Memorandum

To: Planning Commission

From: Sarah Stiteler, AICP, Senior Planner
Planning and Community Development

Date: January 16, 2020

Subject: Redmond Affordable Housing and E2SHB 1923 Grant to adopt a Housing Action Plan and Summary of Redmond Affordable Housing Programs

PURPOSE

The purpose of this briefing is to provide an overview of the City’s affordable housing initiatives and a brief overview of the Housing Action Plan development project currently underway.

BACKGROUND

In September 2019, the City of Redmond applied for grant funding through the Department of Commerce. This grant opportunity became available due to the adoption of Engrossed Second Substitute House Bill (E2SHB) 1923, which encourages all cities planning under the Growth Management Act (GMA) to adopt actions to increase residential building capacity. The City requested $100,000 to support the development of a Housing Action Plan.

In October of 2019, the City of Redmond was notified that it had received funding from the Department of Commerce to support the development of a Housing Action Plan. This grant enables the City to work with expert consultants to develop an in-depth analysis of existing and projected housing demands, conduct a robust community engagement program, and develop actionable strategies to meet current and future housing needs. Council approved acceptance of this award at its November 19, 2019 meeting.

The Project Scope, attached here, includes the following deliverables:

- Existing Conditions/Findings Report: Housing Supply, Demand, and Forecasted Need in Redmond
- Public Participation Plan and Public Outreach Report
- Preliminary Draft Housing Action Plan
- Final Housing Action Plan
- Implementation Plan

The City solicited requests for proposals (RFPs) and received responses from four consultants: BERK Consulting, Community Attributes Inc., ECONorthwest, and Economic & Planning Systems, Inc. (EPS). Submitted proposals are currently under review and consultant interviews were conducted on January 16th, 17th, and 22nd. Staff anticipates the final selection to occur no later than January 24th after final references have been contacted.
DHS estimates area median income (AMI) to benchmark and segment households based on incomes. Household income segments are expressed as a percentage of AMI. HUD produces AMI for different family sizes and uses these benchmarks to determine suitability for key housing programs. HUD determines a household to be cost burdened if the household spends more than 30% of their income on housing. Households that spend more than 50% are severely cost burdened. At this Planning Commission Meeting, staff will provide a brief overview of affordable housing thresholds in King County as well as local initiatives to address housing affordability including the programs and partnerships provided below.

City of Redmond Affordable Housing Programs

Below is a summary of the current affordable housing programs that the City either manages or participates in.

Inclusionary Housing: RZC 21.20.030 General Requirements and Incentives

Ten percent (10%) of the dwellings in new residential developments of 10+ units are required to be affordable to households earning 80% or less than the area median income (AMI) - $86,880 for a family of 4.

- Alternatively, developers may provide 5% of the dwellings to households at 50% AMI or less.
- At least one bonus market-rate unit is permitted for each affordable housing unit provided.
- Nearly 700 affordable dwellings have been created since 1994.

Chapter 3.38 RMC Multifamily Property Tax Exemption Program (MFTE):

New rental residential and mixed-use projects of 10+ units in three defined Residential Target Areas within the City - Downtown, Overlake Village and Marymoor Village - can apply for an exemption on property taxes on the residential improvement value of new developments for either eight or 12 years, in exchange for providing affordable housing.

Flexible land use requirements:

Housing choices are encouraged such as smaller homes, cottages and duplexes as well as homes for seniors and accessory dwelling units (ADUs).

City of Redmond Affordable Housing Partnerships

The ARCH Housing Trust Fund (HTF) was created by ARCH member cities of which Redmond is a member. The purpose of the fund is to directly assist the development and preservation of affordable housing in East King County. The trust fund is capitalized by both local general funds and locally controlled, federal Community Development Block Grant (CDBG) funds. The trust fund process allows ARCH members to jointly administer their housing funds and assist the best available housing opportunities that meet the housing needs of the community.

The purpose of the Housing Trust Fund is to create and preserve housing for low and moderate income individuals and families in East King County. Low Income is defined as less than 50% of the King County median income, and moderate income is defined as less than 80% of the King County median income. The following projects in Redmond were funded between 1993 and 2018 by the Housing Trust Fund.
- Parkway Apartments
- Habitat – Patterson
- Avon Villa Mobile Home Park
- Terrace Hills
- Village at Overlake Station
- Summerwood
- Esterra Park

Attachment A: Housing Action Plan Project Scope

Attachment B: Housing Choices Redmond