contract" demonstrations with private developers. This latter approach will be effective for specific policy or code explorations.

HOUSING FINANCE ISSUE COMMITTEE ENDORSEMENTS

In addition to the foregoing recommendations made by the Housing Finance Committee, the Committee also endorsed several strategies to produce affordable housing. Endorsements were selected for one or more of the following reasons:

- The Committee had a limited amount of time to devote to analyzing each issue and chose to focus on the recommendations that would be the most effective;

- The criteria used to determine the potential effectiveness of the identified strategies resulted in a primary and secondary ordering and prioritization of issues. Those strategies which were secondary in nature were considered for selection as endorsements; and

- The strategies requiring legislative action or constitutional amendments were endorsed rather than recommended, because implementation would likely take more than the specified one to two year period.

Rental Assistance

The Issue Committee endorses the concept of **rental subsidies/payment assistance programs** for low and moderate income families as a tool to create a greater pool of available affordable rental housing options. The Committee recognizes that although existing programs such as the U. S. Department of Housing and Urban Development (HUD) Section 8 Certificate and Housing Voucher programs have met some renter's affordable housing needs, future Federal funding is uncertain. We recommend that current funding levels for these programs be maintained and that recognition be given to existing programs and their positive impact in creating affordable rental housing. Direct subsidy/payment assistance programs do not comply with the Committee's criteria which give priority to the recovery or recycling of King County funds. However, the Committee endorses rental support programs in concept and urges King County to continue to research the issue and develop creative new approaches to affordable rental housing. One such approach is the tax abatement legislation endorsed in this report.

Planned Unit Development and Bonus Densities

The Affordable Housing Finance Issue Committee endorses the concept of encouraging the **use of King County Planned Unit Developments (PUDs)** as well as the **implementation of Master Plan Developments (MPDs) and land use bonus densities** in conjunction with Washington State Housing Finance Commission (WSHFC) financing as a means of creating greater home ownership opportunities for low, moderate and median income families.

There are several possible strategies:

- Develop an information sheet for developers of PUDs and MPDs, outlining the bonus density incentives and the method of applying for the WSHFC funds from the multi-family revenue bonds;

- Work with the Seattle Master Builders Association to develop a workshop demonstrating how to use the bonus and the multi-family funds;

- Develop a package with the WSHFC that includes a set-aside of multi-family bond money for builders interested in taking advantage of the bonus density incentives.

The relevant ordinances are: Planned Unit Development (6-7-76) King County Code 21.56.170, Ordinance #2745 - A density bonus of up to .2 dwelling units/acre is allowed for providing rental units at or below 90% of the fair market rents; and RT Residential Townhouse Classification (1-7-80) King County Code 21.17, Ordinance #4688 - Permits the development of townhouses in the RT zone. Master Planned Development provisions in the Newcastle, Tahoma, Raven Heights and East Sammamish Community Plans also offer bonus density incentives.

Legislative Strategies

Tax Increment Financing

The Affordable Housing Finance Issue Committee endorses the concept of **tax increment financing** (also known as community redevelopment financing) to

finance public facilities for economic development and mixed use (multi-family residential and commercial developments) so long as affordable housing results from the action. Tax increment financing generates revenues to pay for public improvements by:

- Establishing a predevelopment property tax base for the area to be redeveloped;

- Projecting the amount of new regular property taxes over and above established base that would accrue to all jurisdictions if public improvements were made and private development occured;

- Using the projected new tax revenues to issue community redevelopment bonds, which will fund public improvements.

The Committee encourages King County to pursue State legislative action to provide for tax increment financing to produce affordable housing in conjunction with mixed use economic development projects.

Tax Abatement Legislation

The Affordable Housing Finance Issue Committee endorses the concept of **tax abatement legislation** which would result in a tax reclassification of non-profit owned and managed housing projects and reduction or elimination of property taxes for documented low income rental housing, of five or more units, effectively reducing overhead costs. Properly constituted, such tax abatement may also provide a strong disincentive to abandon existing rental housing and may make investment more attractive both for new construction and for maintenance.

Tax abatememt legislation could be of significant benefit to the future stability of our low income housing stock, and would affect King County's current affordable housing demonstration programs. If this strategy is to be pursued this year, a quick and diligent response by King County officials and lobbyists is required. The Committee recommends that King County staff pursue this strategy in the 1985 legislative session.

Manufactured Housing

The Affordable Housing Finance Issue Committee endorses the concept of **reform of current legislation affecting manufactured housing.** House Bill 718, presently under consideration by the State Legislature, would move to reclassify manufactured homes as real property rather than as personal property for tax collection purposes. This measure would equate the value of the owner-owned land and the manufactured unit as one, thus combining their values for tax purposes. Endorsement of this legislation would support this Committee's recommendation of establishing a single loan approach to finance new manufactured housing development in the future.

Self Help Housing

The Affordable Housing Finance Issue Committee endorses the concept of **self help housing** and programs to promote self help housing. Self-help housing programs allow potential homeowners to actually construct their own homes with supervision by trained professionals. Such programs could result in affordable housing options for a limited group of potential homeowners.

The Committee emphasizes the importance of an adequate counseling and training support program to be implemented in conjunction with self help housing programs, to insure the satisfactory completion of individual projects.

The Committee recommends that King County give support to self help housing programs as a demonstration project using Community Development Block Grant funds.

CONCLUSIONS

The Housing Finance Issue Committee recommends that King County integrate the foregoing recommendations and endorsements into the Affordable Housing Policy Plan and other King County plans, policies and programs where appropriate. Clearly, there is a role for King County to assist the private finance community and others to produce and retain affordable housing. Because of the constitutional prohibitions on the lending of local and state governments' credit for private benefit, King County will necessarily be limited to assisting people who earn less than eighty percent of the median income for the area. However, since Federal funds received for use by King County over the last ten years to provide housing opportunities for low and moderate income people are periodically subject to reductions and/or freezes, King County must diversify its housing efforts and establish more working partnerships with the private sector. Otherwise, the housing needs of the low and moderate income people (over 170,000[4/] in 1980) residing in King County outside of Seattle and Bellevue may be unmet by the private sector.

The Issue Committee is confident that the recommendations offered in this Report will produce affordable housing. King County is urged to implement the recommendations as soon as possible. If the private finance community is invited to participate in one or more of these recommendations, support will be mobilized quickly as we are committed to provide affordable housing opportunities for those King County residents that need affordable, safe and sanitary housing.

Beyond the tangible benefits of direct financial assistance to low and moderate income people by King County, the Housing Finance Issue Committee recognizes the broader benefits of demonstration projects sponsored by King County. Well planned and effectively marketed demonstration projects, many of which are recommended in this report, benefit a greater number of people than those directly assisted by the project. King County is encouraged to continue

[4/] Seattle-Everett, Washington Standard Metropolitan Statistical Area 1980 Census of Population and Housing, United States Department of Commerce, Bureau of the Census

and diversify the use of demonstration projects to show private developers, lenders, suburban cities, special interest groups, and others that untried or underutilized finance, development or technological innovations can be used to produce affordable housing. In this way, King County can influence and assist the private sector in providing affordable housing for residents who do not normally benefit from King County housing programs.

GS/c:3
4/25/85

APPENDIX 2
Land Use and Development Issue Committee Report

REPORT AND RECOMMENDATIONS

OF THE

KING COUNTY

AFFORDABLE HOUSING LAND USE AND DEVELOPMENT ISSUE COMMITTEE

Presented to King County Executive Randy Revelle and the King County Affordable Housing Policy Plan Steering Committee.

May, 1985

KING COUNTY AFFORDABLE HOUSING

LAND USE AND DEVELOPMENT ISSUE COMMITTEE

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Mike Wong, Transit Planner
Transit Development Division
METRO

c:411
4/10/85

May 1, 1985

TO: Randy Revelle, King County Executive
The King County Affordable Housing Policy Plan Steering Committee

FM: Kay Shoudy, Chairperson
Members of the Affordable Housing Land Use
and Development Issue Committee

RE: The Affordable Housing Land Use and Development Issue Committee Report

We are pleased to present the Report and Recommendations of the King County Affordable Housing Land Use and Development Issue Committee. As a Committee, we were given the responsibility to review existing King County policies and programs that relate to affordable housing. The Committee also identified new policies, procedures/programs and strategies to produce new affordable housing and to retain and improve the existing affordable housing stock in King County.

The Committee has developed recommendations that address the problem of affordable housing in two ways. The first are recommendations that will improve the affordability of all new housing, for example, revisions to the permit approval process, changes in the level and application of development standards and the creation of a county-wide drainage utility. Second, the Committee developed recommendations which are better able to target specific geographic areas for the benefit of specific groups of people. These strategies, which are intended to be implemented through the community planning and zoning processes, include creating a larger supply of higher density zoned land and establishing infill development strategies for under-used and skipped-over land in otherwise developed areas.

The Committee worked together as a group on the entire Report. Consensus was reached on all of the recommendations presented in the Report after thorough discussion and many constructive debates. The Committee addressed all of the issues that you recommended for further study and added a new issue regarding accessibility. We met approximately every other week from November 20, 1984 through April, 1985 to prepare the enclosed recommendations.

We sincerely hope that the time, effort, and hard work of the Committee will assist you and the Affordable Housing Policy Plan Steering Committee to recognize and address the major land use and development issues related to affordable housing. We urge you to incorporate these recommendations fully into the King County Affordable Housing Policy Plan and other plans, policies, and programs where appropriate.

RR:JR:c:410

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EXECUTIVE SUMMARY

The lack of affordable housing has become a growing problem for people living in King County, especially low, moderate and median income households. The recent rise in housing costs has affected families with children, seniors on fixed incomes, and young adults trying to purchase a first home. For many King County residents, high rents are a burden and homeownership is beyond reach. Renters and potential homeowners find it increasingly difficult to obtain affordable, decent, safe and sanitary housing to meet their needs.

This report contains the recommendations of the King County Affordable Housing Land Use and Development Issue Committee in response to the need for affordable housing in King County. King County Executive Randy Revelle charged this Committee with the responsibility of reviewing and assessing those land use and development issues most relevant to the cost of housing in King County and developing strategies to provide affordable housing. The Committee met regularly for over five months with the assistance of King County technical resource staff to research, gather information, evaluate existing programs and policies before making the enclosed recommendations for new policies and programs.

The Committee began with seven issues recommended for study by King County Executive Randy Revelle, which are described in Section II. The original seven issues evolved into the eight issues discussed in this report. The Committee's recommendations for these eight issues are summarized briefly below.

1. Higher Density Zoned Land. King County should increase the amount of land zoned for small lot single family (RS 5000 and RS 7000), mobile home park (RMHP), townhouse (RD 3600) and high density residential development (RM 2400, RM 1800 and RM 900).

2. Land Development Information System. King County should improve its system for monitoring the supply of vacant land. Parcel-level data on vacant residential land zoned for medium and high densities should be included in the Vacant Land Inventory.

3. Community Plans. King County should require consideration of affordable housing in new community plans and community plan amendments, including provision of adequate medium and high density-zoned vacant residential land, coordination of public services and amenities with affordable housing, and protection of existing housing.

4. Plan Implementation. King County should revise its zoning and other development ordinances to promote an efficient permit approval process. Positive incentives, location and design criteria, fewer on-site restrictions and more flexibility in the application of design standards should be considered.

5. Development Standards. King County should look for opportunities to increase the flexibility of its development standards. Performance criteria should be developed that allow roads, drainage and other improvements to be scaled to the size and density of the development served.

6. Flexibility/Predictability in the Permit Process. King County should balance predictability and flexibility by encouraging creative development approaches through a flexible permit process but, at the same time, providing a rapid and predictable permit process when more straightforward developments are proposed.

7. Community Education. King County should improve the public's and the development industry's understanding of both the need and the potential for affordable housing. Opportunities to advocate for affordable housing include the community planning process, other meetings and conferences, and well-publicized demonstration projects.

8. Accessibility. Because the impact of housing location on transportation costs is an important component of housing affordability, King County should encourage the development of affordable housing in locations that minimize the cost of travel to employment and shopping areas.

I. HOUSING AFFORDABILITY IN PERSPECTIVE

Housing affordability has become a serious problem for about one quarter of King County's 273,500 households[1/]. Housing is generally viewed as affordable when a household can pay the cost of decent housing that meets its needs and still have resources left for other necessary household and personal expenses. According to a national standard, no more than thirty percent (30%) of a household's monthly income should be expended for housing to be considered affordable. Based on a recent survey of King County residents[2/] about twenty-three percent (23%) of King County households spend more than thirty percent (30%) of their income on housing.

King County's residents have not seen their incomes rise as rapidly as the cost of housing has increased in the recent past. According to information available from the 1980 U. S. Census of Population and Housing, the median value of a home in King County more than tripled between 1970 and 1980, from $21,700 to $71,000 (a 230 percent increase). Median rents increased 125 percent from $114 to $256 during the same ten year period. On the other hand, median family income increased 113 percent from 1970 to 1980. By the first half of 1984, the median value of owner-occupied housing in King County, excluding Seattle, increased further to $89,140[3/]. Although the cost of the median priced home in King County has declined slightly over the last year, increasing numbers of households are excluded from purchasing homes. While rental rates remained reasonably stable between 1980 to 1983, recent market trends indicate that rents are up 7.1 percent from a year ago and are expected to increase at about the same rate in 1985. Census data indicate that renter households earn a little more than half of the median income of owner households, and they tend to pay a greater percentage of their income for housing than do homeowners.

[1/] 1983 King County households less Seattle and Bellevue from the King County "Land Development Information System," March, 1985.

[2/] A Survey of King County Housing Affordability, Gilmore Research Group for King County Housing and Community Development Division, May, 1984.

[3/] Fall 1984 Seattle-Everett Real Estate Research Report, Seattle-Everett Research Committee, Volume 35, Number 2.

This housing affordability problem is experienced nationwide and is reflected in national trends. Between 1980 and 1983 the percent of Americans who own their homes slipped from sixty-five and six-tenths percent (65.6%) to sixty-four and six-tenths percent (64.6%) -- the first decline in these statistics since 1962.

Definition of Affordable Housing

Affordable housing is decent housing priced within the means of King County residents. King County can influence housing affordability in two ways. First, the County can adopt land use changes that help to restrain the rising cost of all types of housing. Second, the County can encourage the production of housing for low and moderate income residents. Affordability must not be achieved at the expense of safe and sanitary housing conditions, and it should take into account life-cycle maintenance and transportation costs as well as initial purchase price.

The Land Use and Development Issue Committee has developed recommendations based on this two-tiered definition of affordable housing. First, the Committee recognizes that existing land use and development policies and standards adopted by King County affect the cost of all new construction regardless of price in King County. As a result, the Committee recommends changes to existing land use policies, street, storm drainage, and other development standards as well as the permit administration and approval process to make all new construction relatively more affordable than it is today. The Committee believes that it is the appropriate role of King County to allow the private building and development sector to operate with as much flexibility and creativity as possible so long as public goals such as environmental quality, neighborhood integrity, and the public's health, safety and welfare are protected. Any reduction in the time necessary to obtain permit approval or the reduction in the cost of providing essential public services like street, sanitary and storm sewerage and water will improve the affordability of new housing in King County and is strongly supported by the Committee.

Second, the Committee recognizes that low, moderate and median income households experience the greatest difficulty in finding affordable, decent, safe

and sanitary housing for rent or purchase in King County. For the purposes of this report, the Committee is defining the terms low, moderate and median income consistent with definitions established by the U. S. Department of Housing and Urban Development. These definitions are as follow:

- A family of four is considered to be low income if their annual income does not exceed $26,000 (i.e., 80% of median income for the Seattle-Everett Standard Metropolitan Statistical Area (SMSA)).

- A family of four is considered to be moderate income if their total income is between $26,000 per year and $32,500 per year (i.e., between 80% and 100% of the median income for the Seattle-Everet SMSA).

- A family of four with an annual income between $32,500 and $40,625 is considered a median income family (i.e., between 100% and 120% of median for the Seattle-Everett SMSA).

Households in these income groups should not pay rent or mortgage payments in excess of thirty percent (30%) of their income for their housing to be considered affordable. In an effort to encourage the production of new housing and preservation of existing housing that is affordable for low, moderate and median income households, the Committee has developed several recommendations intended to increase the supply of affordable housing through revisions to community plans and area zoning. These recommendations include increasing the amount of land zoned for medium and high densities, promoting infill development and preserving and rehabilitating existing housing.

II. IDENTIFICATION OF LAND USE AND DEVELOPMENT ISSUES

The Committee began its process by evaluating seven land use and development issues identified by King County Housing and Community Development Division (H&CD). H&CD had initially identified these issues from two sources. The King County Affordable Housing Conference held on June 21, 1984 in Renton, Washington, brought together approximately seventy (70) local lenders, developers, local government officials, builders and others to define issues and strategies for affordable housing. Three small group sessions were held on four topics - regulatory requirements, availability of higher density land, creative design, and manufactured housing - which resulted in consensus on forty-four (44) priority issues and strategies. H&CD staff also accumulated land use and development issues determined from the Survey on King County Housing Affordability and evaluated each issue from the conference and survey according to several standards and requirements to narrow the field of issues to the most effective in producing affordable housing.

Upon the recommendation of the Affordable Housing Policy Plan Steering Committee, King County Executive Randy Revelle recommended the following issues to the Land Use and Development Issue Committee for further study:

> The Committee should investigate the following issues which relate to the implementation of the Comprehensive Plan, recognizing that the King County Council may amend the Comprehensive Plan prior to adoption:
>
> 1. There is a need for more land which is zoned for single family 5,000 square foot lots (RS 5000) or smaller to allow more affordable housing in King County;
>
> 2. In order to establish and maintain an adequate supply of higher density land for development, King County should take into consideration the fact that not all vacant land is available for development, or buildable, and;

3. King County should consider the potential impact on the housing consumer of the implementation of the Comprehensive Plan. When community plans are revised to accommodate higher densities, all plans should be amended simultaneously. Impacts on land values, capital improvements planning, open space designation, etc. should be recognized by the study of this issue.

The Committee will also study two issues that relate to the revision of King County subdivision, zoning, and planned unit development ordinances and permit administration processes. This review should recognize the work in progress by the King County Council Committee on the Permit Process and address the following issues:

4. King County should revise the zoning, planned unit development and subdivision ordinances to encourage more affordable housing. Bonus density incentives, location criteria, fewer on-site use restrictions, more flexibility in the application of densities and lot sizes should be considered to encourage more cluster development.

5. King County's land use regulations should be more predictable to reduce the amount of risk a developer must accept to try something new or innovative. In such cases where additional predictability will prevent flexibility in the permit process, the Issue Committee should determine which objective should be given priority; more flexibility or more predictability.

The Committee will also study issues not directly related to work in progress by the King County Council:

6. There should be more affordable housing demonstration projects. For example, the Federal Way manufactured housing subdivision demonstrated that manufactured housing is an affordable alternative to site built homes and can be located to create attractive neighborhoods in King County.

7. Development standards for roads, drainage facilities and other improvements should be scaled to the size and density of development and the neighborhood served, so adequate levels of service are provided at a minimum cost to the developer and homeowner.

These issues were recommended for further study by King County Executive Revelle with the understanding that the Issue Committee had the latitude to address other issues of importance regarding land use and development, as time permitted. The Issue Committee exercised their option to address other issues and made recommendations on a new issue entitled Accessibility. In addition, several issues recommended for further study were reworded and in some cases made more detailed after extensive discussion by the Issue Committee.

III. LAND USE AND DEVELOPMENT ISSUE COMMITTEE RECOMMENDATIONS

The following section contains the recommendations of the Land Use and Development Issue Committee for eight (8) primary issues. They are as follows:

1. Higher Density Zoned Land

2. Land Development Information System

3. Community Plans

4. Plan Implementation

5. Development Standards/Surface Water Management

6. Flexibility/Predictability in the Permit Process

7. Community Education

8. Accessibility

1. Higher Density Zoned Land

Additional land zoned for higher densities is needed in King County. In identifying such lands, location criteria and neighborhood compatibility should be considered. A diversity of housing types and technologies including manufactured housing, factory built housing and site built housing should be encouraged by King County through land use plans and regulations.

There is need for more land zoned for the following higher densities:

- **single family 5,000 square foot lots (RS 5000) or smaller;**
- **single family 7,200 square foot lots (RS 7200);**
- **residential townhouses (RD 3600);**
- **medium and higher density residential dwellings (RM 2400, RM 1800, RM 900); and**
- **mobile home parks (RMHP).**

Discussion

Increased density creates many opportunities to reduce costs that may lead to more affordable housing. For example, as the number of housing units per acre increases, the costs per unit for land, streets, sidewalks and utilities all decrease. For multifamily projects, shared wall construction provides additional savings. Higher densities can also provide continuing life-cycle cost savings to the purchaser through improved transit service and, in multifamily projects, reduced heating bills. Zoning land for higher densities will not ensure that affordable housing will be built, of course; locational characteristics will determine whether luxury condominiums are feasible instead. However, an ample supply of vacant land at various densities should increase the amount of affordable housing constructed.

The Issue Committee agreed that King County should establish and maintain an adequate supply of hazard-free vacant land available for the development of affordable housing. If such a supply is maintained through area zoning and if King County land use regulations and processes are improved, then the private sector will be able to respond to the housing needs of most King County residents except for the lowest income groups. Some members of the Committee expressed concern that higher densities would not guaranty that affordable housing would be provided. These members wanted to recommend that developers be required to construct a certain proportion of affordable housing where land has been zoned for inceased densities. The majority of the Committee opposed attaching any such inclusionary zoning requirements to increased densities.

Recommendations

(1) King County should plan and zone an adequate supply of land for housing at zoning densities and in locations where affordable housing is feasible.

(2) Consistent with Comprehensive Plan designations, each community planning area should contain an adequate supply of vacant single family zoned land (such as RS 5000, RS 7200 and RMHP zone classifications) and multifamily zoned land (including RD 3600, RM 2400, RM 1800, and RM 900 zone classifications) to satisfy the demand for affordable housing within the six to ten year planning horizon for each community plan.

(3) The Sewerage General Plan requires a minimum of a five year supply of developable vacant land within the sewer local service area at all times. Considering that much of this land may not be for sale or subject to site development constraints that are not presently possible to know under the Vacant Land Inventory, this minimum threshold should be raised to a minimum of ten (10) years.

2. Land Development Information System

King County should continue to monitor the supply of vacant land so that increased land costs due to insufficient supply can be prevented. In order to adequately evaluate the supply of land for residential development, King County's Vacant Land Inventory component of the Land Development Information System (LDIS) should maintain information at the parcel level on all vacant land that is zoned for small lot, medium and higher density development.

Discussion

The King County Land Development Information System (LDIS) is a computerized data system used to monitor the rate of subdivision activity (formal plats and short plats), rezone requests, forest land conversion, and building permit approval for single-family, multifamily, industrial and commercial buildings. The LDIS is used by King County to prepare the Annual Growth Report which presents overview information about the status of community planning areas, area zoning, forecast population and development activity on an annual basis.

An important component of the Annual Growth Report is an analysis of vacant land supply and demand. Such information is utilized by King County to monitor the supply of vacant land. When data indicate a shortage of vacant lands, changes to area zoning may be recommended to assure an adequate supply of hazard-free land available for development. The relationship between the supply of vacant land is proportionate to the cost of such land if it is for sale. If land supplies are relatively abundant, the cost for such lands will be relatively moderate (notwithstanding special considerations like views, proximity to highly specialized services and other factors). If the supply of land is constricted by area zoning, then the cost of vacant land will increase, provided the economy is expanding and the demand for new housing is increasing.

Because land costs constitute approximately twenty-five percent (25%) of the cost of new homes in King County, the supply of land and hence the Land Development Information System is of critical concern to the Land Use and

Development Issue Committee. However, it is important to note that the cost of land is only one variable in the final purchase price or rent for new housing. The cost of financing, improvements like street, water, storm and sanitary sewer facilities, building materials and the builder's overhead and profit all contribute to the consumer's cost of housing. In addition, the supply of land available for housing development near public services and facilities is finite and will continue to be more limited in the future than at present.

Recommendations

(1) King County should recognize that not all vacant land is available for sale and development when preparing the Annual Growth Report.

(2) The King County Growth Management Section should inventory vacant land by parcel and specific location as soon as possible. The information for these parcels should specify data on the physical development constraints which include:

- o parcel number;
- o location, section, township range;
- o taxpayer name, address;
- o assessed value of the land and assessed value for improvements to the land and total valuation;
- o zone classification;
- o mapped hazards (steep slopes, wetlands, coal mine hazards, etc.); and
- o location within local service area.

(3) The following information is needed to prepare land use plans that encourage the production or retention of affordable housing and should be available at the community plan level:

- o Vacant parcels contiguous to other vacant parcels and individual lots surrounded by developed property should be determined;

- The availability of services (especially roads, sewer and water) to vacant parcels of land should be identified;

- The site location of vacant lands should be correlated to the level of service of area roads and the disposition of the property in relation to the sewer local service area should be determined; and

- Since land consumption rates are influenced by the net density that can be achieved on individual parcels of land, less severe topography (less than landslide hazard Class III slopes) should be determined in identified urban growth centers.

Related Issues

Higher Density Zoned Land and Community Plan issues discussed in this report relate to the Land Development Information System.

3. Community Plans

It is through the community plans that many of the affordable housing recommendations would be implemented. King County should revise the process of amending community plans and area zoning so that identifying opportunities to accommodate higher densities is a priority. Tradeoffs between community interests and the need to produce affordable housing must be addressed during any amendments to community plans, and measures that improve design compatibility should be adopted.

Discussion

King County is divided into thirteen (13) community planning areas. The King County Council has adopted nine (9) community plans and one "middle" plan so far, and plan updates and new community plans are currently being developed in the Bear Creek, Snoqualmie, Highline, Vashon and Federal Way Community Planning Areas. Area zoning is customarily adopted with the goals, policies, objectives and capital improvement priorities for each community planning area. The community planning process employed by King County involves citizen advisory committees and technical review committees to ensure that the values and goals of existing County residents are addressed. The planning process is divided into five general phases: planning inventory and analysis; development of alternatives; development of proposed plan; plan review and adoption by the King County Council; and plan implementation. The actual scope of issues to be addressed in each community plan and the process to be employed are determined by the King County Council after recommendations by the Planning and Community Development Department, the King County Executive and citizen committees. Plans are scheduled for revision every six (6) to ten (10) years.

Opportunities for affordable housing vary from community planning area to community planning area in King County. For example, in developed subareas of community planning areas, retention and rehabilitation strategies may be most effective to preserve affordable housing. Multifamily housing and small lot (i.e. RS 5000) single family housing opportunities may also be found in developed areas.

In suburban fringe areas, opportunities for affordable housing are more likely to be found in moderate density subdivisions, planned unit developments and mixed use (multifamily and commercial) developments when located near sufficient utilities and services. In rural areas of King County, large residential lots with minimal public services may represent affordable housing opportunities. However, when opportunities for affordable housing are identified in the community planning process, the cost of providing public services to such areas should be considered to avoid unnecessarily high service delivery costs over the life of the housing that may be constructed. Opportunities for affordable housing are expected to be located in each urbanized or developing community planning area and may be located within or outside of higher density candidate areas.

The community planning process is important to the issue of affordable housing because area zoning ultimately determines the capacity of each community planning area for residential development. Residential densities necessary to support the development of affordable housing are either encouraged or discouraged through the community planning process and area zoning. The involvement of representative citizens in the community planning process is a deliberate attempt to listen to, and accommodate as much as possible, community concerns during the revision and development of community plans. As a result, issues such as neighborhood compatibility and transitions between land uses are addressed in most community plans.

The community plan process also serves to identify and prioritize needed capital improvements. Adequate levels of service on area roads, sufficient water and sewer services and appropriate parks and community facilities are all needed to support additional residential development, including affordable housing.

The Committee considered recommending that affordable housing requirements be established as a condition of rezones that permit increased densities when the rezones are achieved during community plan revisions. In this way, residents of a community planning area accepting higher densities

as a means of providing their fair share of affordable housing could be certain that some specified proportion of affordable housing would be built. The Committee decided against any regulatory means of producing lower cost housing, concentrating instead on recommendations that would eliminate barriers and provide incentives for developers to produce affordable housing.

Recommendations

(1) The King County Council should establish a policy declaring a need for affordable housing in every community planning area. King County staff should determine a minimum and maximum number of housing units needed Countywide based on the supply, quality and affordability of the existing housing stock, the rate of population growth forecast and the rate of growth in employment in King County. Implementation of this policy should occur through the community plan process and through cooperation with cities.

Each community planning area should plan for fair shares of affordable housing, consistent with the Comprehensive Plan, because population growth, employment opportunities and affordable housing opportunity areas all differ among community planning areas. However, a community planning area's fair share of affordable housing should be administered as a guideline for planning purposes, not as a quota.

(2) As a matter of policy, King County Council Motions directing the scope of issues to be considered in community plan updates should require community plans to address the need for affordable housing. The following factors should be considered during any community plan update:

- A minimum amount of acreage of suitably zoned land should be set as a guideline prior to the planning process to accommodate new affordable housing for which demand has been forecast;

- Zoning opportunities should be sought and identified for affordable housing whenever possible during revisions to community

plans. Such opportunities should be consistent with the Comprehensive Plan and established residential areas as well as the comprehensive land use plans of adjacent cities.

- o The following considerations should be taken into account when identifying the location of land to be zoned to accommodate more affordable housing:

  - opportunities for higher densities, including those within incorporated cities;
  - more efficient use of the existing infrastructure;
  - location of services including transit; and
  - favorable topography.

- o Diversity in housing types and construction technology should not be limited by County policy.

(3) Community plans should coordinate provision of capital improvements, public services and amenities with planning for affordable housing.

- o Capital improvements, such as road improvements and drainage, necessary to support increased residential densities should be provided where opportunities for affordable housing are planned.

- o Amenities and public service improvements should be coordinated by King County to make the implementation of a fair share of higher density housing more palatable and acceptable to community residents. Funding for such improvements may be obtained from King County, private land owners, developers, Washington State or from other sources.

(4) All vacant parcels of land suitable for infill development of affordable housing should be identified during the community planning process, along with potential measures to successfully integrate infill developments into the existing community.

- Infill development that introduces commercial and high density residential uses into established neighborhoods should be sensitive to its impact on existing residential densities, land uses and transportation and other public improvements to ensure that existing affordable housing is not lost or degraded.

- Existing housing is often the most affordable in King County and should be protected and improved when feasible. King County housing repair and rehabilitation programs should be better coordinated with community plans to encourage housing repair and rehabilitation.

- "P suffix" conditions (which indicate a given property is conditionally suited for the zoned use provided the site plan is administratively approved by King County) may be used to ensure that affordable housing is designed and constructed in a compatible manner with adjacent land uses and the surrounding community. "P suffix" conditions should be limited to matters of local design and appearance, such as setback distances, height limitations, transportation improvements (street access points, signalization, etc.), and supplemental landscaping.

- When no overriding community concerns are voiced during the community planning process or during cooperative planning efforts with cities, properties should be zoned outright for intended residential or mixed-use purposes without "P suffix" conditions.

Related Issues

Higher Density Zoned Land, Plan Implementation and Community Education Issues discussed in this report relate to Community Plans.

4. Plan Implementation

To ensure that the recommended policy to encourage affordable housing is not undermined by inefficient permit review and approval processes, King County zoning, planned unit development, subdivision and the Residential Mobile Home Park (RMHP) ordinances and adopted master plan development criteria should be revised. Positive incentives, location and design criteria, fewer on-site use restrictions and more flexibility in the application of densities and lot sizes should be considered. Neighborhood compatibility should be recognized and ensured through an improved level of design standards.

Discussion

King County administers a wide variety of land use and development ordinances to implement the Comprehensive Plan, community plans, other policies and State laws. Key ordinances affecting housing affordability are the Zoning Code (which includes planned unit development and residential mobile home park regulations in Title 21 of the King County Code), Subdivisions Code (Title 19), Building and Construction Standards (Title 16) and a variety of policies relating to surface water runoff, environmental procedures, landmark preservation and other issues of importance (Title 20: Planning). Master planned development criteria are adopted as part of several community plans and also function as land use controls as the criteria establish requirements and guidelines for the development of large land parcels.

King County land use and development ordinances have been developed and refined in response to State legislative requirements, court rulings and Attorney General opinions as well as in response to concerns voiced by special interest groups, citizens and elected officials. Like most local governments nationwide, King County's land use and development ordinances were developed sequentially over time and are not evaluated for necessary changes on a comprehensive or systematic basis. Ordinance changes are generally considered well after a particular problem has been identified and investigated.

The Land Use and Development Issue Committee has several concerns about King County's land use and development ordinances including the following:

- The time necessary to obtain preliminary plat, planned unit development, master planned development and other permit approvals is excessively long, which increases the cost of housing.

- Many ordinances are unduly restrictive as they relate to project and building design, which stifles innovation and new construction techniques which could provide affordable housing.

- Some ordinances lack flexibility when it may be in the public's best interest to encourage innovation and flexibility as developers can respond to market demands to produce affordable housing so long as other community concerns and the public's health and safety is still protected.

Recommendations

(1) King County should simplify the present-day zoning and subdivision ordinances. More incentives should be made available for affordable housing, including single family housing. King County should evaluate the Planned Unit Development (PUD) Ordinance's bonus density incentives and processing requirements to make the PUD Ordinance a more effective incentive for affordable housing.

(2) More options should be provided to developers through King County's zoning and subdivision ordinances. Specifically, the Residential Mobile Home Park (RMHP) Ordinance should be revised to provide developers with an option. A 50% increase in density now available in the RMHP Ordinance should be preserved. A second option of developing an RMHP at or below the density of surrounding properties without a public hearing to address any subject other than public facilities and services should be integrated into the RMHP Ordinance.

(3) King County should actively support State legislative action to amend RCW 58.17 so that counties have the same option of increasing the number of lots that can be created by short subdivision from 4 to 9 lots (necessitating an administrative, not legislative, decision) that cities

and towns presently have. Appeals to such adminisrative decisions would result in public hearings.

(4) All regulations and policies should be written or revised to encourage quick and timely permit processing, but not at the expense of the public interest. Specific time limits should be established and enforced for all permits.

(5) King County should develop more specific public hearing procedures to limit the scope and extent of public testimony to the specific issues of the proposal undergoing review. King County should establish specific tests that must be met before a second public hearing on a development proposal may be held.

(6) King County should revise the existing permit hearing regulations (Title 20.24) to identify land use decisions where hearing examiners should make administrative decisions, appealable to King County Council, rather than legislative recommendations, which require an additional Council hearing.

(7) Master Planned Developments (MPDs) are one way King County can encourage affordable housing. However, MPDs are not a panacea for the affordable housing needs of King County residents. The minimum size requirements for MPDs range from 250 to 400 acres, which limit their use. The cost of providing below market rate housing to some residents of MPDs may increase the cost of housing to those purchasers of market rate housing within the MPD which raises a question of fairness. Nevertheless, the flexibility in applying housing types and densities possible through the MPD process has a positive effect on affordable housing.

Related Issues

Predictability/Flexibility in the Permit Process and Community Plan Issues discussed in this report relate to Plan implementation issues.

5. Development Standards/Surface Water Management

King County should reexamine its development standards for roads, drainage facilities, public transportation and other improvements to look for opportunities to reduce cost. Development standards should be scaled to the size and density of development and the neighborhood served, so levels of performance that adequately protect the public welfare are provided at a minimum cost to the developer and homeowner. A countywide drainage utility should be created to address surface water management on a regional basis.

Discussion

The cost of installing streets, drainage facilities, sidewalks, sewer and water lines all contribute to the final purchase price of new homes. Any decrease in the cost of these facilities will improve the relative affordability of new construction, provided that the reduced development costs are reflected in the purchase price or monthly rents charged.

King County's development standards, which prescribe what thickness of pavement or width of street should be provided by a developer, are often based on national standards that may or may not apply to local circumstances. Some members of the Land Use and Development Issue Committee believe that many of King County's minimum standards are too high and that they defeat the goal of affordable housing. For example, standards that prescribe the maximum length of a cul-de-sac could be relaxed.

In addition, the Committee recommends that King County expand its use of performance-based standards to encourage innovation and allow flexibility by the development community. Using performance standards, King County would establish a minimum level of service desired from a street or drainage facility and allow professional designers to meet the challenge of providing the level of service desired at the lowest possible cost. In this way, it is possible for King County to encourage innovative problem solving while protecting the public health and safety.

Recommendations

(1) King County should establish a minimum performance level of development standards to ensure public health and safety while minimizing public liability.

(2) King County should retain and expand the present system whereby developers can propose alternate standards and designs to the Director of Public Works.

(3) In areas where infill development is encouraged by community plans, particular attention should be given to ways that reduced road and utility standards could be used to make development possible, so long as public health and safety is preserved.

(4) King County should allow and encourage innovation in the design of infrastructure and road standards serving new residential developments. Categorical denials of proposed developments that propose innovative infrastructure should be discontinued. For example:

- King County should allow the development of intermediate road standards, narrower than some and wider than some existing road standards.

- The length of cul-de-sacs and/or the maximum number of lots that may be served by minor access streets should be increased where justified.

(5) The creation of a Countywide drainage utility is supported by the Land Use and Development Issue Committee. The actual price of new housing is not expected to decline due to the creation of a drainage utility but it is expected that the utility approach will be more equitable for developers of new projects because the cost of drainage improvements will be shared by new and existing residents. The area wide approach to surface water management is supported as a more efficient means

to manage a regional problem as opposed to the present day, piecemeal approach of requiring on-site drainage improvements from developers of new projects.

(6) King County should recognize that advanced technology and expensive remedies to surface water management problems are not always the most appropriate. Above ground retention ponds, grassy swales and lot clustering should be encouraged by King County where appropriate, to alleviate drainage problems.

Related Issues

Flexibility/Predictability in the Permit Process and Plan Implementation Issues discussed in this report relate to Development Standards/Surface Water Management.

6. Flexibility/Predictability in the Permit Process

Whenever possible, King County should seek to balance predictability and flexibility in the land use permit process. In situations where development proposals are standard requests for permit approval, the process should be more predictable. Flexibility should be provided to developers who propose innovative and creative projects.

Discussion

Flexibility and predictability in the permit process are inherently incompatible objectives. Flexibility denotes a negotiated design review process which may be lengthy in order to respond to citizen and agency concerns. Such a negotiated design review and permit approval process adds to the risk and cost incurred by the developer. However, some developers desire flexibility in the permit process to create innovative solutions to new market demands for their products. Furthermore, skipped-over parcels of land may require creative design strategies to infill development, and difficult topography or other unusual features of undeveloped land may require innovative solutions to make best use of the property. Rigid permit processes can work at cross-purposes to other King County policies to encourage infill development, redevelopment or large parcel developments, such as the master planned development concept.

Predictability, on the other hand, requires a permit review process with predetermined evaluation criteria and time limits on each stage of the review process to ensure timely processing. Although such regimentation may inhibit creativity, some developers, particularly those with relatively high property holding costs, straightforward development plans and land without significant development constraints (like wetlands, steep topography, etc.) require a predictable permit process so they can begin work as soon as possible.

It is important to recognize the value of both predictability and flexibility in the permit process in King County. The market for housing is a diversified

one in a county like King County, which is the size of the State of Rhode Island. Land development constraints are commonplace in King County as some of the most easily developed property was developed years ago. In order to maintain a diverse range of affordable housing choices in King County, which is in the public's best interest, both flexibility and predictability in the permit process must be established and maintained.

Recommendations

(1) A two-pronged permit process is necessary to preserve both flexibility and predictability to encourage a diversity of affordable housing choices in King County. In order to encourage innovation, infill development and the use of master planned development and planned unit development provisions in King County ordinances and plans, a flexible permit process is required. However, where straightforward development proposals are in conformance with the Comprehensive Plan and the applicable community plan, the permit review should be as rapid and predictable as possible.

(2) King County should actively promote a high degree of professionalism and excellence among permit counter and plans checker personnel. Every encouragement should be made to keep capable people responsible for the permit process in permit administration positions. Increases in permit fees are justified if the funds are used to improve service and decrease permit review time.

(3) A procedure for assigning dates for hearings before zoning and subdivision examiners should be established, based on the date that the completed application is submitted.

(4) Where there are interagency review functions necessary to obtain permit approval (i.e. among Public Works, Planning, Building and Land Development, etc.), liaisons from other departments should be physically located within an interdepartmental permit review center to facilitate quicker permit processing.

Related Issues

Development Standards/Surface Water Management and Plan Implementation Issues discussed in this report relate to Flexibility/Predictability in the Permit Process.

7. Community Education

Demonstration projects should serve as a way to show the public, community groups, elected officials and the private sector, alternatives to create affordable housing. King County should consider the following demonstration strategies to produce affordable housing:

- **Manufactured housing subdivisions, parks and cooperatives**
- **Land banking**
- **Self help housing construction**
- **Creative design**

Discussion

The community planning process provides a significant opportunity for King County staff to explain the need for affordable housing and to provide examples of affordable housing to the residents participating in the process. During the development and revision of community plans, community residents become more familiar with the people in their area, local history and some of the area's natural features, such as local geology, water quality, wildlife habitat and species. Participants also learn about such regional matters as population and employment projections when planning future land uses to accommodate growth. King County can use the community planning process to advocate for affordable housing, encouraging each community planning area to provide its fair share of affordable housing opportunities.

In addition to explaining the need for affordable housing, King County can use the community planning process to publicize examples of alternative affordable housing developments, to increase familiarity and acceptance of the projects. Local examples could be used. For example, over the last seven years the King County Housing and Community Development Division (H&CD) has utilized a variety of federal funds to demonstrate affordable housing finance, building construction, ownership and land development alternatives. Many private builders and developers are constantly experimenting with a variety of construction, land use and finance alternatives to produce a

product for their particular segment of the homebuying or renting public. A variety of non-profit mutual housing associations, housing development, self-help construction and rehabilitation organizations in the Puget Sound region are actively involved in providing housing for low and moderate income people. The experiences of these groups provide useful information that could be integrated into the community planning process to illustrate the variety of means to achieve affordable housing. Community residents may be more accepting of higher density development or innovative land development proposals to provide affordable housing in light of a thorough treatment of the subject in the community planning process.

Aside of the community planning process, King County and area trade associations and special interest groups can cooperate to publicize the results of public and private sector initiatives to produce or retain affordable housing. Meetings and conferences, such as King County's Affordable Housing Conference in June 1984, help housing planners, builders and financers to share experiences and ideas. Well marketed and effectively publicized affordable housing examples could help to inform the public, builders and developers as well as public officials and improve the image of affordable housing.

Recommendations

(1) King County should publicize the need for affordable housing and the results of its affordable housing demonstration projects. This information should be used in the community planning process and elsewhere to educate community groups and to dispell common misconceptions about affordable housing. For example, communities should be shown that:

- Higher density housing does not necessarily result in more affordable housing;

- New construction which is a different type (like manufactured housing) or lower in cost than existing housing located nearby does not necessarily cause a reduction in existing residential property values; and

- Higher density housing can be designed and situated to provide privacy at affordable prices through creative design.

(2) King County should continue to use Community Development Block Grant funds for housing demonstration projects. Housing demonstration activities should concentrate on projects that the private sector cannot perform alone because of excessive risk, unacceptably low profit margins or other factors. Future demonstration projects may include:

- Innovative building construction techniques to produce more affordable housing and development standards for roads and other infrastructure;

- Use of King County owned land or other publicly owned lands to develop affordable housing; and

- Energy efficient building construction or land use practices that make housing more affordable to live in and maintain.

(3) King County should work closely with builder, manufacturer and realtor trade associations, local lenders, and suburban cities and towns to ensure that the results and findings of demonstration projects are adequately publicized and marketed.

Related Issues

Community Plans and Development Standards/Surface Water Management are related to Community Education.

8. Accessibility

All new housing in King County should be developed in recognition of private and public transportation costs necessary to reach employment locations and obtain necessary goods and services.

Discussion

For many King County residents the cost of transportation (principal and interest of car payments, operation and maintenance of automobiles including license fees, insurance, fuel and replacement parts and/or the costs of public transit) is the second highest monthly expenditure after housing costs. According to the Energy Management Plan for King County[4/] (Energy Plan), the consumption of energy in King County (including Seattle) during 1978 for transportation purposes was forty percent (40%) of the total consumed, and exceeds all other sectors (residential 26%, commercial 18%, industrial 14%, government 2%). Compared to the total United States energy consumption, King County energy consumption for transportation exceeds the national average by fourteen percent (14%). The Energy Plan states that "This is a function of the County's relatively low population/employment density which results in more auto travel, and the local industrial structure, which generally tends to be below average in the intensiveness of industrial energy consumption".

If location decisions for new housing were based solely on cost of land considerations, the most affordable housing would likely be located in remote suburban or scattered site rural locations. However, taking transportation costs into consideration, higher land costs for new housing may be justified in more accessible locations where residential densities are higher, and where transit and other public services and facilities are more readily available.

4/ Energy Management Plan for King County, King County Energy Planning Project, November, 1980.

Access to transit, transportation corridors and public services are especially important to low and moderate income households who often have no ability to pay the higher costs of transportation necessary to live in remote locations, and still afford basic necessities. If people are compelled to purchase and operate an additional automobile to get to employment locations and services from remote affordable housing, then the housing may not be so affordable in the final analysis.

Recommendations

(1) Residential sprawl and leapfrog development results in higher transportation costs for the individual and less efficient public transportation due to lower ridership. Infilling of undeveloped properties in existing urbanized areas should be encouraged by King County where possible. During community plan revisions, King County should identify all vacant parcels of land suitable for higher residential density infilling, and propose ways to achieve more compact development. Incentives such as increased densities, reduction of parking requirements if accessible to transit, and more shared parking should be expanded to encourage infilling in identified areas.

(2) The separation of the work place and home has increased the cost of transportation for many King County residents. Recognizing that this trend may be reversed over time due to technological changes in communications and a shift towards more service occupations, King County should encourage more mixed use (commercial and multifamily residential, primarily) development in urban activity centers.

(3) Access to transit should be considered when designating areas suitable for affordable housing opportunities.

(4) When transit service may be feasible, access to transit including bus stops, pedestrian access to transit routes and circulation patterns capable of allowing bus access should be planned during King County's site plan and preliminary plat reviews.

Related Issues

Community Plans and Plan Implementation Issues are related to Accessibility.

IV. CONCLUSIONS

The Land Use and Development Issue Committee recommends that King County integrate the foregoing recommendations into the Affordable Housing Policy Plan and other King County plans, policies, and programs where appropriate. The Issue Committee also supports action by King County to implement those portions of the recently adopted King County Comprehensive Plan-1985 that are related to affordable housing as soon as possible.

The recommendations of the Committee fall into three broad categories. The first category contains recommendations that would reduce the costs of development. These include such changes as reduced delay in the permit approval process (for example, through increased clarity and certainty in the various development Ordinances and a more limited scope of public review), and increased flexibility in development standards allowing developers to propose lower cost alternatives. Increased density also falls into this category because land costs are such a high proportion of development costs. These measures which address development costs in general are likely to affect the cost of all housing, improving affordability.

A second category of recommendations relate to the supply of vacant, developable residential land. The major recommendation is to increase the amount of land zoned for each of the medium and high density zones, dramatically increasing the number of housing units that can be built and reducing the per unit cost. These recommendations also include improving the County's vacant land inventory system, strengthening the emphasis on implementing higher densities through the community planning process, and using public works improvements as incentives to develop infill properties.

Like the recommendations to reduce development costs, recommendations to increase the supply of vacant, higher density land can have the effect of improving housing affordability for the full range of housing types. Land supply recommendations, however, also have the potential for increasing the amount of new housing construction specifically targeted to low- and moderate-income residents.

The Committee debated the relationship of high density land to affordability at length. We agreed that the lowered land costs per unit, combined with reduced construction costs, results in significant cost savings that can be passed on to home purchasers. While these measures may be necessary to lower the cost of housing, they provide no guaranty that developers will actually construct new housing for the low- to moderate-income market. Some members of the Committee wanted to recommend that community plan concessions, particularly those allowing higher density infill development, be made in exchange for some assurance that affordable housing would indeed be built. But the majority of the Committee was opposed to any type of affordable housing requirement, and favored recommendations that would eliminate barriers or provide incentives to developers to produce affordable housing. The Committee does agree that its recommendations may not be sufficient to provide new housing construction to low- and moderate-income groups, but considers the recommendations a major step toward improving housing affordability.

The final category of recommendations are those that strive to protect and enhance existing neighborhoods within the Community Planning Areas. Due to the residents' role in the community planning process, they can participate in identifying appropriate sites for higher density, affordable housing developments, and suggest design conditions that will help the developments blend with the existing areas. The Committee also recommends that amenities and public service improvements may be provided along with the higher densities, and that housing rehabilitation be better coordinated with the community planning process. Finally, through demonstration projects, both the public and the development industry can learn how affordable housing can be well integrated into its community.

King County can and should take a leadership role to encourage affordable housing by the adoption of an Affordable Housing Policy Plan which should include the recommendations contained in this Report. King County, suburban cities and towns, and the private sector are all urged to work together to publicize and market successful initiatives to encourage affordable housing. In this way affordable housing will be seen as a realistic option for those who can afford it and a practical necessity for those low, moderate and median income households in King County who desperately need it.

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4/22/85

APPENDIX 3
Affordable Housing Survey Summary

A SURVEY OF
KING COUNTY HOUSING AFFORDABILITY

for

King County

Housing and Community Development Division

by

Gilmore Research Group

May, 1984

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BACKGROUND AND METHOD

The King County Housing and Community Development Division is preparing an Affordable Housing Policy Plan for King County outside Seattle and Bellevue. In order to provide information from a representative sample of county residents, Gilmore Research Group was contracted to refine a survey instrument and complete data collection and analysis to meet the Division's information needs.

The survey was conducted by telephone using prefixes from all of King County, except those within the Seattle or Bellevue city limits. Numbers were randomly generated so that new, unlisted and listed households all had an equal opportunity of falling into the sample.

The survey area was divided into three areas corresponding to King County Community Planning Regions: North and East Regions (Shoreline, Northshore, Bear Creek, Eastside, Snoqualmie Valley and East King County), Southeast Region (Newcastle, Green River Valley, Soos Creek, Tahoma/Raven Heights, Enumclaw), and Southwest (Highline, Federal Way and Vashon).

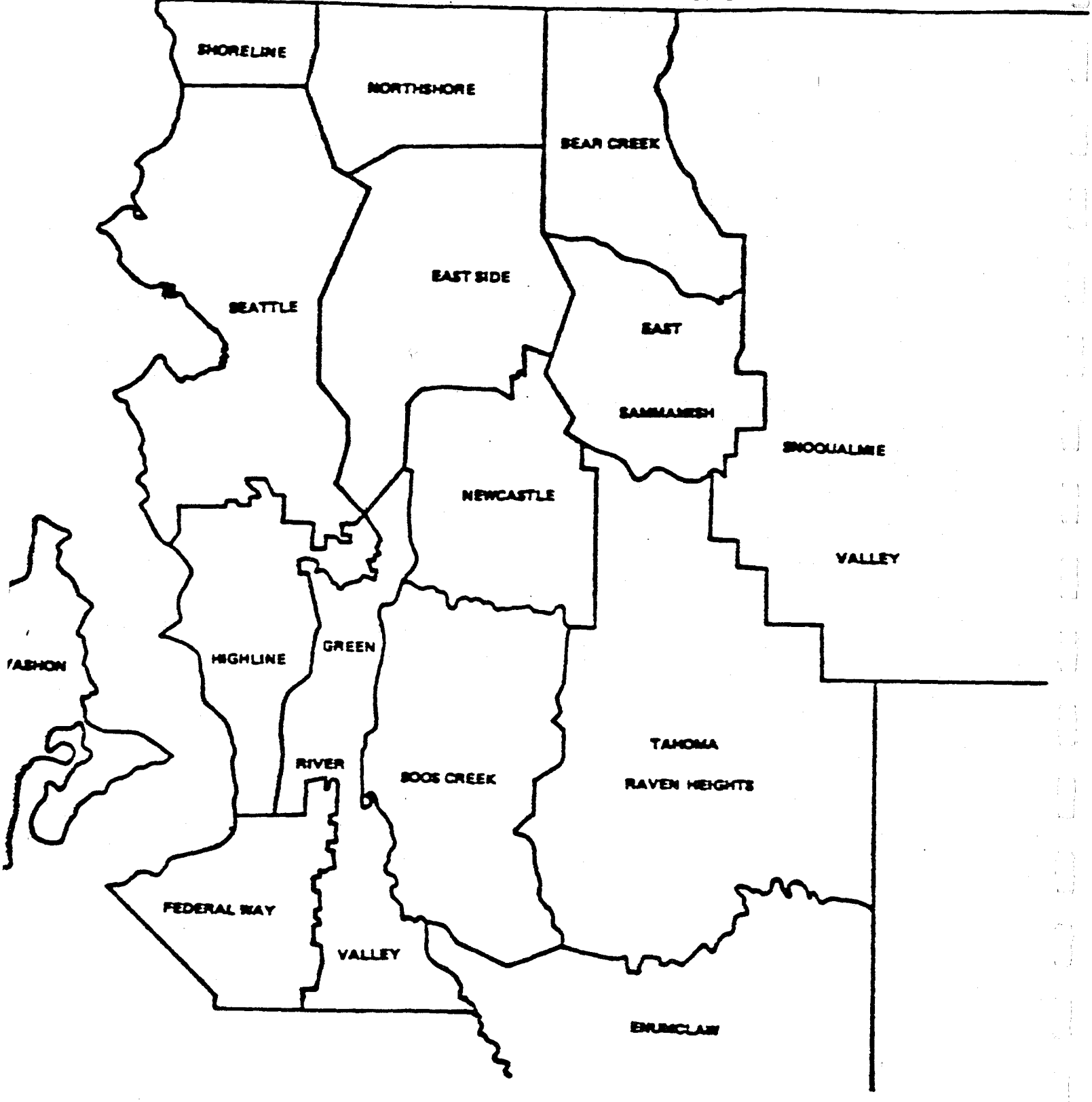
A sample of 503 was drawn proportionate to the population in those three Regions. (See map, page 2.) The findings are projectable to King County population in the three Regions within a maximum error of ±4.5% (at 95% level of probability).

The survey questionnaire underwent three drafts, each pretested for length and for question logic. The final questionnaire yielded an interview approximately twenty minutes in length.

Experienced telephone interviewers collected data in the monitored central telephone center of Northwest Certified Surveys, the interviewing division of Gilmore Research Group. The fielding dates covered April 24-May 4, 1984.

Data was coded, keyed and processed by Gilmore Research Group, working with Division staff. This report represents the primary findings of the survey. A full set of computer-generated cross-tabulations appears under separate cover.

COMMUNITY PLANNING AREAS IN REGIONS



North Region	East Region	Southeast Region	Southwest Region
Shoreline	Snoqualmie Valley	Newcastle	Highline
Northshore	East King County	Green River Valley	Federal Way
Bear Creek		Soos Creek	Vashon
Eastside		Tahoma/Raven Heights	
East Sammamish		Enumclaw	

SOURCE: King County Housing and Community Development Division

SUMMARY OF FINDINGS

CURRENT HOUSING STATUS

All Survey Respondents

- The great majority of King County respondents in this survey live in single unattached houses (77%). The remaining one-fourth live in apartments (11%), mobile homes (7%), condominiums (3%), and attached houses (2%).

- According to most respondents, their housing conditions are excellent, needing less than $500 in repair (57%), or good (32%). Only 11% rated their home as moderate to poor (needing $2,000 or more in repair).

- More than half (55%) of respondents have lived at their current address more than five years. More than one-fourth (28%) reported living at their address more than 10 years.

- Two-thirds (67%) of all households spend 30% or less of their monthly income on their housing expense. ("Expense" includes mortgage payment, taxes, insurance and heat or rent payment.) One-fifth of these households own their homes outright, which corresponds to 14% of the total sample who have no mortgage payments at all. (See Graph 1)

- More residents of Northeast King County (35%) pay in excess of 30% of their monthly incomes on housing than do residents of the Southeast (18%) or Southwest (19%) Regions.

Homeowners

- More than three-fourths (77%) of the respondents in this King County survey area own or are buying their homes.

- Fully 80% of homeowners pay 30% or less of their monthly income on housing, including the 14% who own their homes and make no mortgage payments. This leaves 20% of homeowners who contribute more than 30% of their incomes to housing. (See Graph 1)

Renters

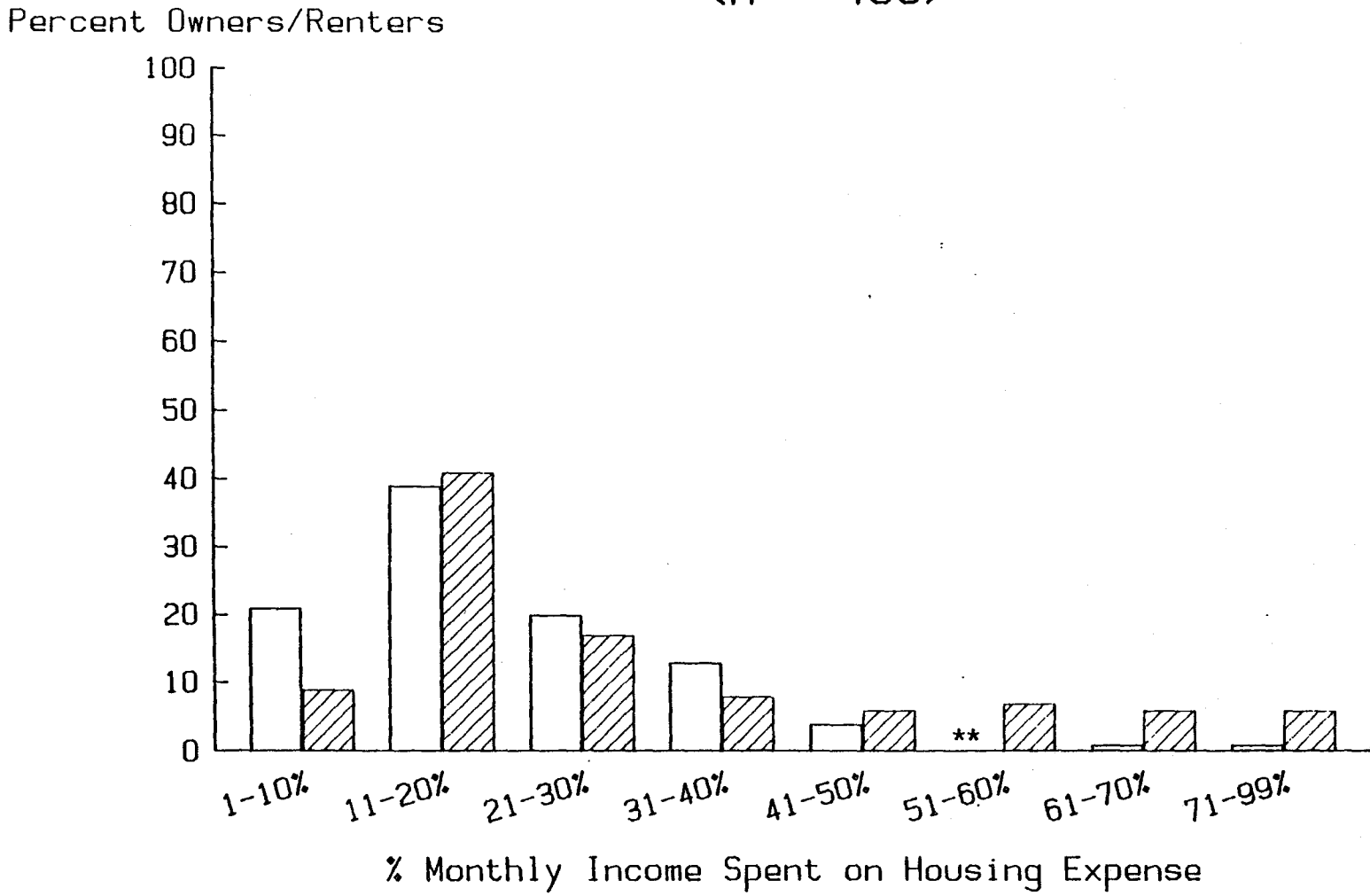
- Almost one-fourth (23%) of the survey respondents currently rent their homes.

- One-third of the renters (33%) pay in excess of 30% of monthly income on housing expense. Renters, on the whole, are paying a significantly higher proportion of their incomes for housing than are homeowners. (See Graph 1)

- Among renters, more than half (55%) have previously owned homes.

- Personal life change accounts for why many previous owners are now renters (50%), followed by housing cost (30%). Not surprisingly, there is a higher percentage of single/divorced/widowed than married respondents in this situation.

GRAPH 1
PERCENT MONTHLY INCOME SPENT ON KING COUNTY HOUSING*
(n = 438)***



*Excluding those living inside the Seattle or Bellevue city limits.

**Less than 0.5%.

***Base excludes those who refused

Potential Owners/Interest in Homeownership

- Among those who have never owned (11%), an overwhelming eight out of ten (81%) would like to purchase a home in the next three years.

- The primary reason (56%) for wanting to buy is for privacy and to be able to control one's own living environment (remodeling, decorating, etc.), followed by economic considerations: accumulating equity (42%) and tax benefits (30%).

- High down payment is the primary factor preventing those who have never bought a house from buying (49%). An additional one-fourth of those unable to buy (26%) say that overall house prices are too high.

Differences Between Homeowners and Renters

- In addition to proportion of income spent on housing, homeowners and renters also differ by: the type of dwelling lived in, length of residence, condition of dwelling, affordability of housing and demographic makeup of household. (See Table 1)

- The demographic characteristics of owners and renters are shown in Table 3, page 11. Renters are younger than homeowners, more likely to be single or living alone, and thus more likely to have one wage-earner households and a lower annual income.

TABLE 1

KING COUNTY OWNER & RENTER HOUSING CHARACTERISTICS
(n=503)

	Total (503)	Owner/Buyer (386)	Renter (117)
Dwelling Type			
Single family unattached house	77%	88%	40%
Attached house (duplex, etc.)	2	1	5
Condominium/Apartment	14	3	52
Mobile Home	7	8	3
Length of Time at Current Address			
Two years or less	26%	13%	64%
Two to ten years	46	51	32
More than ten years	28	35	3
Incorporated/Unincorporated King County (Outside Seattle & Bellevue)			
Inside suburban city limits	38%	35%	47%
Outside suburban city limits	60	64	49
Perceived Housing Condition			
Excellent (needs less than $500 in repairs)	57%	60%	50%
Good (needs $500-$2,000 repairs)	32	32	32
Moderate (needs $2,000-$8,000 repairs)	8	7	10
Fair-Poor (needs more than $8,000 repairs)	3	1	8
Percent Income Spent on Housing			
30% or less	77%	80%	67%
31-50%	16	17	14
More than 50%	7	3	19
Perceived Affordability of Own Housing			
Affordable	72%	78%	65%
Not affordable	28	21	35

NOTE: Where percentages add to less than 100%, respondents refused or did not know information.

PERCEPTION OF HOUSING AFFORDABILITY

Key Finding

- Nearly three-quarters (74%) of all respondents feel that a problem exists in King County for people to find adequate affordable housing; more than one-third (37%) feel it is a problem in their own community; and one-fourth (24%) indicate it is a problem for themselves.

Perception of Affordability in King County

- The perception of an affordable housing problem is consistent across all three Regions of the county - Northeast, Southeast, and Southwest (73%, 73% and 74%, respectively).

- The people who believe a housing problem exists at the county level are those who feel their own housing is unaffordable (80%), who spend more than thirty percent of their total income for housing (83%), and whose dwellings are in need of repairs totalling more than $2,000 (76%).

- The perception of a problem does not differ remarkably by household annual income. It ranges from 71% agreement for the high income range (those earning $45,000+) to 81% agreement among the low-moderate income range (those earning $15,000-$24,000).

- The primary reasons given by all respondents for feeling that King County lacks affordable housing are high interest rates (26%) and high monthly payments (25%).

- Owners/buyers, not surprisingly, were more likely than renters to cite high interest rates as a reason for feeling the area lacks affordable housing -- 28% and 19%, respectively.

- Renters (29%), as well as those on the extremes of the annual income scale, were more likely to mention high monthly payments. More than one-third (34%) of those earning more than $45,000 annually as well as about one-third (31%) of those earning less than $15,000 annually see the problem as high monthly payments.

- Less than one-fifth (17%) say there is not enough housing in the affordable price range. This reason is given more frequently by households with head of households ages 65 and over (26%) as well as households with no wage earners (25%).

- About the same percentage (16%) think that incomes aren't high enough to meet the rising housing costs. Those in the $15,000-$25,000 income bracket say this more frequently (21%) than other income groups. An additional 12% say it takes two incomes to afford housing.

- Many other reasons for the perception of non-affordable housing were mentioned, but none received more than 13% response. Reasons include concern for young people and for elderly to afford housing, high down payments, high selling prices, unemployment, high taxes, housing values, high cost of utilities and heat, inability to qualify for loans, and lack of rental housing.

Perception of Affordability in Respondent's Own Community

- More than one-third of survey area residents (37%) perceive a problem with affordable housing in their own community, only half the proportion of those who feel there is a similar problem in King County as a whole (74%).

- Both renters and owners agree on this community perception (38% and 37%, respectively).

- Those with incomes less than $15,000 annually (48%), those who perceive their own housing as unaffordable (47%) and those who pay more than 30% of their monthly income (49%) are more likely to say there is a problem in their community.

- Households with children under 18 are significantly more likely to perceive a community problem than those with no children (42% versus 32%).

- People who feel affordable housing problems exist in their own community list the following reasons most frequently:

Not enough housing of affordable price range	23%
High monthly payments	17%
High interest rates	15%

Perception of Affordability in Relation to Respondent's Own Households

- Among those with a monthly mortgage or rental payment, more than one-fourth (28%) say that their household income does not meet other expenses after paying the basic housing payment. Almost three-fourths (72%) say their income does meet their housing and other expenses, with just over one-third (34%) saying their income does so "very well."

- Significantly more rent payers report difficulty meeting monthly expenses (35%) than do mortgage payers (25%).

- More household heads age 18-34 have difficulty in meeting monthly expenses (32%) than do those compared in age categories 35-64 (25%) or 65+ (29%).

- Problems meeting expenses are felt by significantly more households earning less than $25,000. Almost half (45%) of those in the income category $15,000-$25,000 and more than half (59%) of those earning less than $15,000 are having difficulty meeting expenses compared to an average of 16% among the higher income groups.

- Not surprisingly, this difficulty is expressed significantly more often among households that spend more than 30% of their monthly income on housing costs (54%) compared to those who spend 30% or less of their monthly income (20%).

- In spite of the fact that only 28% of households with monthly housing payments expressed difficulty in meeting expenses, only one-fourth (24%) of all respondents say they could purchase an average three-bedroom house in King County at today's cost ($90,091).

- Half (50%) of all respondents think that they have to compromise a lot on housing conditions to get a cost they can live with.

- Significantly more renters (64%) than buyers (46%) feel they must compromise on housing conditions. In addition, significantly more of those who spend more than 30% a month on housing costs also feel this way (70%), compared to those who spend 30% or less (47%).

- Having to compromise is correlated with income. Those making $35,000 or more annually are less likely to have to compromise than are those earning less than $35,000 -- 35% versus 64%.

- More than half of the young adults age 18-34 (55%) have to compromise compared to less than half (48%) of those over 34 years old.

Perceived Ability to Buy in Today's Market

- Significantly fewer renters (10%) than homeowners (28%) think they could buy today.

- In order to purchase one's dream house, respondents report a willingness to pay an average of $617 per month.

- Renters are willing to pay much less ($523) than are homeowners ($650).

Comparison of Renting and Buying in Today's Market

- About one-fourth (23%) of homeowners would switch to renting if they were going to change their housing today and the same percentage (25%) of renters thought they would switch to buying.

- The primary reasons given for buying instead of renting are the investment (50%) and the tax write-off (32%).

- Additional motivations for buying rather than renting are: pride of ownership (24%); loss of investment ("you throw money away when you rent" - 23%); and privacy/controlling one's environment (22%).

- People would rent basically because they can't afford to buy (41%) and can't afford the down payment (22%) or monthly payments (17%).

- Only 12% say they would rent to avoid the responsibility of house maintenance.

- Respondents to this King County survey feel strongly about the principle of homeownership opportunity. Fully nine out of ten respondents (90%) agree that everyone who wants to, should be able to buy their own home.

AFFORDABILITY DESIGN AND STRATEGY

Preferred Housing Options

- Given five housing options, survey area residents are most receptive to a new mobile home on their own land (45%) or a pre-fabricated single family house (44%).

- The options mentioned above are followed by: an attached single family dwelling with ground level access (30%), a new mobile home in a mobile home park (21%), then a condominium in a high-rise (14%). Fully 23% of respondents could make no choice or said they would accept none of those housing options.

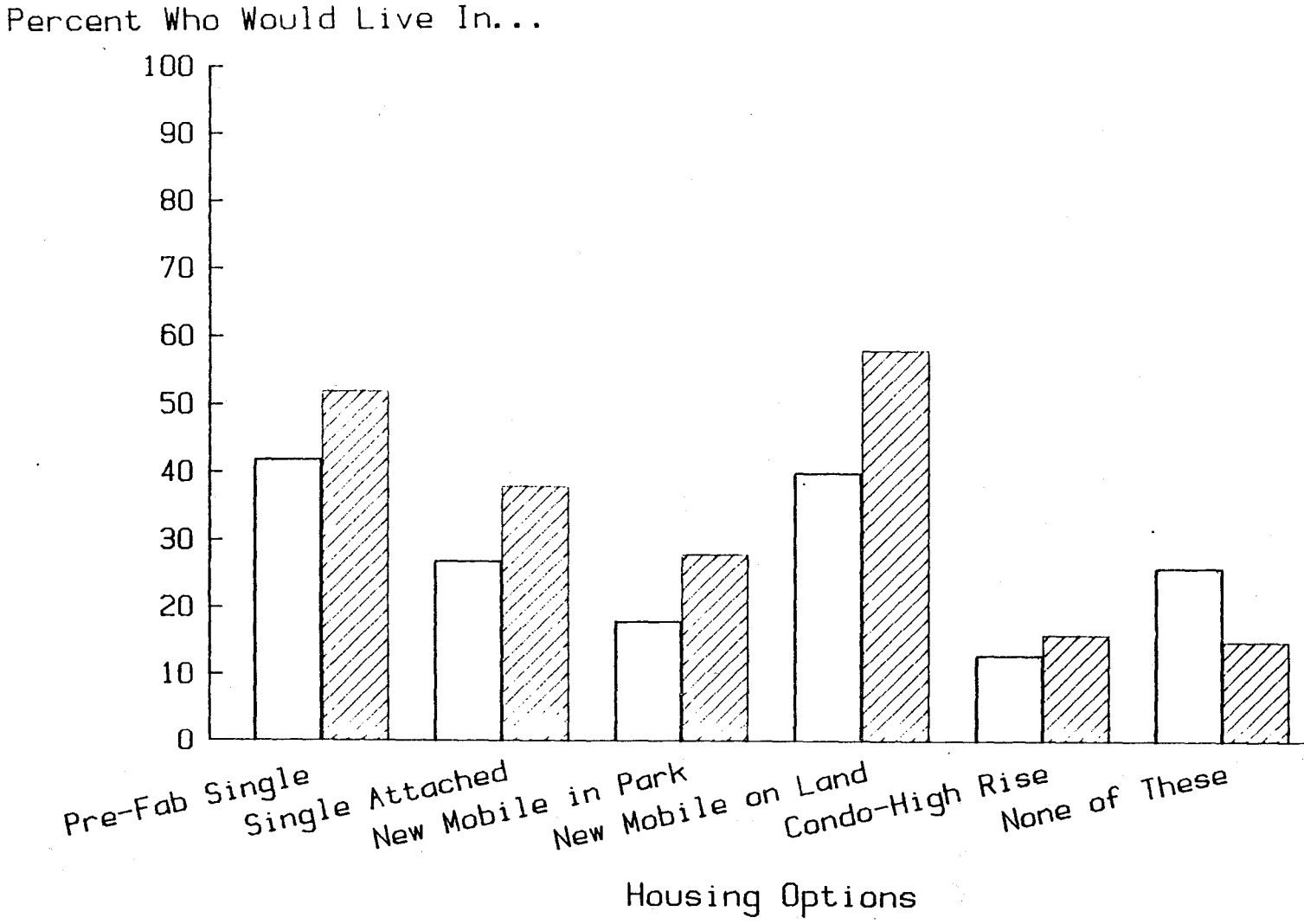
- On the whole, renters are more receptive than homeowners to each of the five options, with the exception of a high-rise condominum: renters and owners are in agreement on their lukewarm acceptance of that housing option. Owners are more likely to consider none of the options (26% versus 15% of renters who will consider none). (See Graph 2)

Preferred House Design

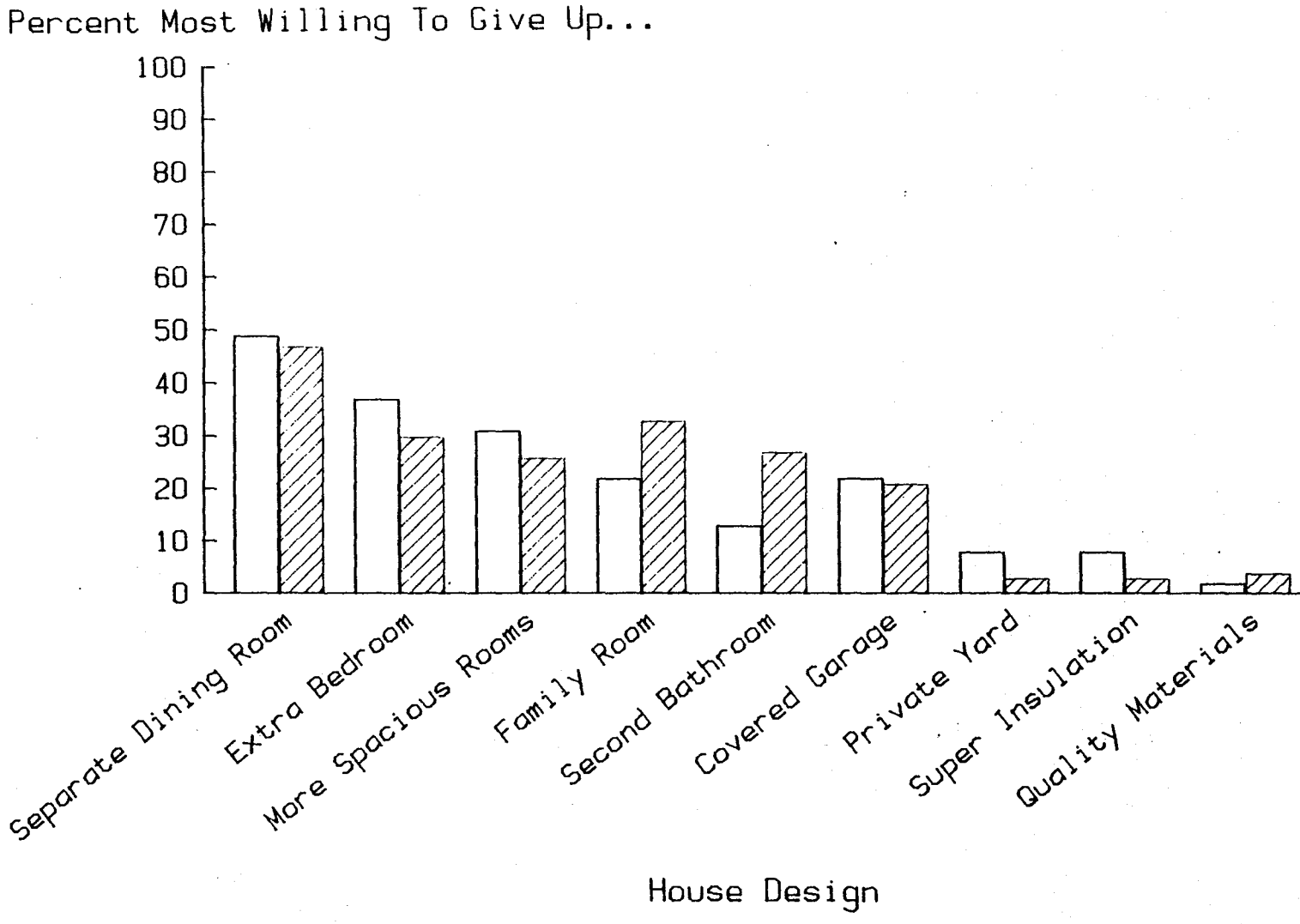
- Respondents are willing to make certain house design sacrifices in order to lower housing costs. People are most willing to give up a separate dining room (47%), an extra bedroom (35%), and extra space in each room (30%) in order to reduce the price of housing. They are not willing to give up a private yard (7%), super insulation (8%) or high quality building materials (2%).

- Slightly more owners say they would be willing to give up an extra bedroom than are renters. Because of family makeup differences, it is not surprising that renters are more willing than owners to sacrifice a family room and/or a second bathroom to lower housing costs. (See Graph 3)

GRAPH 2
PREFERRED HOUSING OPTIONS
(n = 503)



GRAPH 3
DESIGN MOST WILLING TO GIVE UP TO REDUCE C
(n = 503)



Neighborhood Amenities and Housing Mix

- Given ten neighborhood factors which could, if implemented, lower housing costs, the survey area respondents indicated a clear willingness to do without planting strips (83%), a nearby park (77%), and curbs (72%). A majority are also willing to accept some level of open drainage, limited sidewalks, pre-fabricated houses, a mix of housing and a mobile home park with standard size lots.

- Respondents are least willing to have low income rental housing (44% willing) and to do without streetlights (43% willing). (See Graph 4)

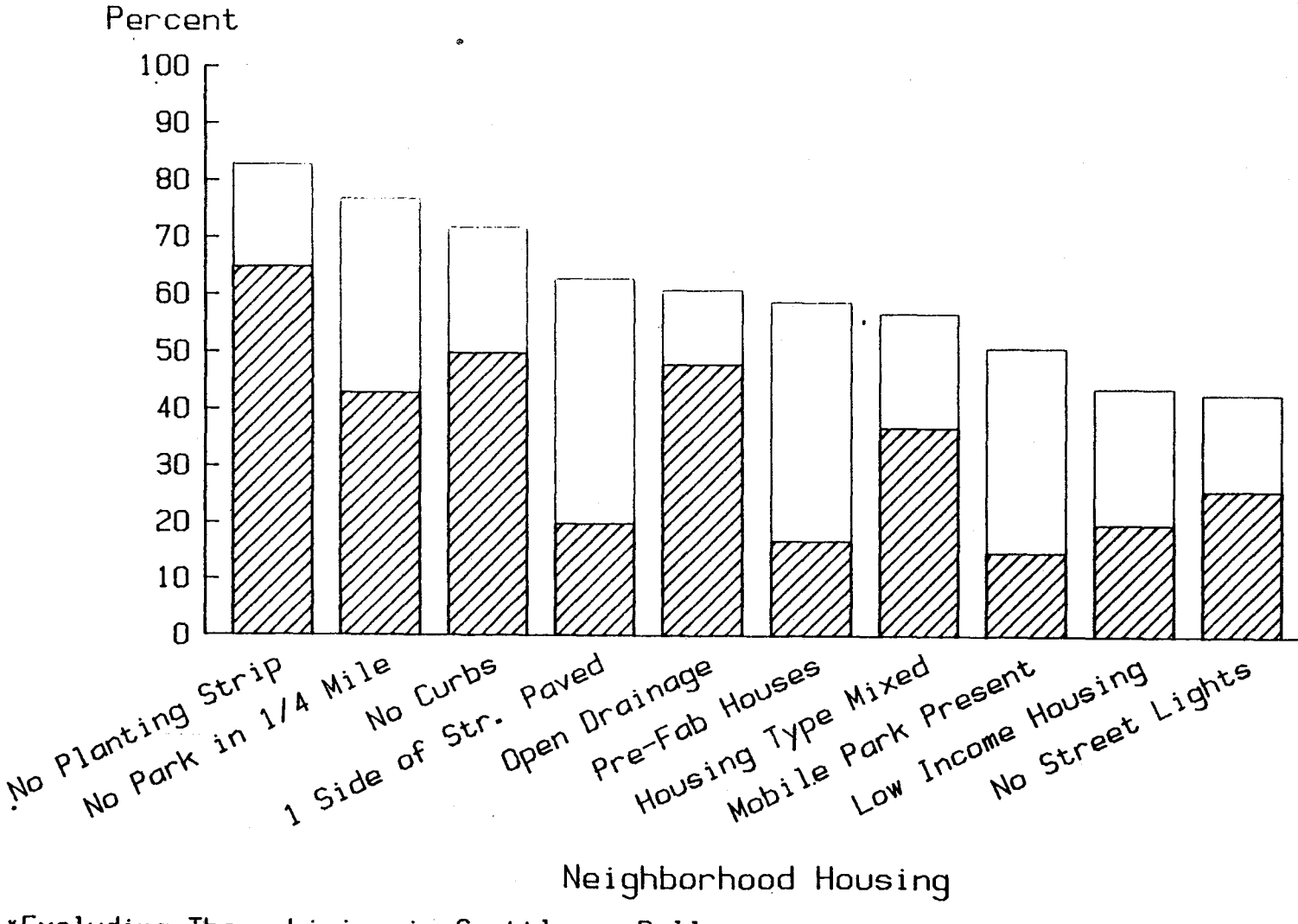
- Owners are significantly less willing than renters to accept: open drainage, pre-fab houses, housing mix, and low income rentals. (See Table 2)

TABLE 2

ACCEPTANCE OF NEIGHBORHOOD FACTORS WHICH MAY CUT HOUSING COSTS
(n=503)

	Percent Who Already Have or Are Willing to Have		
	Total (503)	Owners (386)	Renters (117)
No planting strip between street and sidewalk	83%	83%	84%
No park within a quarter-mile	77	78	76
No curbs	72	71	74
Paved sidewalks on only one side of the street	63	61	72
Open drainage beside street	61	59	67
A mix of housing types: single family, apartments, townhouses	57	51	81
A mobile home park with the same size lots as the rest of the neighborhood	51	45	70
Low income rental housing	44	40	57
No streetlights	43	45	35

GRAPH 4
HOUSING AMENITIES AND MIX IN KING COUNT
(n = 503)



*Excluding Those Living in Seattle or Bellevue City Limits

Response to King County Strategies to Reduce Housing Costs

- A majority of respondents agree that King County should implement policies which would provide financial assistance to home buyers and renters, would allow more mobile home parks, and would require developers to provide a percentage of lower cost housing in new developments. Agreement with other possible King County strategies was as follows:

	Percent of Respondents Who Agreed (n=503)
Reduce housing costs by providing financial assistance to renters and buyers	60%
Allow more mobile home parks	60
Require developers to provide a percentage of lower cost housing	58
Lower standards for new roads and sidewalks	39
Help reduce housing costs by providing financial assistance to builders	38
Increase the predominate density to seven dwellings per acre where bus services are available	33
Allow smaller lots than currently allowed for single family houses	27
Allow developers who build more affordable housing to have 50% more units	17

TABLE 3

SAMPLE CHARACTERISTICS
(n=503)

	Total (503)	Owner/Buyer (386)	Renter (111)
Sex			
Female	51%	52%	47%
Male	49	48	53
Age			
18-24	6%	2%	21%
25-34	25	23	32
35-44	29	31	21
45-54	18	18	17
55-64	13	16	4
65+	9	10	4
Employment			
Employed	64%	62%	70%
Unemployed	6	5	9
Retired	13	15	6
Homemaker	16	18	11
Student	1	*	3
Other	*	--	1
Marital Status			
Single	8%	5%	20%
Widowed/divorced/separated	17	14	26
Married	75	81	54
Household Size			
1	14%	9%	28%
2	31	33	22
3	17	15	24
4	23	26	13
5+	15	17	13
Number of Children			
None	49%	48%	51%
1	16	15	21
2	22	24	17
3+	13	13	11

TABLE 3 (cont.)

	Total (503)	Owner/Buyer (386)	Renter (111)
Number Wage Earners			
None	13%	13%	13%
1	47	44	58
2	37	39	28
3+	3	4	1
Annual Household Income			
Less than $15,000	16%	12%	31%
$15,000-$24,999	16	14	21
$25,000-$34,999	23	23	21
$35,000-$44,999	17	19	12
$45,000-$54,999	11	14	5
$55,000+	8	9	3
Refuse information	9	9	7
Average income**	$30,620	$34,964	$23,935
Median income**	$30,000	$33,300	$22,500

*Less than 0.5%

**Based only on those who provided information.

APPENDIX

Gilmore Research Group
2100 N. 45th St.
Seattle, WA 98103
Job No. 1596

Resp.# _____ 1-3
Area 1
2
3
4 4

KING COUNTY HOUSING SURVEY

Hello, this is _____ of Gilmore Research Group, a survey research firm. Have I reached _____? Is this a residential phone? IF NOT, TERMINATE.
(phone #)

A. We are conducting a survey on housing affordability for the King County Housing & Community Development Division, talking with randomly-selected residents in the county. We wish to speak to any household head, age 18 or over, who has full or shared responsibility for decisions on such things as type and location of housing. Do you fit this description? (IF NEEDED: Is there a [male][female] in your household who fits this description?)

	Yes	1
ASK WHO DOES & ASK FOR THEM. REPEAT Q.A. <-------	No	2
IF NECESSARY, ARRANGE A CALLBACK.	Don't know	3

Name _____

CALL-BACK DATE/TIME _____

COMMENTS _____

B. USE ONLY FOR DESIGNATED PREFIX AREAS: We're talking only with people in the King County area outside the city limits of (Seattle)(Bellevue). Do you live outside these city limits?

	Yes, outside limits	1
TERMINATE <----------	No	2
	Don't know	3

WHEN SPEAKING TO CHOSEN RESPONDENT:

I'll be asking you several questions about your own housing situation, as well as your opinions on how the County can better serve its residents and their housing needs. All of your answers are strictly confidential, as we don't wish to know any full names or addresses.

In all cases when we talk about housing, we are referring to housing that you, yourself, live in, not that you own or rent for someone else or for investment purposes.

IF NEEDED:

This survey is being done for King County to help the County make housing costs lower for County residents. Your participation is very important because you are representative of other people in similar housing situations as yourself.

CURRENT HOUSING STATUS

First I have some questions about what your household is presently doing to fulfil their housing needs.

1a. What type of dwelling do you live in; is it a...READ 1-5:

Single family house - unattached	1
House - attached (duplex, triplex)	2
Apartment	3
Condominium	4
Mobile home	5
Co-op (shared ownership)	6
Other (SPECIFY): _____	7
Refused	8

5

1b. How long have you lived at your current address? DO NOT READ.

Less than 1 year	1	
1-2 years	2	
2+ to 5 years	3	
5+ to 10 years	4	
More than 10 years	5	
Don't know	6	6

2. Do you live inside or outside the city limits of a town?

Inside	1	
Outside	2	
Don't know/refused	3	7

3. Do you own or rent your place of residence?

	Own/Are buying	1	
SKIP TO Q.5a <----------	Rent	2	
	Don't know/refused	3	8

4. To get a better idea of housing costs in the County, we need to ask you several questions about the cost of your own household housing.

4a. What is your current monthly housing cost, that is, the cost of your monthly mortgage payment?

RECORD ACTUAL AMOUNT $____ ____ ____ ____

	No mortgage payment	A	
SKIP TO Q.9 <----------	Don't know/refused	B	
	Other: _____	C	9-12

4b. Is that a fixed rate?

Yes	1	
No	2	
Don't know/refused	3	13

4c. Does your mortgage payment include your taxes and insurance?

	Yes	1	
SKIP TO Q.9a <----------	No	2	
	Don't know/refused	3	14

4d. What is the approximate amount of your annual property taxes and insurance?

RECORD ACTUAL AMOUNT $____ ____ ____ ____

Don't know/refused A 15-18

SKIP TO Q.9a

5a. RENTERS ONLY: What problems, if any, have you had renting or finding affordable housing to rent? PROBE FULLY.

_____

_____

_____ 19-23

5b. Have you ever owned a home?

	Yes	1	
SKIP TO Q.6a <----------	No	2	
	Don't know/refused	3	24

5c. Why are you now renting instead of buying?

Can't afford to buy/less expensive to rent	1	
Less maintenance	2	
Less space	3	
Personal life change	4	
Temporary	5	
Other (SPECIFY): _____		
_____	6	
Don't know/refused	7	25-29

SKIP TO Q.8

6a. Would you like to buy a home within the next 3 years or so?

Yes	1	
SKIP TO Q.7 <------ No	2	
Don't know	3	30

6b. What are your reasons for wanting to buy a home?

More space	1	
Tax benefits	2	
Accumulate equity	3	
Can control environment/home	4	
Other (SPECIFY):		
_____		
_____	5	
Don't know/refused	6	31-35

7. Why haven't you bought a home?

Down payment too high	1	
Can't qualify for mortgage/credit/loan	2	
Prices too high	3	
Haven't looked	4	
Looking; haven't found what I want	5	
Other (SPECIFY):		
_____		
_____	6	
Don't know/refused	7	36-40

8. To get a better idea of housing costs in the County, we need to ask several questions about the cost of your own household housing.

8a. What is your current monthly rent?

RECORD EXACT AMOUNT $___ ___ ___.___		
Don't know/ref.	A	
Other: _____	B	41-44

8b. Are utilities included as part of your rent?

Yes	1	
SKIP TO Q.9 <------ No	2	
Don't know	3	45

8c. Which of these are included in your rent ... READ 1-5:

Sewer/garbage	1	
Water	2	
Electricity	3	
Heat	4	
Other? (SPECIFY):		
_____	5	
Don't know/refused	6	46-50

9. BOTH OWNERS & RENTERS: How much does your heating cost you per month? IF NEEDED: What was your highest monthly heating bill this last winter?

RECORD ACTUAL AMOUNT: $____ ____ ____ 51-53
Don't know/refused A

10. How would you rate the condition of your dwelling? Would you say...READ 1-5 OR 5-1:

Excellent condition, that is needing less than $500 worth of repairs	1	
Good condition - needing more than $500 but less than $2000 in repairs	2	
Moderate condition - needing more than $2000 in repairs but less than $8000	3	
Fair condition - needing between $8000 and $15,000 in repairs	4	
Poor condition - needing more than $15,000 in repairs	5	
Don't know/refused	6	54

Throughout the survey we'll be referring to King County; however, please keep in mind that we are only interested in and referring to that part of the county outside the city limits of Seattle and Bellevue.

11. There is much talk today about affordable housing. By "affordable" we mean the ability of a household to pay the cost of housing that meets their needs and still have enough left over for other household and personal expenses. Do you feel there is or is not a problem in King County for people to find adequate affordable housing?

ASK Q.11b <----------	Yes, is a problem	1	
	No, not a problem	2	
SKIP TO Q.12a <----------	Don't know	3	55

11b. Why do you say that? PROBE FULLY & CLARIFY.

_____

_____

_____ 56-60

12a. What about in your own community -- would you say there is or is not a problem for people in your own community to find adequate affordable housing?

ASK Q.12b <----------	Yes, is a problem	1	
	No, not a problem	2	
SKIP TO Q.13 <----------	Don't know	3	61

12b. Why do you say that? PROBE FULLY & CLARIFY.

_____

_____

_____ 62-66

13. Think for a moment about the amount of your household income which is leftover after you make your monthly rent or mortgage payment. How well does that leftover amount cover the other monthly household and personal expenses you have; would you say what's leftover covers other needs and expenses...READ 1-4:

Very well	1	
Moderately	2	
Only slightly	3	
Not well at all	4	
Doesn't apply/have no mortgage/rent payment	5	
Don't know	6	67

14. Assuming that you had the opportunity to buy the house of your dreams, regardless of the down payment, what is the highest monthly payment your household could afford?

Less than $250	1	
$250-299	2	
$300-399	3	
$400-499	4	
$500-599	5	
$600-699	6	
$700-799	7	
$800-899	8	
$900-999	9	
$1000-$1099	0	
$1100 or more	A	
Don't know/refused	B	68

15. The average 3-bedroom home (new or existing) in King County now costs $90,091. The financing necessary to purchase it would include a minimum down payment of about $13,000 and a maximum monthly payment of about $1000/month. Do you think your household could afford it?

Yes	1	
No	2	
Maybe	3	
Don't know/refused	4	69

16. If you had to change your housing today, in your present financial circumstances, would you buy or rent?

Buy	1	
Rent	2	
Other (SPECIFY): _____	3	
Don't know/refused	4	70

17. What are your primary reasons for choosing to (buy)(rent)?

_____

_____

_____ 71-75

18a. IF RENTER: If you could buy a home today, would you prefer a newly constructed or an existing dwelling? 1/80

1-4

18b. IF OWNER: If you had to change your housing today for another purchase, would you buy a newly constructed or an existing dwelling?

New	1	
Existing	2	
SKIP TO Q.20 <--------- Doesn't matter/depends	3	
Don't know/refused	4	5

19. Why is that? PROBE FULLY.

Easier to finance	1	
More reasonably priced	2	
Less repairs	3	
Less heat cost	4	
Higher quality/more style	5	
More land for the money	6	
More dwelling space for the money	7	
Closer to bus/shopping/work	8	
More modern equipment	9	
Other (SPECIFY): _____	0	
Don't know/refused	A	6-10

20a. Which of the following housing options would you consider in your present household and financial situation? For instance, would you consider living in a ...READ 1-5:

	Yes, would Consider	
Pre-fab or factory built single family house	1	
Single family house attached to a similar house, both with ground level access (like a townhouse)	2	
New mobile home in a mobile home park	3	
New mobile home on a permanent foundation on your own land	4	
Condominium in high-rise	5	
Don't know/none of above	6	11-15

20b. Which of the following lot size options would you conisder in your present household and financial situation? In other words, if you could live anywhere in King County, which of these lot sizes would you most prefer? READ 1-6:

50'x 100', the smallest size now permitted for a single family dwelling	1	
Quarter acre	2	
Third acre	3	
One full acre	4	
Over one acre, up to five acres	5	
Or It doesn't matter because you would live in an apartment, condo or other arrangement	6	
Other (SPECIFY): _____	7	
Don't know/refused	8	16

21a. I'm going to read a list of features that any housing, whether owned or rented might have. As I read the list, please assume that your ideal housing has these features and that to make it affordable you must give up one thing.

Please tell me which you would be most willing to sacrifice to lower your housing costs ... READ 1-A, ROTATE ORDER.

21b. Which would you be willing to give up next? RE-READ, IF NECESSARY.

21c. Now switch your thinking to which you would be least willing to give up, even though it meant cutting your cost of housing? RE-READ WHAT IS LEFT, IF NECESSARY.

	cc17 21a Most	cc18 21b Second	cc19 21c Least
Extra space in each room	1	1	1
An extra bedroom	2	2	2
A second bathroom	3	3	3
A family room	4	4	4
Covered garage	5	5	5
Private yard	6	6	6
"Super" insulation, or whatever is maximum insulation to the highest standards	7	7	7
Separate dining room	8	8	8
High quality building material	9	9	9
Something else? _____	0	0	0
Don't know/none	A	A	A

23. Thinking now about your neighborhood, for each of the following features, tell me whether or not you have it in your neighborhood. IF NO, THEN ASK: Would you be willing to have it in your neighborhood? READ, ROTATE.

	20-29 Have	30-39 Willing
Paved sidewalk on only one side of your street	1	1
No curbs	2	2
A mix of housing types and sizes, including apartments, single family, and townhouses	3	3
Open drainage beside the streets	4	4
Factory-built, pre-fab houses on single family lots	5	5
No street lights	6	6
No planting strip between street and sidewalk	7	7
Low income rental housing	8	8
No park within 1/4 mile	9	9
A mobile home park with the same size lots as the rest of the neighborhood	0	0

23. Now I'm going to read you a few statements. For each one, please tell me if you agree or disagree or feel neutral. IF AGREE/DISAGREE, PROBE: Do you (agree)(disagree) "strongly" or "somewhat?" START AT RED MARK.

	Agree			Disagree		
	Strongly	Some-what	Neutral/ Don't Know	Some-what	Strongly	
I believe that everyone who wants to should be able to buy their own home.	1	2	3	4	5	40
I usually have to compromise a lot on housing conditions to get a cost I can live with.	1	2	3	4	5	41
I'd give up a private yard for shared open space if that would lower my housing costs.	1	2	3	4	5	42
In order to make my housing more affordable, I'd be willing to live in a building with an office or a store.	1	2	3	4	5	43
I don't care much about what kind of neighborhood I live in so long as it's something I can afford.	1	2	3	4	5	44
I'd be willing to live in a neighborhood next to stores and offices to make my housing more affordable.	1	2	3	4	5	45
I would be willing to live on an arterial street in order to make my hosuing more affordable.	1	2	3	4	5	46

24. There has been a lot of talk about ways in which King County government could make housing more affordable. I'm going to read some of the ways which have been discussed, and for each, please tell me if you would or would not favor such a policy. For instance, one suggestion is that... READ RED "X" STATEMENT --- would you favor that? CONTINUE READING IN ROTATION:

	Favor? Yes	No	Don't Know	
King County should lower its standards for new roads and sidewalks. This could mean no sidewalks, sidewalks on only one side, narrower roads or roads of less expensive construction.	1	2	3	47
King County should allow smaller lots than currently allowed for single family houses. (IF NEEDED: Minimum lot size is now 5000 sq. ft.)	1	2	3	48
King County should reduce housing costs by providing financial assistance to qualified renters and home buyers.	1	2	3	49
King County should help reduce housing costs by providing financial assistance to builders.	1	2	3	50
King County should allow more mobile home parks.	1	2	3	51
King County should require developers to provide a percentage of lower cost housing in their developments.	1	2	3	52
King County should allow developers who build more affordable housing to build 50% more units than zoning would normally allow.	1	2	3	53

25. The predominant density in King County is now four dwellings per acre. To provide frequent, inexpensive bus service, Metro recommends seven dwellings per acre. Some have suggested that King County should plan to increase the predominant density to seven dwellings per acre wherever services are available. Would you agree or disagree?

Agree	1	
Disagree	2	
Refused/don't know	3	
Other (SPECIFY): _____	4	54

26a. Now I have a few questions for classification purposes. How many people are currently living in your household, including yourself?

EXACT NUMBER: _____ 55

26b. How many of these are children under the age of 18?

EXACT NUMBER: _____ 56
None 0

27. Into which age group do you fall ... READ 1-6:

18-24	1	
25-34	2	
35-44	3	
45-54	4	
55-64	5	
65 or over	6	
Refused	7	57

28. What is your residential zip code? 9 8 ___ ___ ___ 58-60

29. Are you currently...READ 1-5:

	Employed	1
	Unemployed	2
	Retired	3
(READ ONLY FOR WOMEN) <----------	Homemaker	4
	Student	5
	Other: _____	6
	Don't know	7 61

30. What is your marital status ... READ 1-3:

Single (never married)	1	
Widowed/divorced/separated	2	
Married	3	
Other: _____	4	
Refused	5	62

31. How many wage earners, age 18 and over, are there in your household?

_____ 63

32. And finally, does your total family income fall above or below $30,000 annually? Is that... IF "UNDER" READ 1-6, IF "OVER" READ 7-E:

UNDER $30,000 <---------	Under $5,000	1	
	$5,000-$9,999	2	
	$10,000-$14,999	3	
	$15,000-$19,999	4	
	$20,000-$24,999	5	
	$25,000-$29,999	6	
$30,000 OR OVER <--------	$30,000-$34,999	7	
	$35,000-$39,999	8	
	$40,000-$44,999	9	
	$45,000-$49,999	0	
	$50,000-$54,999	A	
	$55,000-$59,999	B	
	$60,000-$74,999	C	
	$75,000 or more	D	
	Refused	E	64

33. CIRCLE ONE:

Male	1	
Female	2	65

This concludes the survey questions, thank you so much for your time and cooperation.

INTERVIEWER: _____ DATE: _____

ASK FOR FIRST NAME FOR VERIFICATION PURPOSES:

_____

END 2/80