

Archived: Monday, January 27, 2020 9:26:06 AM

From: [Debbie Tarry](#)

Sent: Monday, January 27, 2020 9:13:13 AM

To: [Betsy Robertson](#); [Nathan Daum](#)

Cc: [Pollie McCloskey](#); [Heidi Costello](#)

Subject: RE: ORD 879 questions

Sensitivity: Normal

Betsy –

Thank-you for sending your questions in advance. This is really helpful so that staff can provide you an answer prior to the meeting – or during the meeting. We'll post this response in the Green Folder for tonight's packet so that all of the Council and the public have an opportunity to see your questions and our responses. Please see responses in red below.

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From: Betsy Robertson <brobertson@shorelinewa.gov>

Sent: Sunday, January 26, 2020 5:53 PM

To: Debbie Tarry <dtarry@shorelinewa.gov>; Nathan Daum <ndaum@shorelinewa.gov>

Subject: ORD 879 questions

This is the first time I've emailed in advance, please let me know if I'm doing it wrong.

The staff report left me with two unanswered questions that I plan to ask from the dais.

1. What was the circumstance that led us to set the 500 unit cap Initially and what, if anything, has changed about the market or our community goals to redirect our thinking now?
Response: Based on looking back at the previous Council actions it appears that Council wanted to incentivize redevelopment, but believed that there was commercial market demand beyond the residential demand. The commercial market, especially retail, has changed dramatically since that time especially for brick and mortar retail businesses. As you have heard from Merlone Geier and other developers the primary market demand is for higher density residential with some retail and commercial uses to support a "lifestyle" center. The market also is not showing a significant demand for new office in the CRA outside of the significant investment that is being made by WSDOT to bring the Department of Ecology offices to this location. As such, staff currently expects that there will be more residential development within the CRA, as is apparent in the recently approved Merlone Geier Development Agreement, and retail/commercial that can be supported by those living in the CRA and surrounding community.
2. What happens to the rental rate for affordable units after 12 years? You give the Arabella example... their PTE has expired... did the rental rate rise at all? Above what would be considered affordable?
Response: Arabella I was enrolled in the City's PTE program prior to any requirements for affordable housing. As such, there were no impacts on rents in Arabella I when their 12-year PTE exemption expired. Under the City's current regulations there are no requirements or restrictions on rents after a development meets the affordability requirements during the 12-year exemption period. Legally the City could require a longer period of restricted rents, but it is likely that other development incentives may be required in order for a longer period to pencil out for a developer. For example in the Light Rail Station Areas the City's regulations require that affordable units remain so for 99-years. The City has provided a number of other incentives, besides PTE, to encourage this. The housing choices study that staff is conducting this year will examine the potential for a longer rent restricted period within the Shoreline market. Attachment D to the staff report provides examples of the housing cost/rent limitations in 2019 to meet 70% and 80% AMI limits. Using the information in that attachment as an example, a household of four making 80% of AMI (\$86,900) should have maximum monthly housing costs of \$2,173. As such, per Attachment D, this household would be eligible to afford a rent restricted three-bedroom unit. Without the rent restriction it is likely that the "market" rate of this same unit would be closer to \$2,700/mo or more.

Thank you!

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