

Planning Commission Meeting Date: November 5, 2020

Agenda Item: 6a.

PLANNING COMMISSION AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Staff Report – Housing Action Plan – Housing Toolkit Draft
DEPARTMENT: Planning & Community Development
PRESENTED BY: Nora Gierloff, Planning Manager

Public Hearing

Discussion

Study Session

Update

Recommendation Only

Other

INTRODUCTION

The 2020 Planning and Community Development work plan included a Housing Choices Project to expand the types of housing in Shoreline by exploring the “missing middle” suite of options including cottages, tiny houses, vacation rentals and accessory dwelling units.

In 2019 the Washington State Department of Commerce offered Growth Management Services Grants to fund creation of Housing Action Plans. Shoreline applied for and received \$94,000 in grant funds that allowed the City to hire a consultant to develop a Housing Action Plan that would expand the scope of the Housing Choices Project. This includes a deeper analysis of existing housing conditions (Housing Needs Assessment), evaluation of the effectiveness of the current incentives (Regulatory Review), identifying additional housing tools and types (Housing Toolkit), supporting public outreach efforts, and developing a prioritized schedule of strategies to address community housing needs, see Attachment A. This work will also set the stage for an update to the Housing Element of the Comprehensive Plan, which is due by June 2024. This plan will focus on permanent housing, not shelters or other services for those experiencing homelessness.

Shoreline’s Housing Action Plan intends to achieve the following goals:

1. Understand **how much, what types and where housing** is needed in Shoreline;
2. Understand **what housing types** the market will provide;
3. Understand what households are experiencing **housing challenges**;
4. Understand **where and how** additional housing can fit in Shoreline;
5. Review **existing housing strategies** to see how well they are working, identify gaps, and find opportunities for improvement; and
6. Identify **new ideas** to meet Shoreline’s specific needs, including working with community partners.

Approved By:

Project Manager _____

Planning Director _____

6a. Staff Report - Housing Action Plan/Housing Toolkit

The Planning Commission was briefed on the scope and schedule of this work and the draft Housing Needs Assessment on July 16, 2020. At this meeting we will focus on the draft Housing Toolkit in preparation for PC review of the Housing Action Plan in January.

BACKGROUND

Development of a Housing Action Plan will help to implement City Council Goal 1: Strengthen Shoreline's economic climate and opportunities. The Council goals include an action step of:

“Encourage affordable housing development in Shoreline and engage the community to determine which additional housing types and policies may be appropriate for Shoreline and codify standards for selected styles.”

As of 2017, over one-third of Shoreline's households paid 30% or more of their income for housing costs. Among renters 43% are cost burdened, with 22% extremely cost burdened, and among homeowners, 29% are cost burdened, with 10% extremely burdened. To address this Shoreline has adopted a progressive set of regulations and incentives for affordable housing. Currently there are 278 apartments being rented at affordable rates for 12 years through the Multi-Family Tax Exemption program, with 272 more affordable units under construction.

Overall 2,083 apartments have been developed in Shoreline over the past five years with another 1,050 in the permitting pipeline. Under current trends owner occupied and family sized housing units will make up a smaller proportion of Shoreline's housing stock in the future.

The Action Plan will evaluate the effectiveness of current incentives and regulations and make recommendations for fine tuning or adding additional tools. The Plan will also explore how to ensure that the current rapid growth in the City's housing stock does not leave out our cost-burdened residents, including those in the middle earning 80% to 120% of area median income (AMI). By developing options for additional housing types for densities between single family and mid-rise apartments Shoreline could diversify its housing stock and promote infill in lower density residential zones.

PROPOSAL & ANALYSIS

Shoreline was one of 26 cities and subareas to receive a Housing Action Plan grant under the Commerce program. We have participated in grantee meetings to share information and outreach approaches. Following is a more detailed discussion of the Plan components.

Housing Needs Assessment

Community Attributes (CAI), our consultants, have completed the Housing Needs Assessment. This is an analysis of Shoreline's existing housing stock, population demographic trends, housing affordability and forecasted housing needs and is available on the Housing Action Plan website:

<https://www.shorelinewa.gov/government/departments/planning-community-development/long-range-planning/housing-action-plan> .

6a. Staff Report - Housing Action Plan/Housing Toolkit

Some of the findings include:

- The households most likely to be cost burdened in Shoreline are renters below 50% AMI. Shoreline needs more dedicated affordable units serving renters in this income segment. This is best accomplished in partnership with nonprofit and public housing providers.
- Shoreline has an overall housing shortage that is part of a regional lack of supply. This has had upward pressure on prices, particularly home sale prices. The current median home is now out of reach of the typical Shoreline family.
- Rents have risen so that renters between 50% and 80% AMI will now struggle to find affordable housing in Shoreline. Renters above 80% AMI will now struggle to build sufficient savings to buy a home.
- Most of Shoreline's households consist of one or two people. Among these households there are two potential subgroups to consider for housing planning purposes – seniors and young adults. There is strong demonstrated demand for townhouses, consistent with this demographic. There may be untapped demand for additional small housing types, such as cottage housing and small-lot single family development.
- Shoreline's midcentury single-family homes will be attractive for redevelopment as prices rise. This will bring a shift toward more multifamily development in multifamily zones, and more high value, large homes in single family zones. As prices rise, Shoreline will likely attract more high-income households.

Outreach

Our public outreach approach for the Plan had to pivot rapidly due to COVID-19 related restrictions on in-person meetings and events. We have shifted our focus groups to virtual meetings and created a web-based survey and “online open house”. We spread the word through the Council of Neighborhoods, Shoreline Area News, a targeted mailing to multi-family properties, social media, outreach to the Shoreline School District, contacts with local social service agencies, and a housing interest email group.

We recruited a Technical Advisory Group (TAG) that includes architects, affordable and market rate housing developers, a supportive housing provider and a housing policy agency. They have developed the following principles for overall policy guidance and direction.

- **Equity.** Redressing the historical harms that have been perpetuated against people of color through systemic racism
- **Balance.** Promoting a greater diversity of housing opportunities, particularly for low- and middle-income households
- **Stability.** Fostering strong multi-generational neighborhoods through affordable homeownership, access to employment, and community resources
- **Representation.** Listening to the people experiencing housing challenges in Shoreline

6a. Staff Report - Housing Action Plan/Housing Toolkit

CAI developed an “online open house” website for the project. This website summarizes key findings on Shoreline’s housing needs and provided an opportunity for feedback by embedding survey questions alongside this information. The City began sharing the link with the public in late July and asked for responses through the end of September. There were 676 unique website visits during this time. 114 individuals responded to survey questions. Some of the key findings of the survey are:

- **Representation:** Renters provided 28% of responses which is lower than their numbers in the community but a higher response rate than is typical in Shoreline.
- **Affordability:** 75% of renters reported always or sometimes having difficulty paying for their housing, while only 20% of homeowners reported similar challenges.
- **Housing Toolkit:** Participants were asked to identify which of four “missing middle” housing types they would most like to see in Shoreline:
 - 36% of responses selected cottage housing
 - 21% of responses identified ADUs without ownership restrictions
 - 14% provided open responses, including:
 - 7% referenced condominiums
 - 7% referenced small homes and low-density multifamily types like duplexes
- **Action Plan Priorities:** Participants were asked to select up to three (out of 11) housing priorities as most important for the Housing Action Plan. Each of the following priorities were selected as a top priority by at least 30% of responses:
 - Maintaining housing quality and preventing blight
 - More affordable rental housing
 - Preventing displacement of low-income residents
 - Expanding access to home ownership
 - Creating more environmentally sustainable housing

The full summary of responses is in Attachment B.

Housing Toolkit

The purpose of the Housing Toolkit is to provide an initial range of options to address Shoreline’s housing needs including both new tools and potential revisions to existing tools. The final set of tools will be refined based on feedback from the community, housing and human services stakeholders, and City leadership. The draft Housing Toolkit is in Attachment C.

What’s in a housing toolkit?

- Strategies to ensure the market provides enough housing to meet demand through land use and development standards;
- Changes to zoning regulations to allow more types and sizes of housing, such as groups of cottages;

6a. Staff Report - Housing Action Plan/Housing Toolkit

- Strategies to provide more dedicated affordable housing, including refining existing incentive programs and partnering with external organizations; and
- Strategies to avoid displacement.

First there is an analysis of Shoreline's existing housing policies and incentives such as density bonuses, fee waivers etc. to determine their effectiveness in creating quality, affordable housing, see Regulatory Review in Attachment D. Then there is an evaluation of new approaches and best practices that may be relevant to Shoreline's particular housing needs. This includes options for the "missing middle" housing types, see potential cottage cluster standards at Attachment E. Finally, there are recommendations to minimize displacement of existing low income residents as Shoreline experiences redevelopment.

Comprehensive Plan Housing Element

Shoreline's current housing element goals and policies will be evaluated in light of the analysis in the Housing Action Plan. We will draft recommendations for updated language to address underserved populations and innovative housing types.

TIMING AND SCHEDULE

The City accepted the Commerce grant, selected consultants and began work on the Plan during the first quarter of the year. During the second quarter the consultants completed the Housing Needs Assessment and Communications Plan. This summer we gathered public input on the different policy and regulatory options in the Housing Toolkit. This winter we will review the Plan with the Planning Commission, with Council review to follow in the spring. Under the grant terms the final Plan will need to be adopted by the City Council no later than June 30, 2021.

RECOMMENDATION

No action is needed for this briefing. A hearing on the Plan will be held early next year.

ATTACHMENTS

Attachment A – Housing Action Plan Scope
Attachment B – Summary of Online Open House Responses
Attachment C – Housing Toolkit
Attachment D – Shoreline Housing Toolkit Regulatory Review
Attachment E – Cottage Cluster Diagram

City of Shoreline

Housing Action Plan Scope of Work

The goal of the housing action plan is to encourage construction of additional affordable and market rate housing in a greater variety of housing types and at prices that are accessible to a greater variety of incomes.

Action 1: Housing Needs Assessment

Quantify existing and projected housing needs for all income levels, including extremely low-income households, with documentation of housing and household characteristics, and cost-burdened households.

Step 1.1: Document Current Conditions

Data should document the type and age of housing within the community, and the demographics of the households within the communities. It should look across income segments and identify how many households in each income segment are paying more than 30 percent of their income for housing costs (cost burdened). It should also identify existing housing for special needs populations.

Step 1.2: Analyze Population and Employment Trends

Population analysis should consider whether Shoreline's growth is on track to accommodate the city's portion of the countywide population allocation projected over the 20-year planning period, along with regional population trends. The analysis should also project population demographics and income levels for the planning period and identify the types and densities of housing that are needed for housing suitable and affordable for all demographic and economic segments. This analysis should specifically consider underserved categories such as senior independent and assisted living. For more information see WAC 365-196-410. Employment trends should look at the jobs in the region, along with the income levels of the jobs, and may consider the jobs/housing balance in the community. Does the new housing stock being built match the future population needs?

Action 2: Housing Toolkit to Address Unmet Housing Needs

Develop strategies to increase the supply of housing and variety of housing types needed to serve the housing needs identified in Action 1. Consider strategies to minimize displacement of low-income residents resulting from redevelopment.

Step 2.1: Analyze Existing Affordable Housing Regulations and Incentives

Inventory Shoreline's current regulatory and financial incentives for affordable housing including parking, density bonuses, height increases, and fee waivers. Quantify the number and, where possible, affordability of units that have been created under Shoreline's existing zoning and incentives over the past 5 years, including pipeline projects. Identify the most effective measures. Identify incentives that have not been used and regulations that limit or discourage quality, affordable housing.

Step 2.2: Recommend New Tools

Identify additional tools relevant to Shoreline's housing needs including new housing types, incentives, regulations, partnerships and resources. Specific recommendations should be made for "missing middle" housing including cottage housing, tiny houses and ADUs. Describe the purpose and target population for each tool, provide examples from other jurisdictions, and evaluate the feasibility of the tool in Shoreline. Policy actions can be evaluated on whether they are short term, or long term, how effective they are, or whether they have a fiscal impact.

Step 2.3: Identify Strategies to Minimize Displacement

Economic displacement occurs where low-income residents are forced out of traditional low-cost areas as redevelopment occurs and rents rise. Strategies to minimize displacement include preserving existing affordable housing, encouraging greater housing development, including, but not limited to affordable housing (so more housing is available for all income segments), engaging existing residents in identifying strategies, and taking a broader look using regional rather than localized strategies.

Action 3: Review Housing Element

Review and evaluate the current Comprehensive Plan Housing Element including an evaluation of success in attaining planned housing types and units, achievement of goals and policies, and implementation of the schedule of programs and actions.

Step 3.1: Recommend Updates

Evaluate the housing element goals and policies for items that have been implemented/achieved since adoption. Identify whether new comprehensive plan goals or policies are needed to support new tools identified in the Housing Toolkit that promote the size and types of housing that can be affordable to most economic segments of the population. Recommend any new or modified goals and policies needed to address underserved housing types or populations identified in the Housing Needs Assessment.

Action 4: Public Outreach and Input

Provide for participation and input from an inclusive and diverse group of community members, community groups, local builders, local realtors, and nonprofit housing advocates.

Step 4.1: Invite Comments at Key Points

Conduct focus groups or interviews with key stakeholder groups such as housing developers. Invite broad participation from all parts of the community through a survey, open house, public hearing or other means to understand and communicate the issues around housing. Members of the public can provide information and perspective on how the community can meet the state requirements to plan for housing affordable to all economic segments.

Action 5: Housing Action Plan

Develop a schedule of programs and actions to implement the recommendations.

Step 5.1: Summary of Findings

Summarize the key analysis, comments, issues and recommendations from Tasks 1-4.

Step 5.2: Non-Project SEPA Analysis

Draft a SEPA checklist for the draft Plan, distribute it and respond to comments.

Step 5.3: Recommended Actions

Propose a cohesive set of actions including regulations, incentives, partnerships and policy updates tailored to Shoreline's specific needs and conditions. Include a timeline for accomplishing these changes and budget implications for any consultant support, environmental review, waived fees or staffing necessary for the work.



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MEMORANDUM

To: Nora Gierloff, City of Shoreline

From: Elliot Weiss, Community Attributes Inc.

Date: October 20, 2020

Re: Shoreline Housing Action Plan Online Open House Survey Response

The City of Shoreline is developing a Housing Action Plan, and will gather public input before selecting the final Action Plan tools and strategies. Due to the COVID-19 epidemic, the City supplemented some planned traditional engagement with online engagement.

CAI developed an “online open house” website for the project. This website summarizes key findings on Shoreline’s housing needs. Survey questions are embedded alongside this information in a series of separate groupings. Visitors are not obligated to respond to the questions, and also do not have to respond to all questions.

The City began sharing the link with the public in late July, and asked for responses through the end of September. There were 676 unique website visits during this time. 114 individuals responded to survey questions. This memorandum summarizes key findings relevant to the Housing Toolkit, Action Plan, and ongoing outreach efforts. Response data for all questions are provided in the accompanying appendix.

KEY FINDINGS

Representation

- **Renters are underrepresented** in responses – 28% of responses, compared to 36% of Shoreline’s households according to 2018 ACS estimates.
- **White residents are overrepresented** in responses – 73% of responses, compared to 65% of Shoreline’s population in 2018.
- **Hispanic or Latino residents are accurately represented** – 10% of responses, compared to 8% of the population.
- **Asian residents are underrepresented** – 8% of responses, compared to 15% of the population.
- **Residents under 19 are underrepresented** – 0 responses, compared to 21% of the population.

- **Residents age 55-64 are overrepresented** – 31% of responses, compared to 15% of the population.

Housing Toolkit

Participants were asked to identify which of four “missing middle” housing types they would most like to see in Shoreline:

- 36% of responses selected cottage housing
- 21% of responses identified ADUs without ownership restrictions
- 14% provided open responses, including:
 - 7% referenced condominiums
 - 7% referenced small homes and low-density multifamily types like duplexes

Housing Action Plan

Identified Challenges

Housing tenure affected the propensity for respondents to report difficulty affording housing; 75% of renters reported always or sometimes having difficulty paying for their housing, while only 20% of homeowners reported similar challenges.

Action Plan Priorities

Participants were asked to select up to three (out of 11) housing priorities as most important for the Housing Action Plan. Each of the following priorities were selected as a top priority by at least 30% of responses:

- Maintaining housing quality and preventing blight
- More affordable rental housing
- Preventing displacement of low income residents
- Expanding access to home ownership
- Creating more environmentally sustainable housing

At the end of the survey, participants were asked to provide any additional ideas for the Housing Action Plan. 38 provided responses, and the following themes were mentioned in at least three responses:

- Support for housing in mixed-use nodes with access to transit (6 responses)
- Support for expanding permitted housing types and accommodating greater flexibility for development (4 responses)
- Support for density increases (3 responses)
- Concerns about crime (3 responses)
- Concerns about home maintenance (3 responses)
- Encouraging attractive design in new development (3 responses)
- Encouraging first floor commercial with apartments (3 responses)

- Support for preserving single family neighborhoods (3 responses)
- Concerns about parking (3 responses)

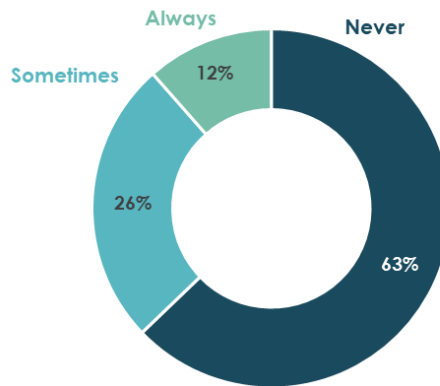
APPENDIX: RESPONSES BY QUESTION

Question Block 1. Defining Affordability

There were **114 unique responses** to these questions.

Do you have difficulty paying for housing costs?

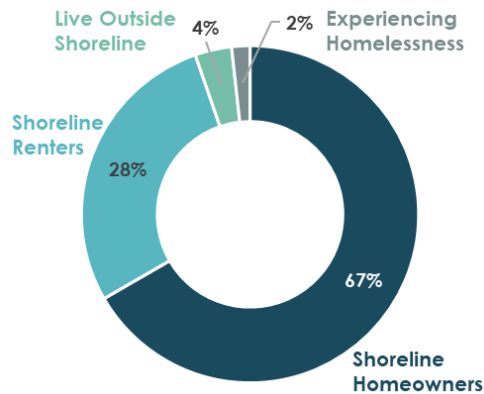
Exhibit 1. Housing Cost Difficulty, All Responses



Source: CAI, 2020

What is your current housing status?

Exhibit 2. Current Housing Status, All Responses



Source: CAI, 2020

Exhibit 3. Current Housing Status by Difficulty Paying for Housing

	Never	Sometimes	Always	Total
I own a home in Shoreline	61	12	3	76
I rent a home in Shoreline	8	15	9	32
I am experiencing homelessness	0	0	0	0
I live outside Shoreline	2	1	0	3
	71	28	12	111

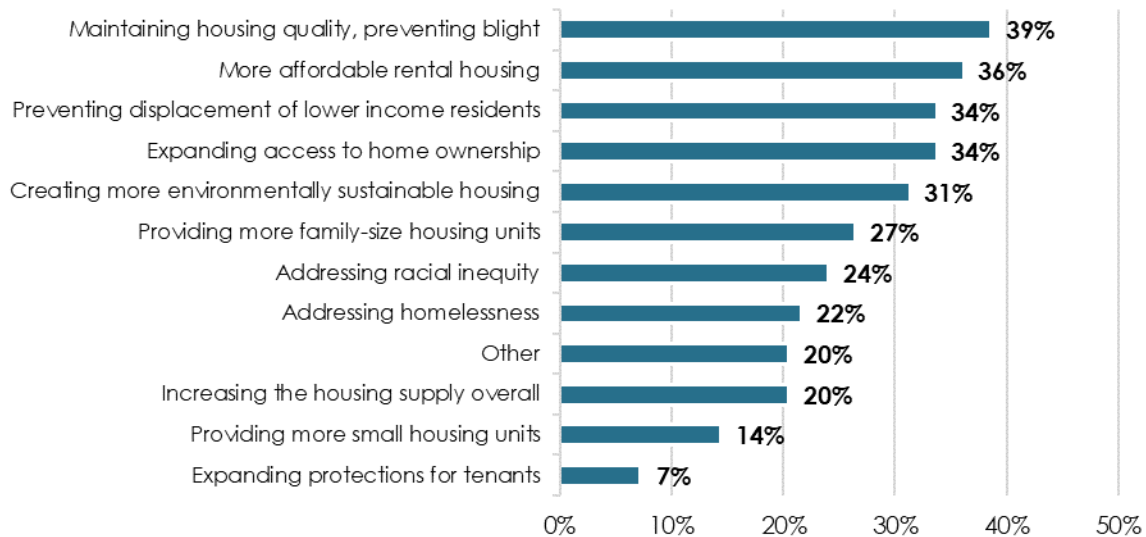
Source: CAI, 2020

Question Block 2. Housing Priorities

There were **86 unique responses** to this question.

Please select up to three housing priorities you believe are most important to address in the Housing Action Plan

Exhibit 4. Most Important Housing Priorities, All Responses



Source: CAI, 2020

“Other” responses were categorized. Some responses applied to multiple categories:

- Allow more dense housing types: 3 (3% of all responses)
- Preserve trees and natural environment: 3 (3%)
- Provide condos and other options for downsizing households: 3 responses (3%)
- Address crime: 2 (2%)
- Improve transit access: 2 (2%)

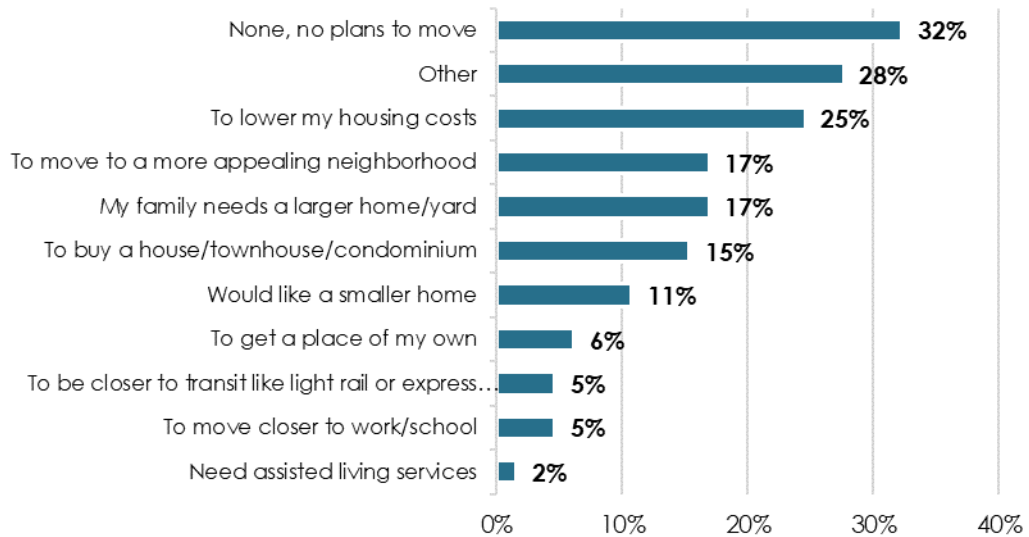
- Let the market decide: 2 (2%)
- Preserve single family housing, limit density: 2 (2%)
- Reduce ADU regulations and fees: 2 (2%)
- Avoid concentrations of affordable housing: 1 (1%)
- Do not support navigation center: 1 (1%)
- Protect landlords: 1 (1%)
- Rent control: 1 (1%)
- Require first floor retail in housing developments: 1 (1%)

Question Block 3. Shoreline’s Housing Needs 1

There were **67 unique responses** to these questions.

If you plan to move within the next few years, what are your top two reasons for wanting a change?

Exhibit 5. Reasons for Moving, All Responses



Source: CAI, 2020

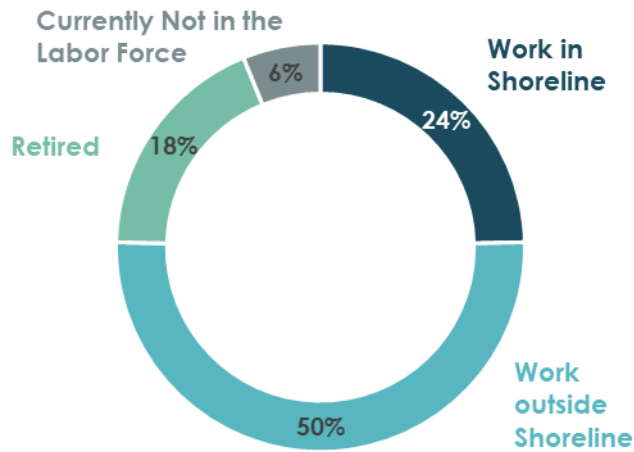
“Other” responses were categorized. Some responses applied to multiple categories:

- Concerns about homelessness, crime, and/or noise: 5 responses (7% of all responses)
- Concerns Shoreline is becoming too urban: 4 (6% of all responses)
- Moving closer to family or friends: 3 (4% of all responses)
- Looking for more walkable neighborhood/access to services/amenities: 2 (3% of all responses)
- Taxes are too high: 2 (3% of all responses)

- Leaving the region: 1 (1% of all responses)
- Looking for better quality housing: 1 (1% of all responses)
- Looking for better schools: 1 (1% of all responses)
- Need more accessible housing: 1 (1% of all responses)

What is your current employment status?

Exhibit 6. Current Employment Status, All Responses



Source: CAI, 2020

Exhibit 7. Reasons for Moving by Employment Status

	I work in Shoreline	I work outside of Shoreline	I am retired	I am currently not in the labor force
To be closer to transit like light rail	1	2	0	0
To get a place of my own	1	1	0	1
Would like a smaller home	3	1	3	0
Need assisted living services	0	0	1	0
To move closer to work/school	1	2	0	0
To buy a house/townhouse/condo	2	4	2	1
To lower my housing costs	5	7	2	1
To move to a more appealing neighborhood	4	6	1	0
Other	3	9	4	1
My family needs a larger home/yard	3	5	1	2
None, no plans to move	5	13	2	1
	28	50	16	7

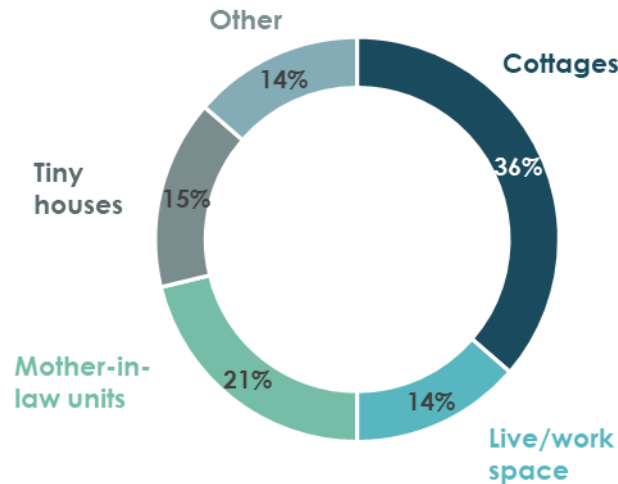
Source: CAI, 2020

Question Block 4. Shoreline’s Housing Needs 2

There were **73 unique responses** to this question.

What new housing types would you like to see in Shoreline?

Exhibit 8. Housing Types Desired, All Responses



Source: CAI, 2020

“Other” responses were categorized. Some responses applied to multiple categories:

- Condominiums: 5 responses (7% of total)
- Lower density multifamily (duplex-fourplex) and small single family homes: 5 responses (7%)
- Reduce regulations and let the market decide: 4 responses (5%)
- New single family homes: 4 responses (5%)
- Dedicated affordable housing: 4 responses (5%)
- High density multifamily: 3 responses (4%)
- Senior housing and accessible housing: 3 responses (4%)
- All of the above in survey: 2 responses (4%)
- Fewer apartments: 2 responses (3%)
- Townhouses: 2 responses (3%)
- Fewer townhouses: 2 responses (3%)
- Mixed-use development: 2 responses (3%)
- The following categories were only cited by one response (each 1% of the total):
 - No more affordable housing
 - Affordable ownership units

- Family-sized rental units
- Limit new homeless shelters
- Retain restrictions on ADUs

Are there any other ideas you would like to share about the Housing Action Plan?

There were 38 unique responses to this open response question. Some responses referenced specific housing types, and were categorized and tallied along with responses to the previous question. Other ideas were categorized into the following themes:

- Incorporating housing in dense, mixed-use nodes with access to transit: 6 responses (8% of total)
- Expanding permitted housing types and accommodating flexibility: 4 responses (5%)
- Support for density increases: 3 responses (4%)
- Concerns about crime: 3 responses (4%)
- Concerns about home maintenance: 3 responses (4%)
- Encouraging attractive design in new development: 3 responses (4%)
- Encouraging or requiring first floor commercial with apartments: 3 responses (4%)
- Preserving single family neighborhoods: 3 responses (4%)
- Concerns about lack of parking: 3 responses (4%)
- Encouraging donation/below market sale of land for affordable housing: 2 responses (3%)
- Concerns about small homes being torn down to build large, expensive homes: 2 responses (3%)
- Preserving trees and open space: 2 responses (3%)
- Expanding tenant protections and addressing housing barriers: 2 responses (3%)
- Providing sufficient amenities and services for new and existing residents: 2 responses (3%)
- The following themes were cited by only one response (each 1% of the total):
 - Concerns about property tax increases
 - Concerns about increased noise and traffic in single family neighborhoods
 - Supporting diversity of race, age, and income
 - Focusing on the lowest income households
 - Reducing police involvement in housing issues
 - Expanding access to transit hubs from other areas of the city

Question Block 5. Demographics

There were **75 unique responses** to these questions.

What is your zip code?

Exhibit 9. Zip Code, All Responses

What is your ZIP code?	Responses	Share
98133	30	41%
98155	29	40%
98160	0	0%
98177	14	19%
Total	73	100%

Source: CAI, 2020

What is your age?

Exhibit 10. Age, All Responses

What is your age?	Responses	Share
19 or younger	0	0%
25-34	15	21%
35-44	16	22%
45-54	12	17%
55-64	22	31%
65 and above	5	7%
Prefer not to say	2	3%
Total	72	100%

Source: CAI, 2020

What is the primary language spoken in your home?

Exhibit 11. Primary Language, All Responses

What is the primary language spoken in your home?	Responses	Share
Amharic/Tigrinya	0	0%
English	73	99%
Korean	0	0%
Mandarin/Cantonese	0	0%
Spanish	0	0%
Tagalog	0	0%
Vietnamese	0	0%
Other	1	1%
Total	74	100%

What is your race or ethnicity? (Select all that apply)
Exhibit 12. Race or Ethnicity, All Responses

What is your race or ethnicity? (Select all that apply)	Responses	Share
Hispanic or Latino	8	10%
Asian	6	8%
Black or African American	4	5%
American Indian or Alaska Native	2	3%
White	57	73%
Native Hawaiian or Other Pacific Islander	1	1%
Total	78	100%

Source: CAI, 2020

Do you have a disability?
Exhibit 13. Disability Status, All Responses

Do you have a disability?	Responses	Share
None	57	84%
Cognitive	0	0%
Hearing	2	3%
Mobility	1	1%
Vision	1	1%
I'd rather not say	6	9%
Other (please specify below)	1	1%
Total	68	100%

Source: CAI, 2020

What gender do you identify as?
Exhibit 14. Gender Identity, All Responses

What gender do you identify as?	Responses	Share
Female	44	59%
Male	23	31%
Non-binary	5	7%
I'd rather not say	3	4%
Total	75	100%

Source: CAI, 2020

How did you learn about this project?

Exhibit 15. Project Discovery, All Responses

How did you learn about this project?	Responses	Share
City of Shoreline email/website	33	45%
News	4	5%
Social media	17	23%
Friend	3	4%
My employer	1	1%
An organization I'm involved with	0	0%
I'd rather not say	0	0%
Other (please specify below)	12	16%
Total	73	100%

Source: CAI, 2020



Shoreline Housing Toolkit Workshop

Shoreline Planning Commission

November 5, 2020



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Introduction

The City of Shoreline is developing a Housing Action Plan with support from the Washington State Department of Commerce. Washington State House Bill 1923 enacted one-time planning grants for cities to complete specific actions to support housing affordability. Shoreline received a grant to develop a Housing Action Plan, one of the eligible options under the grant program.

The Housing Action Plan will provide city-led actions and initiatives to encourage **sufficient affordable and market rate housing** at prices accessible to all of Shoreline's households, now and in the future. The Plan's content will be informed by two products – the **Housing Needs Assessment** and the **Housing Toolkit**. The Housing Needs Assessment provides the quantitative data and analysis required to understand Shoreline's housing needs. The Housing Toolkit will assess Shoreline's existing strategies relative to its needs and identify appropriate options to address those needs.

The purpose of this document is to provide **an initial range of options** that may be appropriate for Shoreline's Housing Toolkit. This includes **both new tools and potential revisions to existing tools**. The final set of tools will be refined based on feedback from the community, housing and human services stakeholders, and City leadership. Ongoing outreach and analysis will provide additional input on Shoreline's greatest displacement risk factors.



October 15, 2020

Project Objectives

This project is **comprehensive in scope** and seeks to address housing issues impacting the full range of Shoreline's residents and workers.

What's in a housing toolkit?

The final housing toolkit may include:

- > Strategies to ensure the market provides **enough housing to meet demand** through land use and development standards
- > Changes to zoning regulations to allow **more types and sizes of housing**, such as groups of cottages
- > Strategies to provide **more dedicated affordable housing**, including refining existing incentive programs and partnering with external organizations
- > Strategies to **avoid displacement**

How can we select tools?

Cities have limited resources, and Shoreline may not be able to implement every useful tool. Stakeholders have identified **several principles** to help guide decisions about housing:

- > **Equity.** Redressing the historical harms that have been perpetuated against people of color through systemic racism
- > **Balance.** Promoting a greater diversity of housing opportunities, particularly for low- and middle-income households.
- > **Stability.** Fostering strong multi-generational neighborhoods through affordable homeownership, access to employment, and community resources
- > **Representation.** Listening to the people experiencing housing challenges in Shoreline

Equity and Housing

Why is equity important for the Housing Action Plan?

Historically, people of color have faced explicit legally- and socially-sanctioned discrimination in housing. While the Federal Housing Administration expanded access to mortgages for white families in the mid 20th century, non-white households were restricted from lending, regardless of economic circumstance. In addition, loans were restricted in neighborhoods with higher populations of people of color. These practices, among many other discriminatory practices, have had a profound impact on community segregation and racial disparities in generational wealth building.

In addition, historic zoning practices have limited access to housing in the most desirable communities by only permitting large lot single family housing development. These practices have encouraged income segregation, and limited access to opportunity for lower income households. Prioritizing public resources to address long-standing disparities is important to ensure all of Shoreline's residents can enjoy the same high quality of life.

How can we advance equity with this plan?

Expanding access to affordable housing and quality neighborhoods is a critical equity goal. The Housing Action Plan intends to advance equity by identifying opportunities to:

- > Expand and diversify the housing supply, particularly in places with access to good schools, employment, transportation and amenities
- > Encourage production of dedicated affordable housing, particularly to serve households with the lowest income levels
- > Combat displacement and ensure Shoreline is a welcoming community for all
- > Meaningfully engage voices from historically disenfranchised groups, and incorporate their priorities in the plan

Gentrification & Displacement Risk

The City of Portland developed a systematic approach to measuring gentrification and displacement risk. Essentially, they use US Census American Community Survey data to determine the presence of vulnerable populations, the occurrence of demographic change, and the relative condition of the housing market across the city, which they then combine into a single gentrification typology that breaks down as follows.

Typology	Vulnerable Population?	Demographic Change?	Housing Market Condition
Susceptible	Yes	No	Adjacent
Early: Type 1	Yes	No	Accelerating
Early: Type 2	Yes	Yes	Adjacent
Dynamic	Yes	Yes	Accelerating
Late: Type 1	Yes	Yes	Appreciated
Late: Type 2	Used to be in 2013	Yes	Accelerating
Continued Loss	Used to be in 2013	Increased share of white people and adults with a bachelor's degree	Appreciated

Gentrification & Displacement Risk

Vulnerable Population

This is calculated with two methodologies. An area is vulnerable if either meets vulnerable criteria.

- > The variables are Renter occupied households, Households below 80% of AMI, Percent people of color, and share with a 4-year degree
 - > Method 1 compares tracts to citywide averages, each indicator gets a 1 or 0 value, and they're summed. 3 or 4 is vulnerable.
 - > Method 2 breaks all tracts into quintiles (0-4) for each variable and then multiplying them together, 10 or higher is vulnerable

Demographic Change

This is a binary variable based on the following:

- > Either three or four of the following are true:
 - > The share of homeowners increased or decreased slower than the citywide average
 - > The white population share increased or decreased slower than the citywide average
 - > The share of adults with a four-year degree increased faster than the citywide average
 - > Median household income increased faster than the citywide average
- > Or both the following (of the 4 above) are true:
 - > The white population share increased or decreased slower than the citywide average
 - > The share of adults with a four-year degree increased faster than the citywide average

Housing Market Condition

This variable has three possible outcomes based on for sale and rental data, with the most severe outcome chosen (two parallel calculations, and then choose the strongest).

Adjacent tracts

- > Had low or moderate 2017 home values/rents
- > Experienced low or moderate 2008–2017 appreciation (or 2012–2017 rental appreciation)
- > Touched the boundary of at least one tract with a high 2017 value and/or high 2008–2017 appreciation (or 2012–2017 rental appreciation)

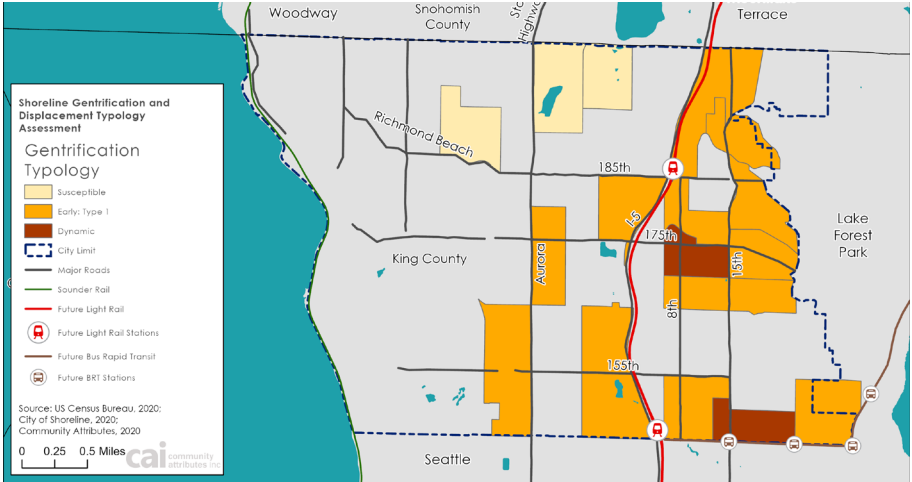
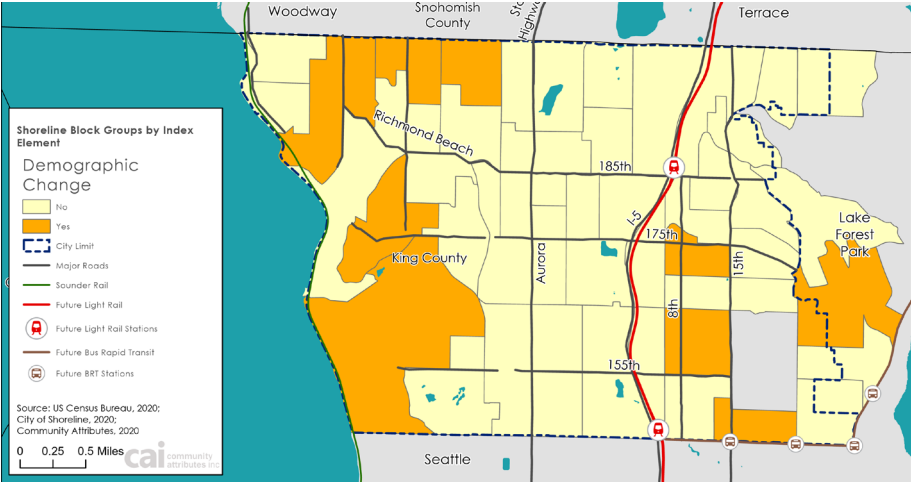
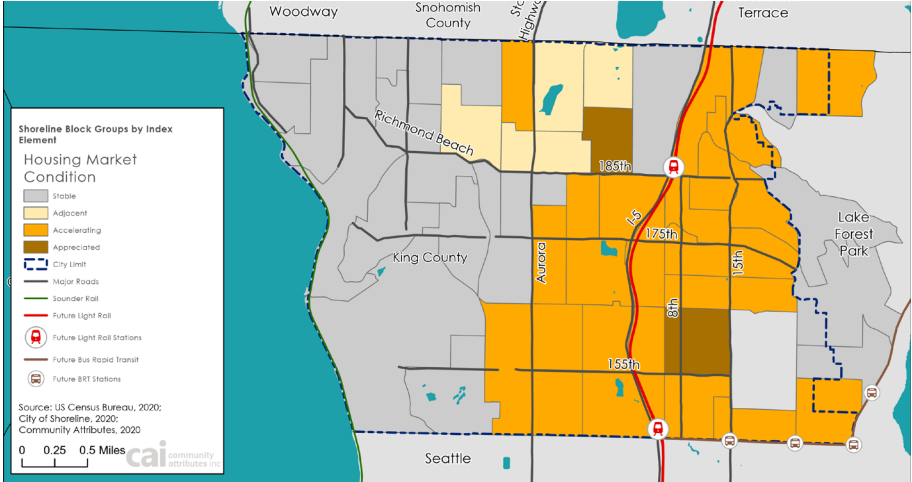
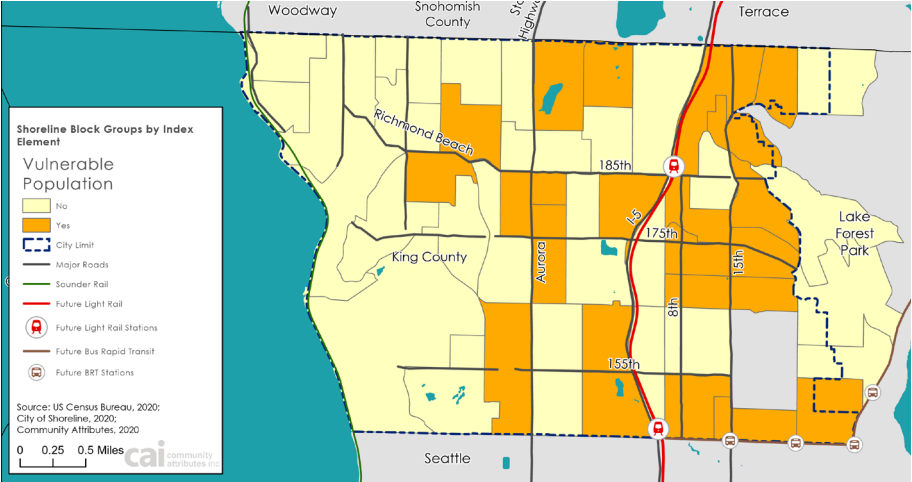
Accelerating tracts

- > Had low or moderate 2017 home values/rents
- > Experienced high 2008–2017 appreciation (or 2012–2017 rental appreciation)

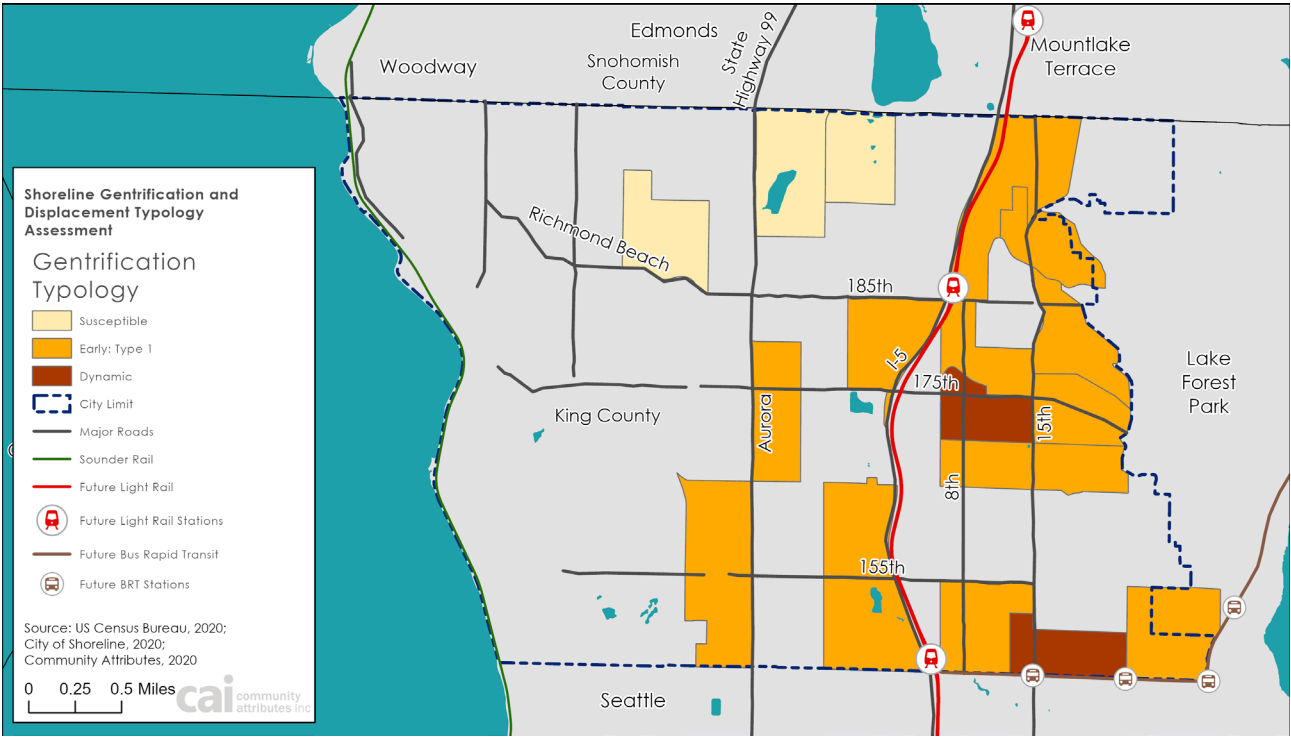
Appreciated tracts

- > Had low or moderate 2000 home values/rents
- > Had high 2017 home values/rents
- > Experienced high 2000–2017 appreciation

Gentrification & Displacement Risk



Gentrification & Displacement Risk



	Number of Block Groups	Population	Households	Household Income Below 80% AMI	Cost Burdened Renter Households
Susceptible	3	4,815	2,370	2,917	1,153
Early: Type 1	13	15,787	6,183	4,428	1,474
Early: Type 2	0	0	0	0	0
Dynamic	2	2,309	814	786	280
Late: Type 1	0	0	0	0	0
Late: Type 2	0	0	0	0	0
Continued Loss	0	0	0	0	0
Total	18	22,911	9,367	8,131	2,907

Existing Tools

And Recommended Improvements

Introduction: Existing Tools

This section explains and offers potential improvements for housing tools that currently exist in Shoreline. These are:

- > Accessory Dwelling Units
- > Deep Green Incentive Program
- > Density Bonuses
- > Development Agreements
- > Inclusionary Zoning
- > Multifamily Tax Exemption (MFTE)
- > Permit Fee Waivers for Affordable Housing
- > Parking Reductions
- > Planned Action EIS
- > Sales and Use Tax Credit
- > Surplus Land and Property for Affordable Housing

Accessory Dwelling Units

Definition

Accessory Dwelling Units (ADUs) are small units that are either attached or detached from a single family residence. ADUs are permitted outright in all of Shoreline’s residential zones. One attached or detached ADU is permitted per single family home. ADUs cannot be larger than 50% of the primary home’s area.

Goals Addressed

- > Increase housing supply
- > Increase housing variety
 - > Small households
 - > Senior housing
- > Increase affordable housing supply
 - > Low-moderate income
- > Minimize displacement
 - > Homeowner stability (*Generating rental income to support a family, accommodating extended families*)

Potential Improvements

Ease Parking Requirements: Easing or eliminating parking requirements, particularly in areas with access to transit, can make ADUs more affordable to build and increase the number of lots that can physically accommodate them.

Eliminate Owner-Occupancy Requirement: Eliminating this requirement can improve access to financing and resale values. It is also more equitable, as occupancy requirements do not apply to other types of housing.

Density Flexibility: Allow both one attached and detached unit per home and/or allow flexibility for larger lots, such as by offering FAR and/or lot coverage incentives.

“Pre-Approved” Designs: Work with architects to develop several pre-approved designs, incorporating community feedback. These plans can be provided to homeowners for free, significantly reducing costs.

Educational Materials: Work with homeowners to expand awareness of options for ADUs, including basement and garage conversions.

Accessory Dwelling Units

Inspirations

ADUs can take many forms, and can be designed for neighborhood compatibility. Many cannot be easily identified from the street, such as basement suites and converted garages.



Seattle backyard detached ADU. (Photo Credit: Sightline Institute)



Seattle garage conversion to attached ADU. (Photo Credit: Sightline Institute)



Oregon mother-in-law home (Photo Credit: Sightline Institute)

Deep Green Incentive Program

Definition

The Deep Green Incentive Program (DGIP) is a program that provides fee waivers, density bonuses, and lighter parking requirements in exchange for building projects that meet green building standards such as LEED platinum and Emerald Star among others.

Goals Addressed

- > Increase housing supply
- > Encourage green building programs

Potential Improvements

Reduce Minimum Lot Size: Reducing the minimum lot size could allow cottage housing, small lot single family, or other middle housing projects to benefit from the program, increasing overall supply.

Adjust Parking Incentive: Currently, DGIP projects must apply for reduced parking requirements. Developing clear performance criteria for parking reductions, or eliminating parking requirements may help encourage program participation while advancing sustainability goals. Criteria can incorporate location, such as access to transit.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Density Bonuses

Definition

The city offers a bonus of up to 50% over base zoning if additional units are dedicated as affordable to households earning less than 80% of Area Median Income (AMI). It does not apply to single family projects on lots that can only accommodate one unit and is only relevant in residential zones where density limits apply.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Moderate income households

Potential Improvements

Model and Test Market Feasibility: Conduct pro forma analysis to test if the program offers sufficient incentive. Model the impact of adjusting the affordability requirement, both in terms of income level and share of bonus units.

Clarify Code Departures: Buildable density can be constrained by other factors such as minimum lot and height requirements. The city should clarify if departures to these requirements are possible.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Permit Combination with MFTE: Allowing density bonuses on MFTE projects would make the program more attractive. The city could potentially use added benefit to require deeper levels of affordability.

Development Agreements

Definition

Development agreements are voluntary, negotiated contracts between the City and developer establishing standards and public benefits the development will provide. The City requires development agreements for density bonuses in the MUR-70 zone. Shoreline's code identifies elements of development agreements and criteria for their approval. Potential elements are varied, and include affordable housing.

Goals Addressed

- > Increase affordable housing supply
 - > Low income
 - > Moderate income
- > Minimize displacement

Implementation Considerations

Encourage Deeper Housing Affordability: The City can evaluate opportunities to offer incentives for developers providing affordable units for households below 30% AMI.

Prioritize Anti-Displacement Goals: As anti-displacement priorities are identified through continued outreach and research, the City can identify opportunities to adjust required elements to prioritize displacement prevention strategies. In addition to deeper affordability options, this could include easing requirements for projects that provide cultural or other affordable commercial space for nonprofit groups.

Inclusionary Zoning

Definition

Inclusionary zoning programs require developers to either provide affordable units within a development or provide an in-lieu fee.

Shoreline has mandatory inclusionary zoning in its MUR-70 and MUR-45 zones, and a voluntary program in the MUR-35 zone. These align with light rail station areas. Under the program, 20% of rental units must be affordable to households earning 70-80% AMI, or 10% to 60-70% AMI. (Higher income segments are for 2+ bedroom units) Developers may increase heights in the MUR-70 zone with deeper affordability and a development agreement.

The City charges an in-lieu fee for any fractional units calculated. For example, if the formula calculates that 5.6 affordable units are provided, the project must include 5 affordable units and provide an equivalent fee for 0.6 affordable units.

These projects also benefit from several incentives:

- > No density limits
- > 12-year multifamily tax exemption
- > Reduced permit fees
- > Reduced impact fees

Goals Addressed

- > Increase affordable housing supply
 - > Low-moderate income

Potential Improvements

Track and Adjust. Monitor participation over time and adjust incentives if needed as market conditions change.

Add Home Ownership. Perform a market analysis and develop program requirements for home ownership developments.

Encourage Larger Units. Along with analysis to develop a home ownership program, test alternate program requirements to encourage large affordable units.

Multifamily Tax Exemption

Definition

Shoreline offers a 12-year MFTE for developments with four or more units in nine neighborhoods. The program is only available for rented units, but applies to both new construction and rehabilitated properties. To be eligible, applicants must rent 20% of the project's units to income-qualified households in perpetuity.

Rehabilitation projects must add at least four additional residential units to be eligible for the program, unless the project has been vacant for at least 12 consecutive months. The property must also fail to comply at least one state or local building or housing code. The exemption only applies to value added through rehabilitation.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low-moderate income
- > Increase variety of housing types

Potential Improvements

Address market variations within Shoreline. In Shoreline, participation has been strong in some areas and nonexistent in others. Because income limits are set at the County level, affordable rents are close to the market rate in Shoreline. The City may test the impact of requiring deeper affordability in its most popular neighborhoods.

The City may also consider adding a 12-year exemption at 100% of AMI to encourage multifamily development in areas that have not experienced as much development.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Permit Fee Waivers for Affordable Housing

Definition

Developers may apply to have permitting fees waived for projects serving renters at or below 60% AMI anywhere in Shoreline. Savings vary depending on the project, and the planning director has discretion over the exact amount.

To date, only one project has applied for this opportunity. The program has a lower income threshold than the City's other affordable programs, and the fee waiver may not provide sufficient incentive for developers to pursue the deeper income level. There may be a lack of awareness about this tool as well.

Goals Addressed

- > Increase affordable housing supply
 - > Low income

Potential Improvements

Model and Test Market Feasibility: Conduct pro forma analysis to test if the program offers sufficient incentive. Model the impact of adjusting the affordability requirement, both in terms of income level and share of bonus units.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Parking Reductions

Definition

Parking, particularly underground and structured parking, is expensive to build. This in turn impacts housing costs. If a developer can only afford surface parking, the size of the building may be limited by the number of units that can be physically “parked” due to parking requirements. Regardless of requirements, developers may choose to provide additional parking if they feel the market requires it.

Shoreline provides the opportunity to apply for parking reductions in several cases. Projects that are eligible for multiple cases may not combine the reductions.

- > Affordable housing projects serving households below 60% AMI: up to 50% reduction
- > Multifamily within ¼ mile of a light rail station: up to 25% reduction
- > Providing certain other public benefits: up to 25% reduction

Shoreline has granted reductions ranging from 2% to 23% to 8 developments since 2015.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply

Potential Improvements

Increase Certainty. Establish clear criteria for estimating a potential parking reduction.

Revisit Parking Demand. Complete a parking demand study or build on the October 2019 Public Works study to evaluate reducing or eliminating parking requirements outright, particularly in station areas and for affordable housing projects.

Unbundle Parking from Rent. Currently, parking must be included in the cost of rent, which means that the cost of parking is passed to all renters. Allowing parking spots to be rented can support lower rents, and potentially accommodate more flexible shared parking arrangements.

Planned Action EIS

Definition

In a Planned Action EIS, the city completes an Environmental Impact Statement for a subarea before development takes place. Once complete, any new development does not have to go through SEPA provided it is consistent with the subarea plan. Eliminating the site-specific SEPA review process provides more certainty to the developer and streamlines the application process.

Shoreline has completed planned actions for:

- > Town Center
- > Aurora Square (Shoreline Place)
- > 185th Street Station Subarea
- > 145th Street Station Subarea

Goals Addressed

- > Increase housing supply
- > Increase housing variety

Potential Improvements

Keep Up to Date. Revisit documents regularly and revise as necessary.

Consider New Opportunities. Evaluate opportunities to complete planned actions for new subareas.

Sales and Use Tax Credit

Definition

In 2019, Washington House Bill 1406 established a revenue sharing program that allows cities like Shoreline to impose a 0.0073% sales and use tax, credited against the state sales tax for housing investments. These funds can be used for acquiring, rehabilitating, or constructing affordable or supportive housing; toward operation and maintenance costs for new affordable or supportive housing; or for direct tenant rental assistance.

Shoreline passed an ordinance to participate in this program in late 2019. (SMC 3.17) The fund is estimated to provide up to \$85,929 per year for up to 20 years. 2020 revenues will be reduced due to COVID-19 impacts.

Goals Addressed

- > Increase affordable housing supply
- > Minimize displacement
- > Preserve existing housing

Potential Improvements

Make a Plan. Establish priorities for the Fund's use and how projects will be selected. Consider pooling funds with other jurisdictions or public housing authorities

Surplus Land and Property for Affordable Housing

Definition

The City is allowed to lease or sell underutilized land it already owns to developers for affordable housing. Under RCW 39.33.015, public agencies may sell land at a discount if it is to be used for housing people at or below 80% of AMI.

The City provided two nonprofits land to develop a 100-unit supportive housing project at Aurora and 198th St in 2019.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low income
 - > Moderate income
- > Adaptive Reuse

Potential Improvements

Inventory. The city should take inventory of potentially available land across all city departments and identify opportunities for affordable housing partnerships. This inventory should include partners like the school district.

Consider adaptive reuse. The city's developable land portfolio may include some buildings that are structurally sound but currently vacant. These may be appropriate for reuse as housing.

Work with third parties. The city should build on their 198th St project and proactively seek to partner with third parties. For example, Sound Transit will have excess land after light rail construction that must be developed as affordable housing. The city should coordinate with them and be open to land swaps or developing a multiparcel site together.

Pair development with public amenities. The city should leverage development opportunities to incorporate public facilities into new developments. For example, libraries and fire stations have been included in apartment/office redevelopments in other places.

Deeper affordability. The city should consider prioritizing affordable housing projects serving households below 50% AMI.

New Tools

New Tools

The following sections explain tools that may be relevant to Shoreline’s housing needs and goals. These are:

Zoning and Regulatory Tools

- > Cottage Housing
- > “Missing Middle”-Friendly Zoning
- > Small Lot Single Family
- > Tiny Houses
- > Density Bonus Exception

Funding Tools

- > Local Affordable Housing Levy
- > Real Estate Excise Tax 2 (REET 2)

Tools to Minimize Displacement

- > Down Payment Assistance
- > Homeowner Stability Program
- > Partner with Affordable Housing Providers
- > Support Community Land Trusts

Other Tools

- > Housing Incentive Market Program

New Zoning and Regulatory Tools

Cottage Housing

Definition

Cottage housing developments include a cluster of small detached homes with shared open space. Cottages may be rented or sold as separate condominiums. They are compatible with lower-density residential neighborhoods. They may be attractive to seniors looking for a smaller, lower-maintenance single family home.

Goals Addressed

- > Increasing housing supply
- > Increasing housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > There is an opportunity to leverage experience from the City's previous cottage housing pilot project
- > If the process is overly burdensome, such as requiring a conditional use permit, development may be limited.
- > Requires flexibility in density limits in lowest-density neighborhoods. Consider regulating based on maximum combined floor area ratio or other form-based standards rather than number of units.



Cottage cluster. (Photo Credit: Sightline Institute)

Density Bonus on Large Single-Family Lots

Definition

A density bonus amendment has been proposed that would permit adding an additional, separate living unit (not an ADU) to qualifying lots in residential zones R-4 through R-48. The new unit would need to be smaller and less intrusive than the existing one. Height would be limited to 20 feet at the rooftop and two parking spots would be required per house. Houses within a half-mile of transit or that offer at least two level 2 electric vehicle chargers per new unit would qualify for a 50% parking reduction.

Goals Addressed

- > Increasing housing supply
- > Increasing housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > Consider eliminating parking requirements in station areas
- > Potential setbacks and other requirements will need to be flexible enough to allow a meaningful number of new units to be created.



ADU approximating the proposed new houses. (Photo Credit: Sightline Institute)

“Missing Middle”-Friendly Zoning

Definition

Most of Shoreline’s area is zoned for residential development, with development regulated in terms of units per acre, minimum lot sizes, maximum height and maximum building coverage. The City also regulates the building footprint with minimum setbacks on all sides in all residential zones.

Depending on the design and bulk, development types like duplexes, townhouses, and even small apartment buildings can be compatible with single family neighborhoods. This is common in older neighborhoods, and is commonly called the “missing middle”.

In Shoreline, apartments are allowed outright in high density (R18-48 and TC-4) zones, and as a conditional use in medium density (R8-12) zones. Townhouses and duplexes are permitted in all zones, though they must comply with all dimensional and density standards in low density (R4-6) zones.

Shoreline may wish to consider accommodating greater flexibility on density requirements and housing types, and regulating these neighborhoods based on more

flexible measures like floor area ratio. This may help prevent oversized single family homes while also accommodating more smaller, more affordable units within the neighborhood context. This can also allow flexibility for situations like permitting existing large homes to be divided into separate units.

Goals Addressed

- > Increase housing supply
- > Increase housing diversity

Implementation Considerations

- > These changes can be controversial, and require robust public engagement
- > Establishing FAR requirements can be challenging, and requires careful testing and consideration

“Missing Middle”-Friendly Zoning

Inspirations

Older, desirable neighborhoods often feature intermingled “missing middle” housing like duplexes and small apartments. These are often no larger than modern single family homes. Incorporating more flexible zoning regulations focused on form, rather than just density and use, can encourage more varied neighborhoods.



Grandfatered multifamily homes in Portland (Photo Credit: Sightline Institute)



Duplex (Photo Credit: Sightline Institute)



Anacortes duplex (Photo Credit: Sightline Institute)

Small Lot Single Family

Definition

Small lot single family is a compact version of single family detached that has lower lot sizes and typically less square footage. They are part of a middle ground between townhouses and traditional single family. Their form is essentially similar to single family houses, and so they would fit in easily in Shoreline's postwar single family neighborhoods.

- > If the process is overly burdensome, such as requiring a conditional use permit, development will be limited.
- > Requires flexibility in density limits in lowest-density neighborhoods. Consider regulating based on a development's combined floor area ratio or other form-based standards rather than number of units.
- > Lower minimum lot size to make small redevelopments feasible – encourage distributed small projects rather than few large ones to minimize neighborhood disruption

Goals Addressed

- > Increase housing supply
- > Increase housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > Developing appropriate design standards can help support compatibility with existing neighborhoods.



Four of eight small lot single family homes in Seattle. (Photo Credit: Google Street View)

Tiny Houses

Definition

Tiny houses are very small houses, typically ranging from 100 to 800 square feet. They are single detached units that may be built as permanent structures or integrated into trailers. Construction costs are lower than traditional housing, and their small size may be attractive to seniors looking to downsize. They can be either rented or sold. Tiny houses can be accessory dwellings, or developed as clusters. In this manner, they are related to ADUs and cottage housing. There are also parallels to mobile homes, as tiny homes can be mobile.

Goals Addressed

- > Increasing housing supply
- > Increasing housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > Higher density limits may be appropriate as units are more expensive on a cost per square foot basis. Regulating based on overall FAR, as discussed in “Missing Middle Friendly Zoning” may be beneficial.
- > If the process is overly burdensome, such as requiring a conditional use permit, development will be limited.
- > Ambiguity about whether a tiny house is a permanent structure, RV, or temporary structure can limit acceptance and create challenges for the code.
- > The City will need to develop its own inspection standards, as there are no state standards yet.



Tiny house cluster. (Photo Credit: Sightline Institute)

New Funding Tools

Local Affordable Housing Levy

Definition

Voters can authorize a levy of up to \$.50 per \$1,000 of assessed value for 10 years to finance affordable housing households at or under 50% AMI. Financing can cover construction, owner-occupied home repair, and foreclosure prevention programs. The city must declare an affordable housing emergency and create an affordable housing finance plan.

Goals Addressed

- > Increase affordable housing supply
 - > Low income
- > Minimize displacement
- > Homeowner stability

Implementation Considerations

Pair with other programs: Levy funds can enhance the impact of other programs, adding more units and deepening affordability. The city should study the possibility of giving some levy monies to MFTE projects in exchange for a portion of their affordable units deepening from workforce housing to the very low income 30-50% AMI level.

Work with third parties: The city should work with developers and other public agencies to use their resources most efficiently. For example, nonprofit developers could leverage levy funds in their capital stacks to produce more units per public dollar. Specifically combining levy dollars and public land with nonprofit developers could lead to more deeply affordable housing production.

Market home repair and foreclosure prevention programs: Home repair and foreclosure prevention programs are potentially cost-effective means of preventing displacement. The city should market these programs to lower income homeowners, especially those who live in light rail station areas.

Real Estate Excise Tax 2 (REET 2)

Definition

Real Estate Excise Tax 2 (REET 2) is an additional .25% tax that Shoreline could impose on home sales. Funds can be used for capital projects identified in the city's facilities plan element. A quarter of that money may go towards affordable housing until January 1st, 2026.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low-moderate income

Implementation Considerations

Pair with other programs: REET 2 funds can enhance the impact of other programs in the same manner as an affordable housing levy. The city should study the possibility of giving some REET 2 monies to MFTE projects in exchange for a portion of their affordable units deepening from workforce housing to the very low income 30-50% AMI level.

Work with third parties: The city should work with developers and other public agencies to use their resources most efficiently. For example, nonprofit developers could leverage REET 2 funds in their capital stacks to produce more units per public dollar.

New Tools to Minimize Displacement

Down Payment Assistance

Definition

The Washington State Housing Finance Commission offers down payment assistance for income qualified people. The assistance typically involves a loan covering a portion of the down payment that is repaid when the house is next sold. Recipients are required to take a homebuyer education class in addition to meeting income requirements to qualify.

Seattle, Bellingham, and Tacoma have all established their own programs to supplement WSHFC assistance. There are also nonprofit organizations supporting low income first time homebuyers in King County, including Habitat for Humanity, HomeSight, and Parkview Services.

Goals Addressed

- > Affordable homeownership

Implementation Considerations

Expand Awareness. The city can provide information on these programs to homeowners, especially low-income residents and potential first-time homebuyers.

Homeowner Stability Program

Definition

The city could minimize displacement with a series of homeowner-directed policies including:

Foreclosure intervention counseling- Foreclosure intervention counselors serve as intermediaries between struggling homeowners and financial institutions to facilitate refinanced loans, budgeting assistance, or repairing credit scores. Affordable housing funds can support these efforts, and community land trusts could buy foreclosed properties to keep residents in place.

Home rehabilitation assistance – City money, such as funds from the Sales and Use Tax, would be provided to low-income homeowners for critical repairs and potentially efficiency upgrades to keep homes habitable.

Mobile Home Relocation Assistance- The state Department of Commerce offers a program that provides financial resources to assist displaced residents, particularly low income persons.

Goals Addressed

- > Minimize displacement

Implementation Considerations

Market the policies: The city can provide information on these programs to homeowners, especially low-income and elderly residents.

Partner with Affordable Housing Providers

Definition

The City may establish relationships with local affordable housing providers, including King County Housing Authority, Compass Housing Alliance, and Catholic Housing Services. These providers have additional knowledge and resources not available to the City. They are the best positioned to serve extremely low-income households, including people experiencing homelessness and people with disabilities.

Partnerships can advance many goals:

- > Identifying affordable properties at risk of conversion and coordinating options to acquire and preserve or relocate residents
- > Developing effective housing programs
- > Public-private partnerships to build housing on public property or with other public resources
- > Connecting residents with resources for affordable home ownership or home rehabilitation
- > Identifying opportunities for the City to support providers' projects

Goals Addressed

- > Increasing affordable housing supply
 - > Very low income
- > Minimizing displacement
 - > Preserve existing affordable housing
 - > Homeowner stability
 - > Supporting first-time homebuyers

Implementation Considerations

Requires staff time to maintain ongoing relationships

Support Community Land Trusts

Definition

Community Land Trust (CLTs) offer a form of affordable home ownership. The land trust buys land, builds or renovates housing, and then sells the structures while leasing the land. The houses are sold with deed restrictions, which combined with the commonly held land allow for residents to build equity while keeping costs affordable. CLTs are a way of offering homeownership to low and lower-middle income people and can offer long term stability and the opportunity to use equity to move up the housing ladder.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low income earners
 - > Moderate income earners
- > Affordable home ownership
- > Minimize displacement

Implementation Considerations

Facilitate CLT growth and development. The city should consider eliminating permit fees or allowing other subsidies like reduced parking requirements or density bonuses to promote CLT growth.

Consider public land sale. CLTs could be a good partner for affordable housing development should the city choose to sell or lease surplus land. CLTs may also be good stewards of land repossessed by the city for tax delinquency or any parcels currently in a city-run land bank.

Other New Tools

Housing Incentive Marketing Program

Definition

Shoreline already has several affordable housing programs and has the potential to add more, making a potentially confusing development environment. Shoreline could create a website where developers and residents could easily view and understand the city's affordable housing policy landscape and how it effects different areas. The website can both help people understand policy and present a positive vision for what the programs are meant to achieve. This should include practical, simple demonstrations of how multiple programs can layer to benefit a typical development.

The City should also consider other opportunities to reach out to the development community to expand awareness about these programs and generate feedback for improvement.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
- > Affordable homeownership
- > Minimize displacement

Implementation Considerations

Quality user interface is critical: The website layout should be clear to interpret and attractive to view.

Shoreline Housing Toolkit Regulatory Review

Draft

October 28, 2020

Prepared by:



Prepared for:





*Community Attributes Inc. tells data-rich stories about communities
that are important to decision makers.*

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EXECUTIVE SUMMARY

This regulatory review presents the City of Shoreline's policies and programs to support desired housing goals in the city and provides an assessment of performance. This summary presents high level findings from the report and includes discussion of opportunities for Shoreline to better achieve its housing goals. The City can use this list to inform potential actions for the Housing Action Plan.

Shoreline's Housing Action Plan intends to achieve the following goals:

1. Understand **how much, what types and where housing** is needed in Shoreline;
2. Understand **what housing types** the market will provide;
3. Understand what households are experiencing **housing challenges**;
4. Understand where and how additional housing can fit in Shoreline;
5. Review **existing housing strategies** to see how well they are working, identify gaps, and find opportunities for improvement; and
6. Identify **new ideas** to meet Shoreline's specific needs, including working with community partners.

This report addresses item 5 from the overall list above by reviewing Shoreline's existing housing policies and programs.

Assessment

The City has employed several highly effective strategies to increase its housing supply, including a multifamily tax exemption (MFTE) and several planned actions. It also has several promising programs to increase affordable housing for low-moderate income renters, including inclusionary zoning in its station areas. The MFTE program may be able to encourage development of more affordable housing units, particularly in combination with the City's other tools, though this should be tested with market analyses.

Several programs are either underutilized or have the potential to be more effective with adjustments. The City's density bonus and parking reduction programs have not been well utilized. This may be explained by aspects of the programs themselves, along with a lack of awareness among the development community about all the incentives Shoreline offers. Clear marketing materials compiling all local incentives and demonstrating how they can benefit typical projects could bolster multiple programs.

There are several strong opportunities to increase housing variety. These include revising requirements for ADUs, permitting cottage housing, and

regulating more residential areas based on form to accommodate more flexibility in density.

In general, the most significant gap areas to prioritize for new strategies are serving very low-income households and minimizing displacement. Partnerships with local affordable housing and service providers will be important in advancing these goals.

Potential Actions for Consideration

Comprehensive Plan

- Add goal(s) and policies on minimizing displacement of low-income residents.
- Describe the connection of comprehensive plan elements to housing goals (infrastructure investments, parks plans, and more, for example).

Funding and Related Resources

Multifamily Tax Exemption

- Complete a market analysis to determine if the market can support a lower income limit in target areas where the program is well-utilized. This analysis should incorporate the City's other incentives, including fee waivers and parking reductions.
- Complete a pro forma analysis to evaluate if there are cases where the rehabilitation program can improve the prospects of new development of affordable housing.
- Assess potential barriers to development in the target areas where MFTE has not been used and consider the benefit of an 8-year exemption without affordability requirements.

Permit Fee Waivers for Affordable Housing

- Develop a public framework for estimating the value of fee waivers for typical projects under a set of typical scenarios.
- Prepare marketing materials, such as a dedicated website, that compile all the City's affordable housing incentives and demonstrate how they can be combined.

Sales and Use Tax Credit

- Develop priorities for use of funds that are appropriate for Shoreline's priorities and the level of funding available.
- Evaluate opportunities to pool funds with other jurisdictions for greater impact.

Zoning and Regulatory Strategies

Accessory Dwelling Units (ADUs)

- Eliminate or ease parking requirements in areas with access to transit.
- Eliminate owner-occupancy requirements.
- Allow more than one ADU per lot, such as by allowing both an attached and detached unit or granting greater flexibility for large lots.
- Develop “pre-approved” ADU plans, providing the community with the opportunity to provide input on designs.
- Develop educational materials for homeowners portraying the full range of possibilities for ADUs, including converting basements and garages.

Deep Green Incentive Program

- Periodically analyze the program to ensure incentives remain sufficient to not impede development in mandatory zones.
- Reduce or eliminate the minimum lot size.
- Define criteria for parking reductions associated with DGIP tiers rather than requiring approval.

Density Bonuses

- Clarify if additional code departures are possible to accommodate the bonus, such as lot coverage and height limits.
- Conduct a developer’s forum to identify opportunities to make the program more attractive.
- Model the potential benefit to the developer of providing additional affordable units and consider alternate scenarios that achieve a deeper affordability level on fewer units.
- Assess whether the bonus can be combined with an MFTE, and market this opportunity along with the MFTE program if it is feasible.

Development Agreements

- Evaluate opportunities to encourage deeper housing affordability and prioritize anti-displacement goals.

Inclusionary Zoning

- Monitor program participation over time.
- Develop requirements for home ownership units.
- Study and weigh impacts of a fee per square foot instead of fee per unit.

Parking Reductions

- Establish clear criteria to achieve the maximum parking reduction
- Complete a parking demand study, or build on findings from October 2019 Public Works study, to evaluate if parking requirements can be reduced in light rail station areas.
- Eliminate code requiring parking costs to be included in the cost of rent

Planned Action EIS

- Periodically review and refresh as needed
- Identify any long-range priority areas that may benefit from a new planned action

INTRODUCTION

Background and Purpose

The City of Shoreline is developing a Housing Action Plan with support from the Washington State Department of Commerce. Washington State House Bill 1923 enacted one-time planning grants for cities to complete specific actions to support housing affordability. Shoreline received a grant to develop a Housing Action Plan, one of the eligible options under the grant program.

The Housing Action Plan will provide city-led actions and initiatives to encourage sufficient affordable and market rate housing at prices accessible to all of Shoreline's households, now and in the future. The Plan's content will be informed by two products – the Housing Needs Assessment and the Housing Toolkit. The Housing Needs Assessment provides the quantitative data and analysis required to understand Shoreline's housing needs. The Housing Toolkit will assess Shoreline's existing strategies relative to its needs

and identify appropriate options to address those needs.

The purpose of this regulatory review is to identify Shoreline's existing housing efforts and assess their performance and alignment with Housing Action Plan objectives. This assessment will help inform priorities for the Housing Toolkit.

Methods

Analysis in this report uses internal City of Shoreline data to assess existing housing program outcomes.

Organization of this Report

The remainder of this report is organized as follows:

- **Housing Policy Framework** explains high-level objectives for the Housing Action Plan, and how the City's existing plans connect to these objectives
- **Existing Housing Tools** summarizes existing housing strategies, their purposes, recent performance, and actions to consider for improvement
- **Assessment** summarizes how existing tools align with housing objectives, both in terms of potential and as currently applied, and identifies gap areas for the Housing Toolkit

HOUSING POLICY FRAMEWORK

Housing Action Plan Objectives

State law identifies a set of broad objectives for Housing Action Plans to address. (*RCW 36.70A.600*) Different cities have different needs, and Shoreline's Housing Action Plan will address these objectives based on its specific context. This report will assess Shoreline's existing housing strategies and tools for alignment with the following objectives:

- Increasing housing supply
- Increasing variety of housing types
- Increasing supply of housing affordable to all income levels
- Minimize displacement of low-income residents resulting from redevelopment
- Support preservation of existing housing (*Recommended but not required for the Action Plan, required for Housing Element per RCW 36.70A.070(2)*)

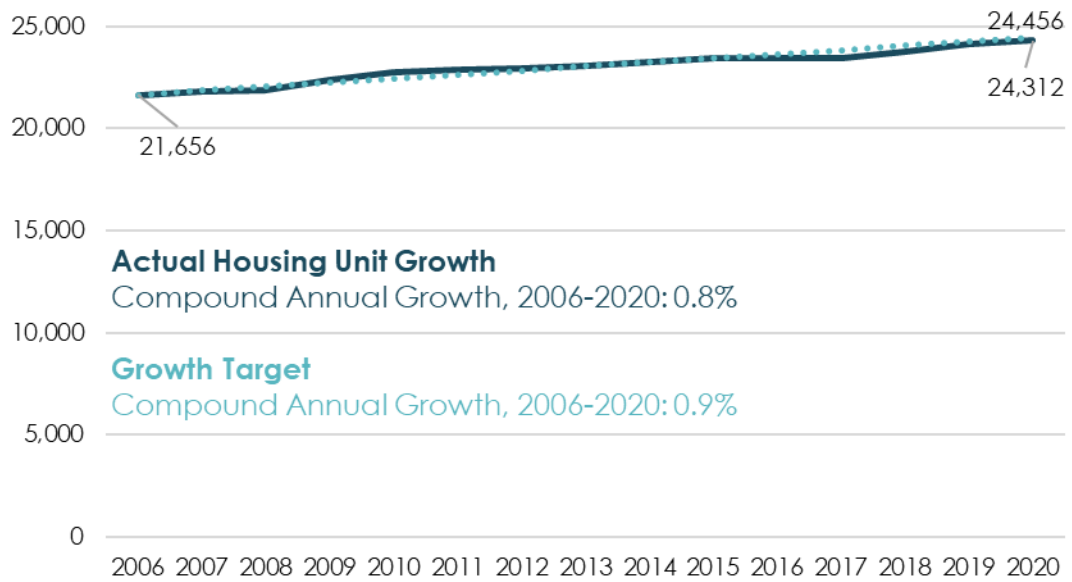
Comprehensive Plan

Growth Targets

Shoreline's 2012 comprehensive plan incorporates a housing growth target of 5,000 units between 2006 and 2031, or approximately 200 net new units per year. Since 2006, Shoreline's housing supply has grown by 0.8% per year on average, compared to a target of 0.9%. The strongest growth occurred from 2008 to 2010 and 2017 to 2019, while the weakest growth occurred from 2011 to 2012 and 2015 to 2017. Production has been strong in recent years, growing by 1.2% per year since 2017. If this recent production rate continues, Shoreline's housing stock will surpass the growth target by 2022. (**Exhibit 1**)

Shoreline's growth targets will be updated early in 2021. Once available, the Housing Action Plan will assess how many units will be required to serve different income levels, and whether there is sufficient land available.

Exhibit 1. Actual and Planned Housing Unit Growth, Shoreline, 2006-2020



Sources: Washington State Office of Financial Management, 2020; King County, 2016

Housing Element

Exhibit 2 organizes Shoreline’s Housing Element goals and policies in alignment with the Housing Action Plan objectives. Shoreline’s previous plan has identified policies that are relevant to each objective, though it lacks direct goals or policies on minimizing displacement.

Exhibit 2. Shoreline Housing Element Alignment with Housing Action Plan Objectives

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Housing Supply	Goal H I: Provide sufficient development capacity to accommodate the 20 year growth forecast and promote other goals, such as creating demand for transit and local businesses through increased residential density along arterials; and improved infrastructure, like sidewalks and stormwater treatment, through redevelopment.	<p>H3: Encourage infill development on vacant or underutilized sites.</p> <p>H4: Consider housing cost and supply implications of proposed regulations and procedures.</p> <p>H2: Provide incentives to encourage residential development in commercial</p>

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Variety of Housing Types	<p>Goal H II: Encourage development of an appropriate mix of housing choices through innovative land use and well-crafted regulations.</p> <p>Goal H VI: Encourage and support a variety of housing opportunities for those with special needs, specifically older adults and people with disabilities.</p>	<p>zones, especially those within proximity to transit, to support local businesses</p> <p>H1: Encourage a variety of residential design alternatives that increase housing choice.</p> <p>H5: Promote working partnerships with public and private groups to plan and develop a range of housing choices.</p> <p>H6: Consider regulations that would allow cottage housing in residential areas, and revise the Development Code to allow and create standards for a wider variety of housing styles.</p> <p>H24: Explore the feasibility of implementing alternative neighborhood design concepts into the City's regulations.</p> <p>H26: Support development of emergency, transitional, and permanent supportive housing with appropriate services for people with special needs, such as those fleeing domestic violence, throughout the city and region.</p> <p>H27: Support opportunities for older adults and people with disabilities to remain in the community as their housing needs change, by encouraging universal design or retrofitting homes for lifetime use.</p>
Increase Supply of Housing Affordable to All Income Levels	<p>Goal H III: Preserve and develop housing throughout the city that addresses the needs of all economic segments of the community, including underserved populations, such as households making less than 30% of Area Median Income.</p>	<p>H7: Create meaningful incentives to facilitate development of affordable housing in both residential and commercial zones, including consideration of exemptions from certain development standards in instances where strict application would make incentives infeasible.</p> <p>H8: Explore a variety and combination of incentives to encourage market rate and non-profit developers to build more units with deeper levels of affordability.</p> <p>H9: Explore the feasibility of creating a City housing trust fund for development of low income housing.</p>

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
<p>Increase Supply of Housing Affordable to All Income Levels (cont.)</p>		<p>H10: Explore all available options for financing affordable housing, including private foundations and federal, state, and local programs, and assist local organizations with obtaining funding when appropriate</p> <p>H11: Encourage affordable housing availability in all neighborhoods throughout the city, particularly in proximity to transit, employment, and educational opportunities.</p> <p>H13: Consider revising the Property Tax Exemption (PTE) incentive to include an affordability requirement in areas of Shoreline where it is not currently required, and incorporate tiered levels so that a smaller percentage of units would be required if they were affordable to lower income households.</p> <p>H15: Identify and promote use of surplus public and quasi-publicly owned land for housing affordable to low and moderate income households</p> <p>H16: Educate the public about community benefits of affordable housing in order to promote acceptance of local proposals.</p> <p>H17: Advocate for regional and state initiatives to increase funding for housing affordability.</p> <p>H18: Consider mandating an affordability component in Light Rail Station Areas or other Transit-Oriented Communities.</p> <p>H19: Encourage, assist, and support non-profit agencies that construct, manage, and provide services for affordable housing and homelessness programs within the city.</p> <p>H25: Encourage, assist, and support social and health service organizations that offer housing programs for targeted populations.</p> <p>H29: Support the development of public and private, short-term and long-term housing and services for Shoreline's population of people who are homeless.</p>

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Supply of Housing Affordable to All Income Levels (cont.)	Goal H VII: Collaborate with other jurisdictions and organizations to meet housing needs and address solutions that cross jurisdictional boundaries.	<p>H28: Improve coordination among the County and other jurisdictions, housing and service providers, and funders to identify, promote, and implement local and regional strategies that increase housing opportunities.</p> <p>H30: Collaborate with King and Snohomish Counties, other neighboring jurisdictions, and the King County Housing Authority and Housing Development Consortium to assess housing needs, create affordable housing opportunities, and coordinate funding.</p> <p>H31: Partner with private and not-for-profit developers, social and health service agencies, funding institutions, and all levels of government to identify and address regional housing needs.</p> <p>H32: Work to increase the availability of public and private resources on a regional level for affordable housing and prevention of homelessness, including factors related to cost-burdened households, like availability of transit, food, health services, employment, and education.</p> <p>H33: Support and encourage legislation at the county, state, and federal levels that would promote the City's housing goals and policies.</p>
Minimize Displacement of Low-Income Residents Resulting from Redevelopment		<p>H14: Provide updated information to residents on affordable housing opportunities and first-time home ownership programs.</p>
Support Preservation of Existing Housing		<p>H12: Encourage that any affordable housing funded in the city with public funds remains affordable for the longest possible term, with a minimum of 50 years.</p> <p>H20: Pursue public-private partnerships to preserve existing affordable housing stock and develop additional units.</p>

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Support Preservation of Existing Housing (cont.)	Goal H IV: “Protect and connect” residential neighborhoods so they retain identity and character, yet provide amenities that enhance quality of life.	H21: Initiate and encourage equitable and inclusive community involvement that fosters civic pride and positive neighborhood image. H22: Continue to provide financial assistance to low-income residents for maintaining or repairing health and safety features of their homes through a housing rehabilitation program.
Additional Local Priorities	Goal H IX: Develop and employ strategies specifically intended to attract families with young children in order to support the school system. Goal H V: Integrate new development with consideration to design and scale that complements existing neighborhoods, and provides effective transitions between different uses and intensities.	H23: Assure that site, landscaping, building, and design regulations create effective transitions between different land uses and densities.

EXISTING HOUSING TOOLS

Funding and Related Resources

Multifamily Tax Exemption (MFTE)

The Multifamily Tax Exemption (MFTE) program was established under state law in 1995. Under this legislation, cities in Washington with a population of more than 15,000 and certain cities specified under RCW 84.14.010(3) may establish a property tax exemption program to incentivize the construction of new, rehabilitated or converted multifamily housing within designated centers. The exemption may extend for 8 or 12 years, with a minimum affordable housing requirement for any 12-year exemption. Cities may establish additional requirements for either exemption beyond these minimum standards.

Shoreline offers a 12-year MFTE for developments with four or more units. The program is currently available for rented units and applies to both new construction and rehabilitated properties. To be eligible, applicants must

rent 20% of the project's units to income-qualified households through the 12-year exemption period. The mix of affordable units by size and type must be comparable to the project overall. The income limits are as follows:

- Studio and One Bedroom Units: 70% AMI
- Two Bedroom and Larger Units: 80% AMI

Rehabilitation projects must add at least four additional residential units to be eligible for the program, unless the project has been vacant for at least 12 consecutive months. The property must also fail to comply with one or more standards of state or local building or housing codes. The property tax exemption only applies to value added through rehabilitation. If the property is not vacant prior to rehabilitation, the applicant must provide each tenant housing of comparable size, quality, and price.

The City has defined nine target areas where the program is available. (*SMC 3.27.030*) These areas are as follows:

- Aurora Avenue North Corridor
- Ballinger Way NE Commercial Area
- Hillwood Commercial Area
- Richmond Beach Commercial Area
- Southeast Neighborhood Commercial Area
- North City Business District
- Ridgecrest Commercial Area
- 145th Street Station Subarea
- 185th Street Station Subarea

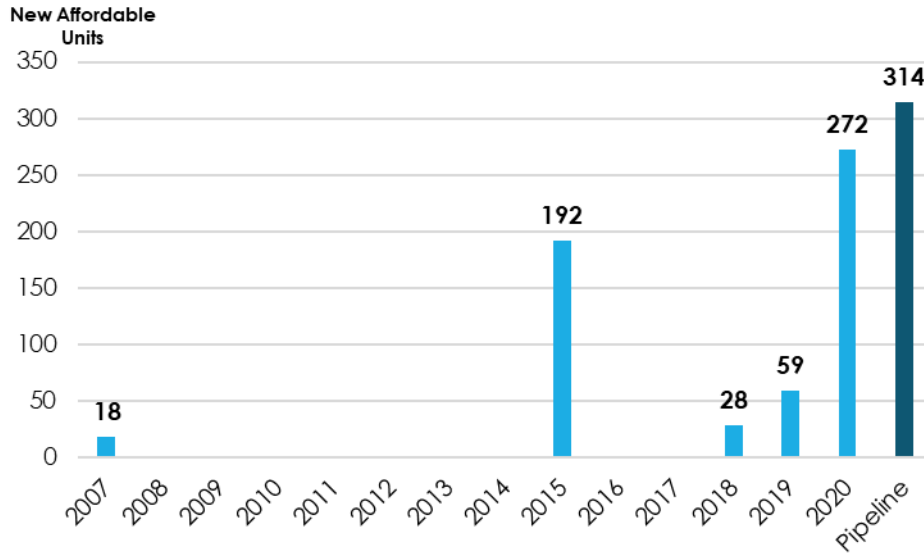
Associated Housing Objectives

- **Increase Housing Supply:** MFTEs are effective in generating more multifamily development than may otherwise occur.
- **Increase Variety of Housing Types:** MFTEs can be effective in encouraging denser development and increasing multifamily housing supply.
- **Increase Supply of Housing Affordable to All Income Levels:** Units serve renters earning 70-80% AMI. These units will not be affordable to households earning less than 50% AMI, but they may reduce these renters' cost burden level.
- **Support Preservation of Existing Housing:** Rehabilitation projects are also eligible for Shoreline's program.

Outcomes

Shoreline’s MFTE program has produced 568 affordable units since 2007. Eighteen of these units are no longer subject to affordability requirements and the next building set to graduate the program in 2027. (**Exhibit 3**)

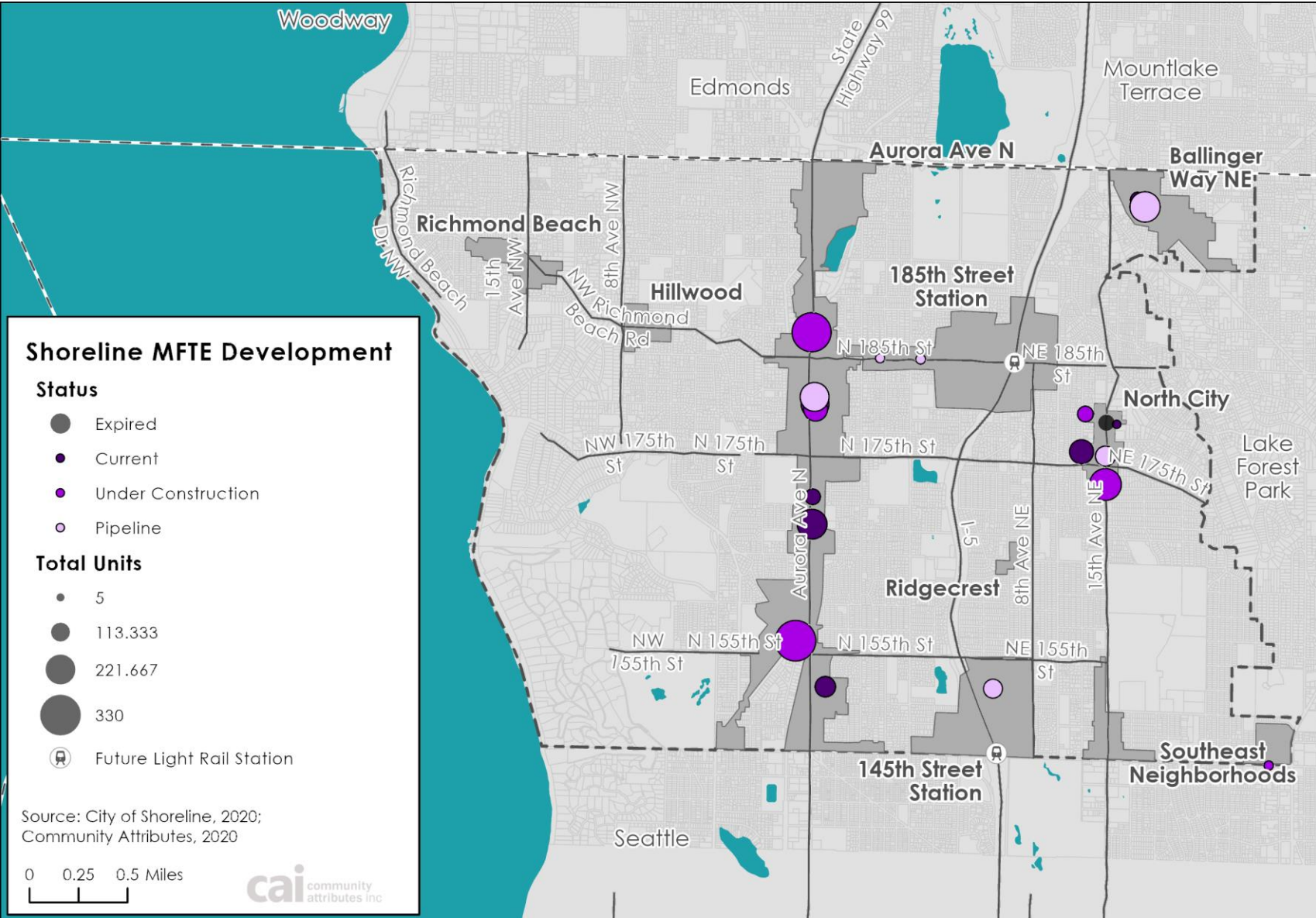
Exhibit 3. Affordable MFTE Units by Year Built, Shoreline, 2007 - 2020



Source: City of Shoreline, 2020

Interest in the program is likely increasing as Shoreline’s light rail service opening draws closer, and the City anticipates another 314 affordable units from projects currently under construction. Five of the eight MFTE projects in the pipeline are located in station areas and also subject to the inclusionary housing program. (**Exhibit 4**)

Exhibit 3. MFTE Developments by Size, Shoreline



All of Shoreline’s MFTE projects have been new construction projects, rather than rehabilitation or conversion projects. MFTE development is concentrated along Aurora and in North City. Three target areas have no past or planned MFTE projects: Hillwood, Richmond Beach, and Ridgecrest. The western half of the Southeast Neighborhoods area, which runs along 15th, also has no MFTE projects. While the Aurora Avenue North target area has attracted more development than any other area, it is also much larger than the other target areas.

Exhibit 4. Shoreline MFTE Development by Target Area and Development Status

Target Areas	Existing Development		Under Construction		Pipeline Projects		Total	
	Projects	Total Units	Projects	Total Units	Projects	Total Units	Projects	Total Units
Aurora Avenue North	3	430	4	1,011	1	210	8	1,651
Ballinger Way NE	2	132	-	-	1	227	3	359
Hillwood	-	-	-	-	-	-	-	-
North City	2	93	1	243	1	124	4	460
Richmond Beach	-	-	-	-	-	-	-	-
Ridgecrest	-	-	-	-	-	-	-	-
Southeast Neighborhood	-	-	1	16	-	-	1	16
145th Street Station	-	-	-	-	2	150	2	150
185th Street Station	1	165	1	81	3	59	5	305
	8	820	7	1,351	8	770	23	2,941

Source: City of Shoreline, 2020

Actions for Consideration

MFTE programs are most effective in encouraging more multifamily development overall. They can help make a marginal project feasible, and help mitigate uncertainty for feasible projects, but the benefit is insufficient to make an infeasible project work without additional funding. When market rents are very high, the benefit of the property tax exemption can be smaller than the foregone revenue under affordability requirements. While the following opportunities for improvement may help increase program participation and affordability, an MFTE is never likely to serve households below 50% AMI without additional subsidy.

Per state law, Shoreline uses the area median income for King County established by HUD for its income limits, adjusting for household size. These limits may be high compared to Shoreline’s income distribution. As a result, many of this policy’s beneficiaries might not be the target population the city envisioned when creating the policy. For example, the Shoreline MFTE rent for a two bedroom apartment at 80% AMI would be \$2,039 per month, or \$1,893 if the tenant pays all utilities. By comparison, the average market asking rent for a Shoreline two bedroom apartment built in 2015 or later was \$2,055 in Q2 2020, according to CoStar data. As a result, 80% income limits based on the King County standard are likely producing units that are close to market rate in Shoreline. In the same survey, the average one bedroom

rent was \$1,591, compared to a 70% AMI rent of \$1,586, or \$1,466 without utilities.

To encourage more below-market rent units, Shoreline may complete an analysis to determine if there is a deeper income target that is still feasible in the local market. This analysis should combine the MFTE benefit with other applicable benefits, such as permit waivers and reduced parking requirements. It should also consider alternate scenarios, such as retaining the existing income limits but increasing the share of affordable units.

The City may also consider analyzing barriers to MFTE development in the three target areas which have not yet attracted development. Once the land capacity analysis is updated, the City may assess whether there are appropriate buildable sites in these target areas to accommodate MFTE development. Program requirements may also be adjusted for different target areas. If the market is not strong enough to support development with affordable units in certain target areas, the City may consider increasing the income limit. Because King County meets the criteria of a “high cost area” under state law, MFTE programs can set income limits up to 100% AMI for low income households and up to 115% AMI for moderate income households. (RCW 84.14.010 (7)) Analysis can test the impact of adjusting these requirements against Shoreline’s goals.

To date, no projects have used the rehabilitation MFTE program. Shoreline’s program is consistent with the minimum restrictions established by state law. Under current state limits, the program is unlikely to be useful beyond isolated cases. Potential issues include:

- **Code compliance.** Rehabilitation projects must fail to comply with at least one standard of the building or housing code. It is a common strategy for certain commercial real estate investors to acquire older properties, complete cosmetic improvements, and then command a significantly higher rent. These properties may not have code compliance issues but have a dated appearance and naturally lower market rents. This program will not be effective in preserving affordability in these cases.
- **Adding units.** Rehabilitation projects must add units, unless the property has been vacant. If zoning and site characteristics do not support adding density, and the City is unaware of any code issues, there is no incentive for rehab and units may continue to be rented in a substandard condition.
- **Value of exemption and affordability requirements.** Because the MFTE only applies to the value added through rehab, the impact of affordability requirements may outweigh the benefit of the tax exemption.

The City may perform a pro forma analysis to evaluate situations when the rehabilitation program is economically beneficial. If the affordability requirement is not feasible, it may consider an 8-year exemption without an affordability requirement for rehabilitation projects. If the City is experiencing issues with substandard multifamily properties not being rehabilitated and not being redeveloped, the 8-year exemption may be desirable.

Permit Fee Waivers for Affordable Housing

Affordable housing developers may apply to have permitting fees waived for projects serving renters at or below 60% of AMI. This opportunity applies citywide. The amount of money saved by the waived fees varies based on individual project specifics, and the director has discretion over the exact amount of the reduction. (*SMC 20.40.230 (H)*)

Associated Housing Objectives

- **Increase Supply of Housing Affordable to All Income Levels:**
This policy serves projects for renters earning no more than 60% of AMI.

Outcomes

While the program has been in the code since 2015, to date only one project has applied for an affordable housing fee waiver. It is currently in permitting. This 227-unit project has accumulated \$246,500 in fees with more anticipated during project review. The director has yet to determine the share that will be waived.

Actions for Consideration

The City's other affordable housing strategies use a 70% or 80% AMI limit, and the fee waiver may not provide enough incentive for private developers to pursue the required deeper income level.

There may be a lack of awareness that the City offers this opportunity. The City may consider developing marketing materials for this and other affordable housing incentives, including a dedicated website clearly demonstrating the benefits to a typical project. This could include a publicly available framework showing a range of expected fee reduction outcomes for projects with a given set of attributes.

Sales and Use Tax Credit

In 2019, Washington House Bill 1406 established a revenue sharing program that allows cities like Shoreline to impose a 0.0073% sales and use tax, credited against the state sales tax for housing investments. These funds can be used for acquiring, rehabilitating, or constructing affordable or supportive

housing; toward operation and maintenance costs for new affordable or supportive housing; or for direct tenant rental assistance.

Shoreline passed an ordinance to participate in this program in late 2019. (*SMC 3.17*)

Associated Housing Objectives

- **Increase Supply of Housing Affordable to All Income Levels:** Per state law, the funding must serve households with incomes at or below 60% AMI.
- **Minimize Displacement of Low-Income Residents Resulting from Redevelopment:** Funds can be used to provide direct tenant rental assistance.
- **Support Preservation of Existing Housing:** Funds can be used to help rehabilitate or acquire affordable housing units at risk of market-rate conversion.

Outcomes

As of June 2020, Shoreline has collected \$14,600 in revenue from the sales and use tax credit. The City estimates that the sales tax credit can provide up to \$85,929 per year for up to 20 years. These revenues will fluctuate with local economic activity and may be lower in recessionary years. The City estimates 2020 revenues could be reduced by 20% due to COVID-19 impacts.

Opportunities for Improvement

The City should establish priorities for the Fund's use and procedures for how funding will be distributed. The City may enter into an interlocal agreement to pool its funds with other local governments or public housing authorities. It may also use tax credit revenue to issue or repay bonds for authorized projects.

Zoning and Regulatory Strategies

Accessory Dwelling Units (ADUs)

An Accessory Dwelling Unit (ADU) is a smaller, independent dwelling unit located on the same lot as a single-family home. It may be enclosed within the home, as with a “mother-in-law suite”, or be a fully detached unit. ADUs are permitted outright in all of Shoreline’s residential zones, per SMC 20.40.120, subject to the following limitations:

- One ADU per single-family dwelling
- The ADU may be located in the primary residence or detached
- The property owner or an immediate family member must occupy one of the two units
- ADUs must not be larger than 50% of the primary residence’s living area
- One off-street parking space required per ADU
- ADU cannot be subdivided in ownership
- Development applicant must record a document establishing the owner and committing to owner occupancy and informing any prospective buyers of the requirements

ADUs are market-rate units but are likely to be more affordable to rent compared with traditional single family homes. They also represent an opportunity to increase density and housing supply in single family neighborhoods without substantially changing neighborhood character.

Associated Housing Objectives

- **Increase Housing Supply:** ADUs provide an opportunity to add units on lots that would otherwise not be part of the buildable land supply
- **Increase Variety of Housing Types:** ADUs provide an alternative to larger single family homes and apartments which may be particularly attractive to both seniors and young adults. They also work well for multigenerational families occupying both units.
- **Increase Supply of Housing Affordable to All Income Levels:** ADUs are more likely to be affordable compared to larger homes
- **Minimize Displacement of Low Income Residents:** Ongoing rental income may support housing stability for existing lower-income homeowners as property taxes increase
- **Support Preservation of Existing Housing:** The increased value an ADU provides may make the lot less likely to be redeveloped.

Rental revenue can also help offset maintenance costs for homeowners.

Outcomes

Shoreline’s ADU code was established in 2000. The most significant adjustment to the requirements was in 2010, when the City removed a requirement only permitting ADUs on lots larger than 10,000 square feet. ADU permitting only increased significantly in 2017. From 2012 to 2019, 26 new ADUs were permitted (**Exhibit 6**). Of this total:

- 18 (69%) were detached
- 12 (46%) were conversions of existing structures, such as basements and garages, including one illegal duplex conversion
- 2 (8%) benefited from expedited permitting through the Deep Green Incentive Program

Exhibit 5. Permitted Units by Type, Shoreline, 2012-2019

	2012	2013	2014	2015	2016	2017	2018	2019
Mixed-Use	0	0	0	224	0	0	10	330
Multi-Family	169	134	3	152	293	114	335	131
Townhouse	0	0	0	0	5	15	53	16
Single Family	29	64	54	49	76	91	37	9
ADU	0	0	0	0	1	5	13	7
Total	198	198	57	425	374	220	435	486

Source: City of Shoreline, 2020

Opportunities for Improvement

Shoreline’s ADU policy may produce more units if parking requirements were eased in areas with access to transit. Eliminating parking requirements would represent a significant reduction in barriers to development. Besides elimination, some other policies to reduce parking development burden include allowing ADUs to share parking with adjacent uses, including underutilized neighboring residential parking. In this case, neighbors could combine proposals to achieve the lower parking ratio.

The City may consider removing owner-occupancy requirements for properties with ADUs. The requirement may prevent a homeowner from obtaining a construction loan, as the lender may not consider the additional rental income. If the property is foreclosed, the bank cannot rent out both units. Shoreline’s code also requires ADU builders to record a document committing to owner occupancy, including a statement that they will inform future buyers of the requirements and remove the unit if requirements are

violated. This is not encouraging, and homeowners may have concerns about future resale value under these requirements. There is also an equity case for removing this requirement, as owner-occupancy is not required for other types of housing units. Individual single family homes are available to renters, so ADUs should be treated similarly.

The City may evaluate permitting more ADUs per single family dwelling. This could include allowing both one attached and one detached ADU on a lot, or allowing more flexibility for larger lots.

Even though they are small, ADUs can still be expensive to build. To encourage ADUs further, the City can work with architects to develop “permit ready” ADU plans and make them available to property owners for free. The community can be engaged to provide input on design considerations. This can help both reduce cost and increase the property owner’s confidence in their project.

There have been relatively few new attached ADUs compared to new detached ADUs in Shoreline. The City may also consider developing additional educational materials for homeowners to understand the full range of possibilities for ADUs, including converting basements and existing garages.

Deep Green Incentive Program

Shoreline’s Deep Green Incentive Program (DGIP) offers a set of tiered incentives for projects that achieve requirements for one of several established green building programs. Incentives include density bonuses, height increases, parking reductions, expedited permit processing, and fee waivers (*SMC 20.50.630*). All MUR zones are eligible, but Tier 4 DGIP is required in station areas. There are no density limits in commercial zones so the density bonuses are only relevant in medium and high density residential zones.

The following density bonuses are available:

- Up to 100% bonus when meeting full Living Building Challenge or Living Community Challenge Criteria
- Up to 75% bonus when meeting Emerald Star or Living Building Petal Certification Criteria
- Up to 50% bonus when meeting LEED platinum, 5-Star, PHIUS+ SourceZero/Salmon Safe or ZE/Salmon Safe Certification Criteria
- Up to 25% bonus when meeting PHIUS+ or 4-Star Criteria

There is a minimum lot size of 10,000 square feet for eligibility. Bonuses are not permitted in R-4 and R-6 zones.

Projects can apply for parking reductions from 5-50% based on participation tiers within the Deep Green Incentive Program. These can be combined with reductions for 60% AMI housing or proximity to light rail stations. (*SMC 20.50.400 (B)*)

Outcomes

One detached accessory dwelling unit has been completed, and two apartment projects with a combined 533 units are in development. One of these projects received a parking reduction and 25% fee reduction, while the other received a height increase and 50% fee reduction.

Associated Housing Objectives

- This program advances community health and environmental quality, but does not directly serve any of the five Housing Action Plan objectives

Opportunities for Consideration

If the City wishes to encourage more widespread use of green building programs, it can consider reducing the minimum eligible lot size. The City can also consider offering reduced or eliminated parking requirements for projects that meet DGIP criteria instead of requiring approval. Reducing uncertainty helps to encourage development and encouraging reduced personal car use is consistent with the program's goals.

Tier 4 DGIP is required in Shoreline's station areas. The goals of the DGIP should be weighed against their impact to development costs and affordability. The City offers a range of incentives to help offset the cost, but it should regularly analyze the value over time to ensure that the program is not limiting the City's ability to accommodate growth.

Density Bonuses

Shoreline offers up to a 50% bonus over base density if the additional units are dedicated as affordable to households earning less than 80% Area Median Income. The program applies to rental and for-purchase housing units. It does not apply to the construction of one single family home on a lot that can only accommodate one unit, or if providing accessory dwelling units. The program is only relevant to residential zones, as mixed-use and commercial zones do not have density limits. (*SMC 20.40.230*)

Associated Housing Objectives

- **Increase Housing Supply:** Density bonuses increase the number of units a site can otherwise produce
- **Increase Supply of Housing Affordable to All Income Levels:** ADUs are more likely to be affordable compared to larger homes

Outcomes

This policy has not been used yet.

Opportunities for Consideration

It is not clear if developers are eligible for other departures from the code such as height limits or lot coverage along with the affordable housing density bonus. Without these departures, there may be barriers to physically accommodating the density bonus.

Because all additional units must be affordable, the developer may not be gaining enough from the density increase to justify the cost. This is likely especially true for home ownership units. The City may conduct pro forma analysis to test this question. The City may also model the impact of allowing market rate units as part of the bonus, provided the developer meets a deeper affordability level on a fewer number of units. One scenario where the bonus could be attractive would be if the bonus could be combined with an MFTE, and the bonus affordable units could count toward MFTE requirements. The City may be able to leverage this combination to require a deeper affordability level.

Conducting a “developer’s forum” to discuss this and other housing tools can be helpful to identify additional practical barriers to development.

Similar to the permit waiver program, the density bonus program would benefit from clear, dedicated marketing demonstrating its potential value, particularly in combination with other incentives.

Development Agreements

Development agreements are voluntary, negotiated contracts between the City and developer establishing standards and public benefits the development will provide. The City requires development agreements for density bonuses in the MUR-70 zone. SMC 20.30.355 identifies elements of development agreements and criteria for their approval. Potential elements are varied, and include affordable housing.

Associated Housing Objectives

- **Increase Supply of Housing Affordable to All Income Levels:** Development agreements can incorporate affordable housing requirements.
- **Minimize Displacement:** In addition to securing affordable units, provides a potential opportunity to incorporate community input, preserve cultural spaces and local businesses.

Opportunities for Improvement

Shoreline’s development agreement process includes opportunities to advance housing affordability and anti-displacement goals. To expand further, the City can consider adjusting required components under SMC 20.30.355(D), such as easing required components if the project provides affordable housing units for households earning 30% AMI or less, or if the developer is partnering with a community group to provide cultural or affordable commercial space. Continued Housing Action Plan outreach and analysis will help identify priorities for anti-displacement efforts. These opportunities should be weighed against other public priorities advanced through development agreements, such as providing open space, pedestrian connections and frontage improvements.

Inclusionary Zoning

Inclusionary zoning is a method to incorporate affordable housing units into private, for-profit development. Shoreline has developed an inclusionary zoning program for its light rail station areas. The program is voluntary in the MUR-35 zone and mandatory in MUR-45 and MUR-70 zones. Developers must provide affordable units following the requirements listed in **Exhibit 7**. The City charges an in-lieu fee for any fractional units calculated. For example, if the formula calculates that 5.6 affordable units are provided, the project must include 5 affordable units and provide an equivalent fee for 0.6 affordable units. Currently, the program only includes rental units.

Exhibit 6. Shoreline Inclusionary Zoning Requirements and Incentives

	MUR-35	MUR-45	MUR-70	MUR-70 DA
Participation	Voluntary	Mandatory	Mandatory	Mandatory
Affordability Requirements	<p>Studio and 1 Bedroom Rental Units: 20% of units affordable to households making 70% AMI or less; or 10% of units affordable to households making 60% AMI or less</p> <p>2+ Bedroom Rental Units: 20% of units affordable to households making 80% AMI or less; or 10% of units affordable to households making 70% AMI or less</p>		<p>Studio and 1 Bedroom Rental Units: 20% of units affordable to households making 60% AMI or less; or 10% of units affordable to households making 50% AMI or less</p> <p>2+ Bedroom Rental Units: 20% of units affordable to households making 70% AMI or less; or 10% of</p>	

	MUR-35	MUR-45	MUR-70	MUR-70 DA
				units affordable to households making 60% AMI or less
Incentives	No density limits Eligible for 12-year MFTE Permit fees reduced Impact fees reduced	Same as MUR-35, plus 45 foot height entitlement	Same as MUR-35, plus 70-foot height entitlement	Same as MUR-35, and height may be increased above 70 feet with a development agreement

Source: Shoreline Municipal Code, 2020 (SMC 20.40.235 (B)(1))

Associated Housing Objectives

- **Increase Supply of Housing Affordable to All Income Levels:**
This program provides dedicated affordable units to households earning between 60 and 80% AMI

Outcomes

There are currently five multifamily projects in the pipeline subject to mandatory affordability in the MUR-45 and MUR-70 zones. A sixth large project was proposed for the 145th station area but may have been withdrawn. **Exhibit 8** compares the number of housing units constructed in the station areas from 2015-2019 with the current number of multifamily units in the permitting pipeline in these areas, including the uncertain multifamily project and townhouses not subject to inclusionary zoning. (The pipeline does not include single family or ADU permits.) As shown, multifamily development interest has increased significantly, but townhouse development remains very strong. Currently, inclusionary zoning does not apply to townhouses intended for ownership.

Exhibit 7. Station Area Construction Activity and Multifamily Pipeline, Shoreline, 2015-2020

	2015	2016	2017	2018	2019	Multifamily Pipeline	Total
Single Family	3	1	3	-	-		7
Multifamily	-	-	-	8	-	496	504
Townhouse	-	5	4	37	12	241	299
ADU	-	-	-	3	-		3
	3	6	7	48	12	737	813

Source: City of Shoreline, 2020; CAI, 2020

Actions for Consideration

The inclusionary zoning policy targets low- to moderate-income households and has the potential to significantly lower cost of living by combining affordable rents and high-quality transit access. Based on recent permit activity, local demand appears sufficient to support the mandatory program. The City should track participation over time to determine if adjustments are required as market conditions change.

The City should complete a market analysis to extend its mandatory affordable housing requirements to include housing for ownership as well as rental housing. This analysis may also consider opportunities to adjust program requirements to encourage larger units. Small rental units tend to be more profitable because developers can accommodate more units and command a higher rent per square foot.

The following exhibits illustrate the challenge in encouraging large, affordable rental units. Shoreline’s affordable housing rent limits are set by number of bedrooms, to align with household incomes by size. **Exhibit 9** shows how current affordable rents (assuming tenant pays utilities) translate to rents per square foot based on typical unit sizes. It also compares affordable rents to current average market rents in Shoreline. As shown, the widest difference between affordable and market rents is for studios and three bedroom units.

Exhibit 8. Market-Affordable Unit Rent Gaps by Size, Shoreline, 2020

Unit Size	Market Rate		Affordable Units		Affordable-Market		
	Rent/SF	Rent/Unit	Rent/SF	Rent/Unit	Rent/SF	Rent/Unit	
Studio	500	\$ 3.07	\$ 1,535	\$ 2.54	\$ 1,268	\$ (0.53)	\$ (267)
1 Bedroom	700	\$ 2.31	\$ 1,617	\$ 2.09	\$ 1,466	\$ (0.22)	\$ (151)
2 Bedroom	900	\$ 2.23	\$ 2,007	\$ 2.10	\$ 1,893	\$ (0.13)	\$ (114)
3 Bedroom	1200	\$ 2.14	\$ 2,568	\$ 1.85	\$ 2,223	\$ (0.29)	\$ (345)

Sources: CoStar, 2020; City of Shoreline, 2020; CAI, 2020

Exhibit 10 explores how the number of possible units and income vary by unit size, holding the total building size constant. The table summarizes gross annual rental income for properties with 20,000 rentable square feet if they are exclusively composed of units of a given size. As shown, while the gap between market and affordable rents still appears high for the studio rental development, gross revenue is still significantly higher compared to the developments with larger units.

Exhibit 9. Comparative Rental Income by Unit Size, City of Shoreline, 2020

	Total Units	Gross Market Rental Income	Gross Rental Income with Affordability	Affordable-Market
Studio	40	\$ 61,400	\$ 59,264	\$ (2,136)
1 Bedroom	29	\$ 46,893	\$ 46,017	\$ (876)
2 Bedroom	22	\$ 44,154	\$ 43,652	\$ (502)
3 Bedroom	17	\$ 43,656	\$ 42,483	\$ (1,173)

Sources: CoStar, 2020; City of Shoreline, 2020; CAI, 2020

This is a simplistic comparison that does not address all factors driving real estate investment decisions, such as construction costs, utility connection fees, parking requirements, and vacancy. A full market analysis should include these factors, and test alternate program options such as:

- **AMI Limits:** Establishing lower limits for small units and higher limits for larger units
- **Affordable Share:** Vary the share of affordable units
- **Alternate Fee Calculation:** Test the impact of establishing affordability requirements as a share of square footage rather than as a share of units

Parking Reductions

Shoreline provides the opportunity to apply for parking reductions in several cases. Affordable housing projects serving households earning 60% of AMI or less may apply for parking reductions of up to 50 percent. (*SMC 20.50.400 (E)*)

Multifamily developments within one-quarter mile of a light rail station are eligible to apply for a 25% reduction to minimum parking. This cannot be combined with other parking reductions. (*SMC 20.50.400 (F)*)

Projects may also apply for a reduced minimum parking requirement up to 25% if fulfilling a combination of certain criteria. These include credits for

on-street parking, shared parking agreements, a developer-paid residential parking zone, public access easements, traffic calming facilities, tree retention or replacement of trees removed from an MUR-70 site. (SMC 20.50.400 (A))

Associated Housing Objectives

- **Increasing Housing Supply:** Physically accommodating required parking can put an upward limit on the number of units on a site, regardless of zoning
- **Increasing Supply of Housing Affordable to All Income Levels:** Parking, particularly structured parking, is a significant development cost driver

Outcomes

Since 2015, Shoreline has granted parking reductions to eight residential developments. Reductions ranged from 2% to 23%, with an average reduction of 12%. The greatest reduction was for a project in a light rail station area.

Actions for Consideration

Parking is a significant development cost driver, and it can also impact achievable density. According to a 2020 report by the Victoria Transport Policy Institute, the average construction cost per parking space in the Seattle area is as follows:

- Surface parking: \$5,000-\$10,000/space
- Above ground structured parking: \$25,000/space
- Underground structured parking: \$35,000/space

This only includes “hard” costs, such as materials and construction labor. “Soft” costs, such as engineering, will increase the actual cost. Underground structured parking is also incremental – a developer must generally add whole levels of underground parking, and does not have the ability to save incremental costs by removing a few spaces.

Because costs are significant, a development’s size can be limited to the number of units a developer can financially justify “parking”. When a market is weaker and rents are not high enough to cover the cost of structured parking, this can mean limiting the building footprint to the smallest area that can accommodate surface parking.

Shoreline has an additional cost barrier, as residential parking “must be included in the rental or sale price of the unit”. (SMC 20.50.410) This means that the full cost of parking must be covered by rents, even for those who do not require parking. In Lake City, for comparison, newer apartment buildings are currently asking between \$100-\$125 per month for reserved

spaces in garages, and \$50-\$75 for reserved surface lot spaces. This restriction also limits the possibility of properties with excess parking renting to non-residents, which could help station area parking needs.

Shoreline currently applies the same minimum parking requirements for residential uses Citywide, with the potential for reductions in specific cases.

Approved parking reductions are mostly far lower than the maximum potential deduction under code. It is unclear if this is because developers still wish to provide this much parking, or if requests for higher deductions have been rejected. Establishing clearer criteria to achieve the maximum parking deduction may be helpful.

According to an October 2019 Shoreline Public Works study, on-street parking demand will not exceed 85% (the threshold for metering) in Shoreline's station areas until 2029, or even further if future car ownership drops to an average of 1.4 cars per household instead of 2. The City may wish to build on this study to evaluate whether its requirements should be reduced outright or eliminated, particularly in the immediate station areas and for affordable housing projects.

Planned Action EIS

Planned actions complete an Environmental Impact Statement (EIS) for a subarea in advance of development. Once complete, future projects in planned action areas do not require SEPA determinations provided they are consistent with the development types, traffic assumptions and mitigation measures identified in the planned action. This reduces uncertainty for developers and helps streamline the review process.

Planned actions are intensive processes. Shoreline has completed planned actions for the following areas:

- Town Center
- Aurora Square (Shoreline Place)
- 185th Street Station Subarea
- 145th Street Station Subarea

Associated Housing Objectives

- **Increase Housing Supply:** Shoreline's planned actions help encourage development in its most urban subareas
- **Increasing variety of housing types:** Encourages multifamily development in areas with access to transit and services
- **Increasing supply of housing affordable to all income levels:** Does not directly produce more affordable housing, but may reduce

development costs and reduce review timelines which impact feasibility.

Outcomes

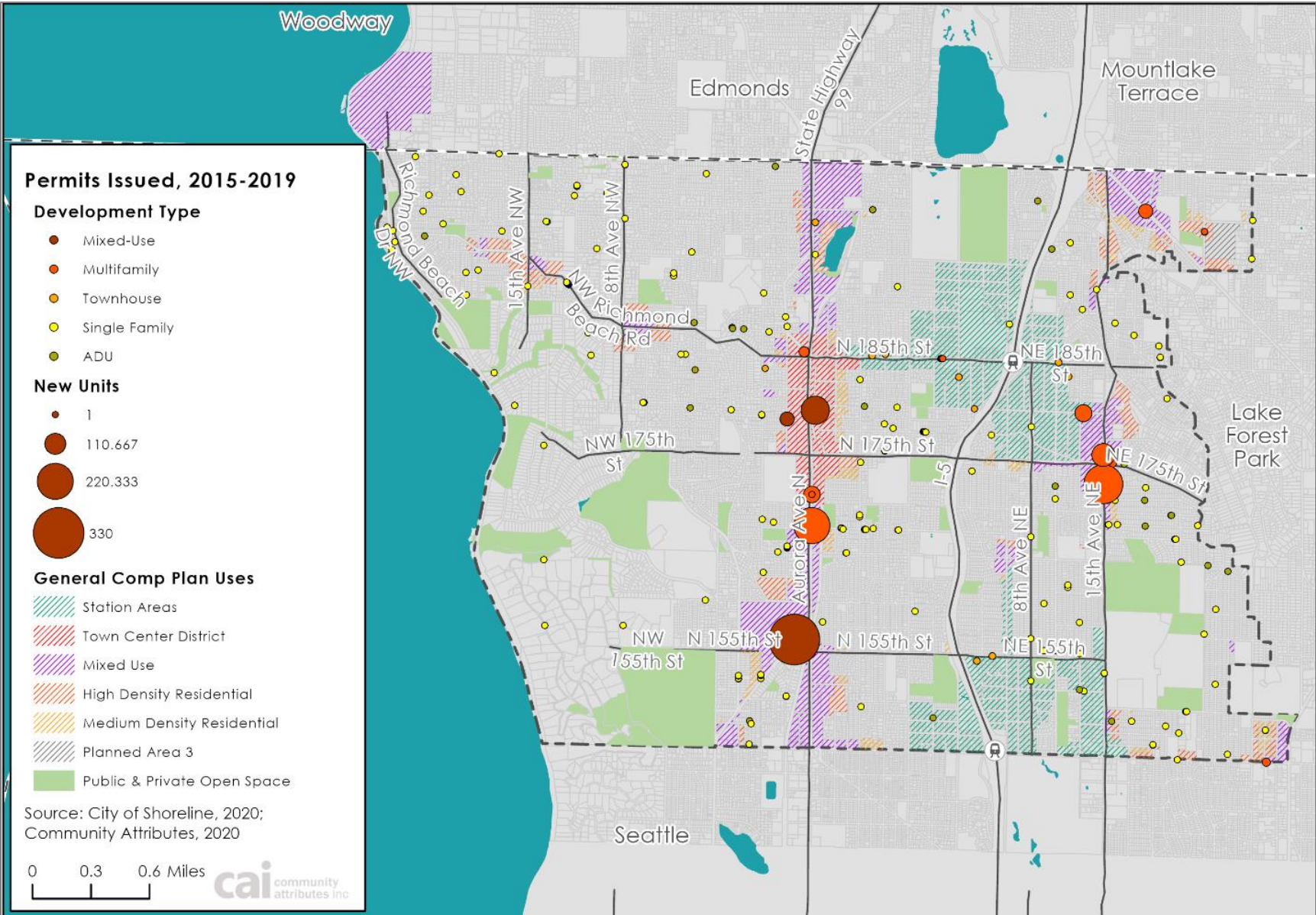
It is difficult to assess the impact of Shoreline's planned actions from permit data alone, as other incentives, requirements, and market conditions impact these areas. The largest project permitted from 2015-2019 is located in Aurora Square, and there have been several larger projects in Town Center. **(Exhibit 11)** While there was a lack of larger multifamily permits in the station areas during this time, there are several apartment buildings in the pipeline for the station areas, identified in "Inclusionary Zoning". Pro forma analysis and developer forums, as discussed with previous tools, can be useful to isolate and weigh the impact of specific incentives and requirements.

Actions for Consideration

Shoreline has completed planned actions for its subareas envisioned to receive the most future growth. Over time, the City should revisit these documents and evaluate whether revisions are required.

In the future, the City may consider if there are additional subareas which could benefit from a planned action. This may boost opportunities for any publicly-owned surplus sites outside existing planned action subareas.

Exhibit 10. Permits Issued by Type and Size, Shoreline, 2015-2019



ASSESSMENT

The purpose of this report is to identify high-priority opportunities for improvement, and gap areas to be addressed with new tools and strategies. **Exhibit 12** summarizes how impactful each tool can be to advance each goal, in ideal conditions. It also considers their current application in Shoreline, and whether adjustments may be required for these tools to achieve their potential benefit. The following pages summarize key considerations for each housing objective. While the housing toolkit should include strategies for each objective, some objectives may be a higher priority for Shoreline’s needs.

Exhibit 11. Shoreline Housing Tools Assessment Matrix

	Increase Housing Supply	Increase Housing Variety	Increase Affordable Housing Supply	Minimize Displacement	Preserve Existing Housing
Funding and Related Resources					
Multifamily Tax Exemption	● ↑	● ↑	● ↔		○ ↔
Permit Fee Waivers for Affordable Housing			○ ↔		
Sales and Use Tax Credit			○ ↔	● ↔	● ↔
Zoning Strategies					
Accessory Dwelling Units	○ ↔	● ↔	○ ↔	○ ↔	○ ↔
Deep Green Incentive Program					
Density Bonuses	● ↔		○ ↔		
Inclusionary Zoning			● ↑		
Parking Reductions	○ ↔		○ ↔		
Planned Action EIS	● ↑	○ ↑			

Tool Potential Score

- Can be highly effective to serve this objective
- Can benefit this objective, but is not likely to have a major impact

Shoreline Application Score

- ↑ Program is appropriately designed to achieve its potential, opportunities for improvement may boost impact
- ↔ Improvements are required to achieve potential

Increasing Housing Supply

Shoreline completed a significant upzone for its light rail station areas five years ago, and saw a surge in townhouse development in response. The first multi-family projects in the station areas are currently in the permitting and construction phases. The City also offers several incentives that can increase the number of units in a given development. The MFTE program is effective in encouraging development, though program adjustments may be required if the City wishes to encourage more multifamily development in certain target areas.

Density bonuses and parking reductions are good tools to support this objective, but have not been well-utilized in Shoreline. Adjustments to these programs could support development, particularly in station areas. Accessory Dwelling Units (ADUs) are not likely to have a significant impact on the overall housing stock, but they are beneficial. There are several clear opportunities to boost ADU development, detailed in “Increasing Variety of Housing Types”.

These tools may suffer from a lack of awareness among developers, so comprehensive marketing efforts may benefit multiple housing objectives.

Increasing Variety of Housing Types

The MFTE program is highly effective in encouraging denser multifamily development, particularly in areas with strong markets. Participation is uneven across target areas, and an 8-year exemption without an affordability requirement may be helpful to encourage development in areas where it has not occurred.

ADUs are an excellent alternative housing type. Reevaluating owner-occupancy requirements and parking requirements for ADUs have strong potential to increase ADU development.

There are more opportunities to encourage “missing middle” housing types, including permitting cottage housing. The City should consider opportunities for both rental and home ownership, particularly smaller home ownership units that support young adults and seniors. The City may also benefit from considering zoning adjustments to residential zones that regulate based on form and bulk, allowing greater flexibility for unit density.

Increasing Supply of Housing Affordable to All Income Levels

Shoreline has employed several effective tools to encourage more housing affordable to households earning 70-80% AMI. There is an opportunity to expand the inclusionary zoning program to include home ownership. There may also be an opportunity to enhance these tools to achieve a slightly deeper subsidy, though these tools are never sufficient on their own to serve households below 50% AMI. Households earning less than 50% AMI are also the most likely to face affordability challenges and the most vulnerable to housing insecurity. The housing toolkit will explore opportunities for the City to partner with and support housing providers serving households with the lowest incomes.

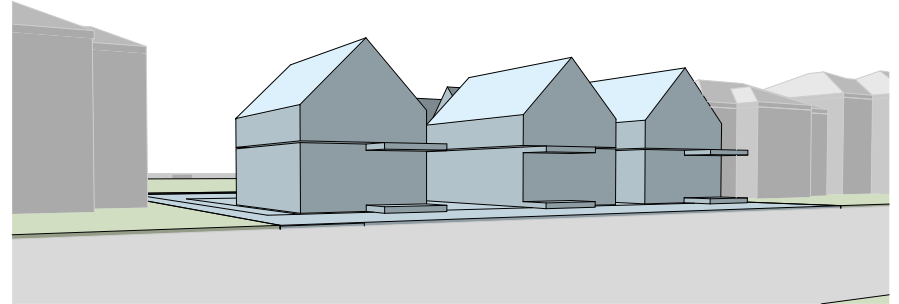
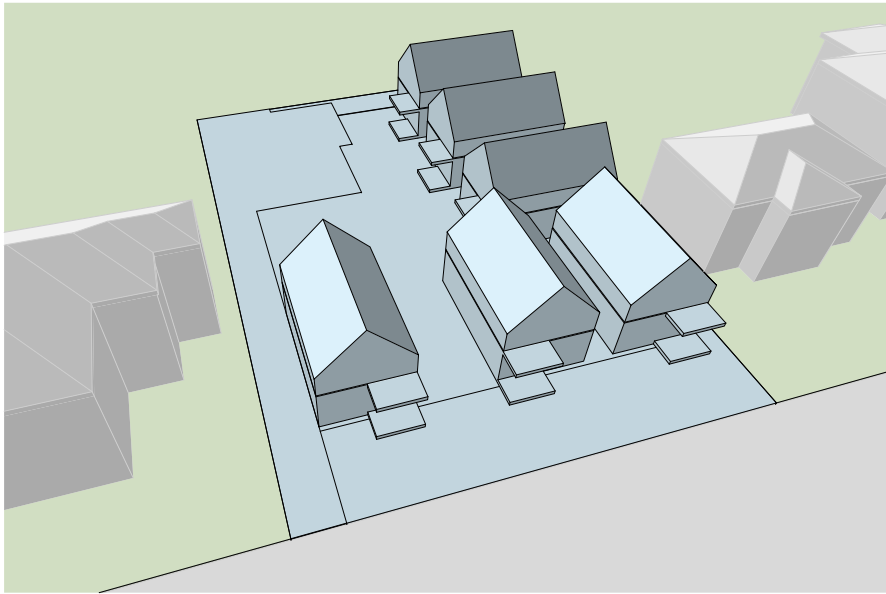
Minimize Displacement of Low-Income Residents Resulting from Redevelopment

Shoreline currently lacks strategies to directly minimize displacement. The housing toolkit will outline appropriate new options based on Shoreline's specific displacement risks. This will incorporate findings from outreach and ongoing analysis.

Support Preservation of Existing Housing

This objective is optional, but recommended, for the Housing Action Plan. Preservation goals should be balanced with goals to increase the housing supply to avoid market imbalances. Specific preservation goals which may be appropriate for the housing toolkit include identifying strategies to maintain the affordability of dedicated affordable housing as it reaches the end of its compliance period.

COTTAGE CLUSTERS



RESIDENTIAL ZONE	CURRENT	OPTION 3	COTTAGE CLUSTERS *info from past ordinance and other model codes
STANDARDS	R-6		
Base Density: Dwelling Units/Acre	6	18	Zoning by Dwelling Units per Acre reduces opportunity for smaller, more affordable units. Maximum unit size 1500 sf
Min. Density	4	4	
Min. Lot Width	50 ft	100'	
Min. Lot Area	7200	14400	Density limit 1:2400sf of lot area
Min. Front Yard Setback	20 ft	20'	
Min. Rear Yard Setback	15 ft	10'	Street fronting units shall have a covered front porch or entry of a minimum 60 sq ft, minimum dimension of 7' in any direction. Can encroach into front yard setback 5'
Min. Side Yard Setback	5 ft min. 30 ft	5 ft min. 18'	
Height	(35 ft with pitched roof)	25' with a pitched roof	Reduced height
Distance between units		7' for detached units.	Reduced distance between cottages can be put toward larger common areas. Duplexes allowed
Max. Building Coverage	35%	45%	
Max Building Coverage	2520	6480	
Max Unit Count on Min Lot	1	6	
FAR (no. stories x lot coverage/lot size)	1.05	0.5	Substantial downzone of total building bulk.
Max. Hardscape	50%	60%	
Open Space		250sf per unit	Can be in common area. Common area, minium dimension 15'
Parking		1 per unit	