

From: [Dan Jacoby](#)
To: [City Council](#)
Cc: [Dan Eernisse](#)
Subject: My comment for tonight's Council meeting, item 7(g)
Date: Monday, February 13, 2017 4:35:22 PM
Attachments: [Comment_AffHousing_170213_DanJacoby.pdf](#)

To the Council:

I am sending you an advance copy of my comment for this evening, so that you can see the footnotes. I realize that there is not a lot of advance time on this, but I plan to arrive early and will be available to answer any questions in the few minutes you'll have between the dinner and business meetings.

Since I mention Dan Eernisse in one of the footnotes, I am cc'ing him on this email so that he won't be taken by surprise.

Best regards,
Dan Jacoby

Shoreline City Council Meeting
February 13, 2017
Public Comment by Dan Jacoby
Item 7(g)

I am speaking tonight in opposition to item 7(g) in tonight's agenda – extending the deadline to apply for the city's property tax exemption (PTE). Earlier I said that I didn't oppose this, but my research has led me to a different conclusion.

The PTE was created by the state to induce more construction of multiunit housing. Shoreline chose to adopt the option that requires a small amount of affordable housing. So far, so good, except for two problems.

The first is that almost 30% of Shoreline's housing is already multiunit, and that is slated to rise dramatically following the massive rezones around the light rail stations. That is not Shoreline, that is Ballard. Furthermore, there is almost no demand for it.^{1,2}

The second problem is that the landowner makes out like a bandit on this deal.

The one housing complex that takes advantage of this, and for which numbers are available, is the Malmo apartments on 152nd St. They save about \$1,000/mo. for each "affordable" unit.³ By contrast, affordable unit renters are saving about half that amount in lower rent and utilities, meaning Malmo is pocketing half the money. We can do better.

In addition, we should not spend money to promote more apartment buildings. As I mentioned, the number is too high for current residents' comfort, demand is lacking, and we don't need it in order to conform to the Growth Management Act.

I realize that it has only been two years since this program was adopted in Shoreline, so it's too early to know how popular it is with landowners. But we do know that landowners stand to make a lot of money (over \$150,000/yr. for Malmo) with very little benefit to the community, as even studios require incomes of over \$40,000/yr. to be "affordable."⁴

Let's scrap this program, and get to work creating an affordable housing program that meets Shoreline's needs, fits Shoreline's character, and works.

¹ <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2015/staffreport082415-8a.pdf>, page 3 (8a-5) The survey notes that "those most interested in Shoreline ... [w]ant to buy a single family home or townhome. There is no mention of apartment buildings, because there is no demand.

² BAE Urban Economics study of the 185th St. station subarea, concluding on page 1 that demand over the next 20 years will be for only 700 new units of residential housing.
<http://www.cityofshoreline.com/Home/ShowDocument?id=15704>

³ Malmo is a 129 apartment complex providing 26 "affordable" units in exchange for not paying taxes on the improvements portion of their assessed value (AV). That value is currently just over \$27.9 million. Multiplied by the current levy rate (about \$11.23/\$1,000 AV), divide by 26 affordable units, then divide by 12 months, and the saving is just over \$1,000/month per affordable unit.

⁴ Information from an email I received today from Economic Development Program Manager Dan Eernisse, stating Malmo's rent for an "Affordable studio" is \$1,089 including utilities. Affordability is defined at 30% of income, so to be able to afford \$1,089/mo. in rent and utilities total income would be \$43,560/yr.