

CITY OF SHORELINE

SHORELINE PLANNING COMMISSION MINUTES OF REGULAR MEETING (Via Zoom)

November 5, 2020
7:00 P.M.

Commissioners Present

Chair Mork
Vice Chair Malek
Commissioner Callahan
Commissioner Lin
Commissioner Rwamashongye
Commissioner Sager

Staff Present

Nora Gierloff, Planning Manager
Carla Hoekzema, Planning Commission Clerk

Others Present

Elliot Weiss, Community Attributes, Inc.

Commissioners Absent

Commissioner Galuska

CALL TO ORDER

Chair Mork called the regular meeting of the Shoreline Planning Commission to order at 7:00 p.m.

ROLL CALL

Upon roll call by Ms. Hoekzema the following Commissioners were present: Chair Mork, Vice Chair Malek, and Commissioners Callahan, Lin, Rwamashongye and Sager. Commissioner Galuska was absent.

APPROVAL OF AGENDA

The agenda was accepted as presented.

APPROVAL OF MINUTES

The minutes of October 15, 2020 and October 21, 2020 were accepted as presented.

GENERAL PUBLIC COMMENT

There were no general public comments.

STUDY ITEM: HOUSING ACTION PLAN – DRAFT HOUSING TOOLKIT

Ms. Gierloff explained that the Housing Action Plan analyzes the existing housing conditions, evaluates the effectiveness of the current incentives, identifies additional housing tools and types, supports public outreach efforts and develops a prioritized schedule of strategies to address community housing needs. The 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.
6. Identify new ideas to meet the City's specific needs, including working with community partners.

Ms. Gierloff reviewed that the Commission was briefed on the draft Housing Needs Assessment on July 16th, and this study session will focus on the draft Housing Toolkit. Both of the documents will be included in the Housing Action Plan, which will eventually be adopted into the Housing Element of the Comprehensive Plan.

Mr. Gierloff reviewed that the draft Housing Needs Assessment is an analysis of the City's existing housing stock, population demographic trends, housing affordability and forecasted housing needs. Some interesting statistics from the assessment include:

- There are quite a few single-family homeowners, and about 35% low to medium-income renters.
- The upzones around the light rail stations have resulted in a lot of townhouse development, and they are now starting to see apartment development. Interestingly, the development is occurring around the periphery of the MUR zones, rather than in the MUR-70' zone. The townhouses are family sized and offer ownership opportunities.
- Not a lot of new single-family homes are being built in the City because there are on large areas to subdivide.
- There has been a lot of apartment development, generally in the commercial corridors, and about $\frac{3}{4}$ of them are studios or 1-bedroom apartments. The rapid growth in the rental units is shifting the balance between homeowners and renters.
- A lot of the single-family housing stock is large, older homes, even though people are having fewer children than when the homes were built in the 1950s and 1960s.

Ms. Gierloff advised that the draft Housing Needs Assessment was presented at an online open house, which was combined with an online survey to gather additional information from the City's citizens relative to priorities and challenges. Some smaller focus groups were also conducted to allow more one-on-one discussions. The goal was to be as inclusive as possible and provide multiple avenues for public feedback. The feedback included:

- Affordability was a concern, especially for renters.

- Housing quality was very important, as was the need to maintain the existing housing stock. It should remain high quality in the years to come.
- There was a desire for more affordable rental housing. A lot of people are being priced out of more expensive rental markets, causing some population shift.
- There was concern about preventing displacement of low-income residents. The high degree of development in the City is good, as it creates more units for the market. However, it can also displace some low-income people from the older housing stock that is getting redeveloped.
- There was a desire to expand access to home ownership. A lot of people want to purchase homes, but only a small number of single-family homes are being developed. People are looking for other alternatives, including condominiums and townhouses.
- There was a desire to create more environmentally-sustainable buildings. Buildings are major contributors to greenhouse gases, and people are looking to choose sustainable alternatives when making housing choices.

Ms. Gierloff said the online open house and survey also invited participants to identify priorities for the Housing Toolkit. There is a lot of single-family housing stock, and the market is providing larger apartment buildings and townhouses, but the City Council is concerned about the “missing middle” housing types that could fit gracefully into the single-family and low to medium-density neighborhoods. The community identified the following priorities:

- **Cottage Housing** – The community expressed that this is a desirable housing type and something that could fit in well in the residential neighborhoods.
- **Accessory Dwelling Units (ADUs)** – It was suggested that ADUs be allowed without ownership restrictions. Currently, there are a lot of restrictions and the option doesn’t work for all properties.
- **Condominiums** – Condos expand opportunities for ownership. For example, condos might be desirable for someone moving out of a single-family home who still wants to own but doesn’t want the maintenance responsibility of a house.
- **Other Housing Types.** Some people mentioned that the City should explore options such as small homes, duplexes, and compact single-family homes as other housing types that could be allowed in the City.

Ms. Gierloff said information gleaned from the open house, survey and focus groups was used to create the draft Housing Toolkit. A regulatory review identified what is being done now and whether or not the regulations are moving the City in the right direction. It also identified potential changes to make sure the tools are fulfilling the gaps in the market-provided housing. She summarized that the Housing Needs Assessment and Housing Toolkit will be incorporated into the draft Housing Action Plan. The Commission will conduct a public hearing on the Housing Action Plan and make a recommendation to the City Council. The goal is to present the plan to the City Council early next year, with final adoption by June of 2021.

Elliott Weiss, Consultant, Community Attributes, Inc., presented the draft Housing Toolkit, which provides a broad array of potential strategies and interventions. He explained that the purpose of the study session is to solicit feedback and questions from the Commission. He is particularly interested in learning what tools have the most potential for positive impact in Shoreline.

Mr. Weiss reviewed that the draft Housing Toolkit includes an introductory section, as well as a section outlining the City's existing tools and ways to make them more effective than they have been previously. It also identifies a number of new tools, including tools that are statutorily legal in Washington State but not yet implemented in Shoreline. He explained that the City may not be able to implement every tool, and stakeholders have identified the following guiding principles as the Commission reviews each option:

- **Equity.** Equity is of paramount importance and will only become more important as the City grapples with the impacts of the pandemic. The City needs to redress historical harms that have been perpetuated against people of color through policy that worked against equitable outcomes in the past.
- **Balance.** They need to consider a diversity of housing types and housing that is affordable to a broad range of people across the spectrum of incomes.
- **Stability.** They need to take care of existing neighborhoods so they remain strong or strengthen over time. They want well-planned, multi-generational neighborhoods that have access to employment opportunities and transit and grow in the same direction as the City's sustainability goals.
- **Representation.** They want to engage Shoreline residents across demographic and economic spectrums to make sure the Housing Action Plan represents all voices in the community.

Mr. Weiss reported that the gentrification and displacement risk across Shoreline neighborhoods was analyzed using a typology that was adapted from a state-of-the-art model the City of Portland used, which employs the following quantitative criteria:

- **Vulnerable Population.** A quantitative analysis was done to define, at the census tract or block group level, whether or not the residents there represent a vulnerable population. Vulnerable population is based on demographic markers, educational attainment, housing tenure (renters versus owners) and median income,
- **Demographic Change.** A quantitative analysis was done to define whether or not demographic change is currently occurring. The analysis was based on the same variables noted above, but added directionality to show the trends over the last several years.
- **Housing Market Condition.** A quantitative analysis was also done to define the direction that the housing market is moving. This analysis looked at appreciation in home values and rents over time.

Mr. Weiss displayed a number of maps that identify areas with vulnerable populations, changing demographics and accelerating housing market conditions. He also provided a map showing the block groups that are most at risk of gentrification. He noted that most of these block groups track with the Interstate 5 corridor and Highway 99. However, the two block groups that show gentrification is ongoing are east of Interstate 5 and near but not immediately adjacent to the station areas. He encouraged the Commissioners to consider these areas as they review the housing strategies. He suggested that rather than applying all of the strategies citywide, some of the strategies could be tailored to places where they will be most effective.

Commissioner Rwamashongye asked if the analysis provides data that shows displacement as a result of market conditions. An example of this would be a low-income person who can no longer afford to live in a house he/she owns because an adjacent property is redeveloped causing property values and taxes to increase substantially. Mr. Weiss said he doesn't have specific data on people who were displaced due to property tax increases. However, he suspects the map wouldn't look significantly different than the one showing accelerating housing prices and rents since this data aggregates what is going on at the parcel level. If someone builds an expensive home next to an existing older home, the aggregate data will increase and the property taxes will change accordingly. That being said, he agreed to research tax data from the assessor's office to see if any linkages can be found to displacement. However, he cautioned that the assessor doesn't track displacement and it won't be easy to find transactional data that has been aggregated such that it can be used to identify the number of properties transacting versus the increase in property taxes.

Commissioner Rwamashongye noted that, as per the report, persons who pay more than 30% of their monthly income for housing fall into the category of being housing challenged. Based on the City's median income of about \$113,000 per year, those paying more than \$2,800 per month for housing would fall into this category. However, the low-income data provided in the Housing Needs Assessment, which came from the Department of Housing and Urban Development (HUD), includes low-income one-person households with an income of \$41,800 a year or below. He noted that a large number of recent college graduates would fall into that category. Mr. Weiss agreed that most college graduates at entry-level jobs would qualify as low income under HUD's definition because HUD bookmarks everything to the median income. A median income of \$113,000 might not seem high in some extremely wealthy communities, but compared to communities nationally, it is quite high. In many parts of the country, workers at \$20 an hour don't qualify as low-income but are challenged finding affordable housing. The City needs to find strategies to respond to this need. Recent graduates who live on their own and do not need a car do not need the same housing types as a family of four with two vehicles. Hopefully, the strategies will provide a menu of options, some of which may fit this particular need.

Commissioner Rwamashongye commented that, if the City desires to grow from an economic standpoint, it is important to have strategies in place to address the housing needs of recent college graduates. Otherwise, this talented workforce will go elsewhere.

Vice Chair Malek said he would like to see verification of the numbers provided for Area Median Income (AMI). His understanding was that Shoreline was somewhere between \$65,000 and \$80,000 a year, whereas Seattle is somewhere between \$103,000 and \$115,000 per year. He observed that Shoreline used to be considered a bedroom community of Seattle. There were expensive apartments and condominiums in downtown Seattle for younger professionals, but these units weren't attractive for families with children. Shoreline became a fall back for that population, but now the northern end of the Interstate 5 corridor is every bit as attractive as Seattle had once been. There is no reason for most people to go to Seattle on a regular basis. He asked what is meant by the term "dynamic." Mr. Weiss said the term was borrowed from the City of Portland's methodology. For Portland, dynamic means a tract or block where gentrification is ongoing based on the three criteria (vulnerable population, demographic change, and housing market conditions).

Commissioner Rwamashongye asked if the City has areas that should be zoned to prohibit such things as fragmentation of properties. For example, a lot with a certain area could not be fragmented into two pieces, giving the opportunity to build a mini high rise at some point in the future. Mr. Weiss said it is not one of the tools identified in the draft document, but it is definitely something to consider. It is true that, if gentrification is occurring in areas that are developed predominantly as large lot, single-family residential homes, allowing parcels to subdivide and develop into small-lot, single-family parcels could result in a significantly higher price point than the neighborhood had previously seen.

Chair Mork observed that Shoreline has always drawn people with school age children because of its good school system. She asked how this was addressed in the analysis. Mr. Weiss said it is not one of the criteria in the Displacement Risk Assessment. Demographic markers are included as a criterion, but they are more focused on what portions of households constitute persons of color rather than measures around age or family sizes. However, the Housing Needs Assessment indicated there is a large number of older and younger families, and not a lot in the middle. The City should evaluate this as they consider the various strategies. Some strategies will meet the needs of this middle population better than others. For example, if they want to be a proactive community where the younger residents can find housing opportunities to meet their growing family's needs, they need to look at transition from renter to homeowner programs, etc. He commented that Shoreline's predominantly single-family development pattern means there are legacy housing products that can meet the needs of families if they are affordable.

Mr. Weiss reviewed the list of existing tools that could be tweaked to be more effective:

- **Accessory Dwelling Units.** ADU's are permitted in all of the City's residential zones, but there are a number of restrictions that make the option less effective. The City could ease the parking requirements, eliminate the owner-occupancy requirement, allow some density flexibility, and provide technical assistance programs, such as pre-approved designs, that make it less expensive and time consuming for homeowners to build ADUs. In addition, they could educate homeowners about the benefits and/or financial incentives associated with ADUs. He shared pictures to illustrate how ADUs could be designed to be very sensitive to the context of the neighborhoods they are located in.
- **Deep Green Incentive Program.** The City already has this program in place, but there are a number of restrictive regulations that apply to it. The City could adjust the parking requirements, reduce the minimum lot size to allow for broader participation in the program, and market the program more effectively.
- **Density Bonuses.** The City currently offers a density bonus for affordable units, but it does not apply to single-family projects on lots that can only accommodate one unit, and it is only relevant in residential zones where density limits apply. The City could do some technical feasibility work to figure out if the number of affordable units or level of affordability relative to median income is commensurate with the bonus that is offered. If the City is giving away more than it is getting in affordability, the program could be tailored to ask for a larger percentage of affordable units or units affordable at a lower price point. The City could also clarify how the code departure interacts with existing regulations. For instance, there may be situations where developers might be willing to participate in the program in order to get additional density, but the height limit doesn't allow

them to make use of the density. Feasibility studies could be done to make sure that the other development regulations are in line with the program or to clarify when you can depart from certain development regulations. The City could better market the program or combine it with other programs such as the Multifamily Tax Exemption (MFTE) Program, which has already been adopted but has sporadic limitations.

- **Development Agreements.** Development agreements are voluntary, negotiated contracts between the City and developers, establishing standards and public benefits the development will provide. The City could focus on development agreements as a means of encouraging redevelopment, particularly catalytic redevelopment on large lots. Also, as one of the conditions of the development agreement, the City could require additional affordable housing units. In addition, the City could prioritize anti-displacement goals that are more aligned with the goal of avoiding or mitigating displacement risks. Because development agreements are voluntary, they could be used specifically where there is going to be large-scale redevelopment of property in areas where the displacement risk is high.
- **Inclusionary Zoning.** The City has some degree of inclusionary zoning, but additional feasibility testing could be done to make sure the provisions are aligned with market realities. This analysis would help the City determine if it is asking for what the market will bear in terms of affordable units. It could also monitor participation, and this feedback could help the City tell if something is not well calibrated. There is an opportunity to add ownership for condominium development and find ways to tailor the program to encourage larger units. When inclusionary zoning is the means by which affordable housing units are being added, they are typically studio and 1-bedroom units. These are important, but only meet a certain demographic slice of Shoreline residents.
- **Multifamily Tax Exemption (MFTE).** Shoreline currently employs this program. Participation has been strong in some places and nonexistent in others. Because income limits are set at the County level, affordable rents are close to the market rate in Shoreline. To address market variations, the City could test the impact of requiring deeper affordability in its most popular neighborhoods. The City's program could be tailored to have different MFTE requirements based on the prevailing rents in each of the zones. The City could also market the program more effectively.
- **Permit Fee Waivers for Affordable Housing.** The City has a form of this program, but it is unclear whether or not it is making a meaningful impact on a developer's pro forma. The City could conduct pro forma analysis to test if the program offers sufficient incentives, and then adjust what it offers in terms of fee waivers or reductions accordingly. The City could also market the program better to raise awareness in the development community.
- **Parking Reductions.** The City offers some parking reduction opportunities, but the combination of unclear guidelines and lack of awareness means that the provision hasn't been as effective as it could be. The City has granted reductions ranging from 2% to 23% to only 8 developments since 2015, which indicates the program has not been widely applied. The 23% is much less than the City could theoretically grant based on the current code. The City could establish clear criteria and revisit parking demand to evaluate reducing or eliminating parking requirements outright,

particularly in the station areas and for affordable housing projects. Currently, the parking costs are passed along to renters, and the City could consider shared parking agreements and other opportunities that would allow parking to be treated separately from the rent of the units. Chair Mork said the Commission has spent a lot of time talking about parking, and it is likely they will be interested in exploring potential modifications.

- **Planned Action Environmental Impact Statement (EIS).** Planned actions increase certainty and decrease costs in the permitting and entitlement phases of development, and the City has completed four of them. In addition to increasing housing supply and variety, this tool could also be targeted geographically. A planned action could be part of the City's effort to ensure that affordable units are maximally feasible to construct in areas where residents are most at risk of being displaced. They will need to ensure that redevelopment opportunities do not eliminate existing affordable units, but the risk can be mitigated with proper program design.

Commissioner Callahan asked if staff has any updates on the Fircrest property, which is owned by the State. Ms. Gierloff said a funded master planning process is currently in progress. There has been thought about how to master plan the new nursing facility and potential behavioral health facility, and then identify excess land that might be available for other types of development. The deadline for completion of this project will extend into next year.

- **Sales and Use Tax Credit.** This program has been authorized by the State Legislature and is on the City's books, but there is lack of clarity as to what the funds can be used for. Perhaps there is an opportunity to think more proactively and strategically.
- **Surplus Land and Property for Affordable Housing.** The City is allowed to lease or sell underutilized land it already owns to developers for affordable housing. To improve this program, the City could be clearer on what lands are available to be disposed of and consider opportunities for reusing buildings that are structurally sound but currently vacant as affordable housing units. The City could also work with third parties, such as Sound Transit, to develop affordable housing units in the station areas. In addition, the City could consider prioritizing affordable housing projects serving households below 50% AMI.

Commissioner Rwamashongye clarified that, pertaining to the surplus of properties for affordable housing, Sound Transit had to comply with certain Federal rules and regulations associated with the Federal Transportation Authority (FTA) grant. King County recently enacted rules and requirements, but isn't sure if Shoreline has addressed this issue in its Development Code. Mr. Weiss suggested there may be other opportunities for the City of Shoreline to partner with Sound Transit to do larger, catalytic development on adjacent city-owned property. He said he would research what the City would have to do in order to legally surplus property for affordable housing, but it is statutorily enabled statewide.

Next, Mr. Weiss presented the list of new tools that may be relevant to Shoreline's housing needs and goals:

- **Cottage Housing.** Cottage housing could be a good solution because it meets the needs of a number of demographic segments, but it is not currently allowed in the City. Cottage houses are typically about 1,000 square feet in size, and they are all located on the same lot. They could be a good fit for an aging demographic that doesn't want property maintenance responsibilities and/or doesn't need a large house. They are typically condominiumized and for sale units and are sensitive to the context of single-family neighborhoods. With good site design, not all of the units would be visible from the street level. From the street, these projects appear to be one or two single-family homes that keep with the existing neighborhood development pattern.
- **Density Bonus on Large Single-Family Lots.** A density bonus amendment would permit an additional, separate living unit (not an ADU) on qualifying lots in residential zones R-4 through R-48. With a density bonus provision, the dimensional requirements associated with ADUs would be removed for qualifying lots. For example, a density bonus could be allowed on lots that are larger than the minimum size allowed in the zone such that two units of nearly equal size would be appropriate. An example of when a density bonus might be appropriate is on a ½-acre lot in an R-4 Zone. Rather than requiring a property owner to subdivide the lot to accommodate an extra unit, the unit could be allowed as a density bonus if the lot meets the minimum size requirement and other performance standards.

Ms. Gierloff explained that this option came forward as a suggested Comprehensive Plan amendment. The City Council reviewed it and determined that it should be addressed as a potential tool in the Housing Action Plan.

- **“Missing Middle” – Friendly Zoning.** Most of the City is zoned for residential development, with development currently regulated in terms of units per acre, minimum lot size, maximum height and maximum building coverage. The City also regulates the building footprint with minimum setbacks on all sides in residential zones. Depending on the design and bulk, development types like duplexes, triplexes, townhouses and even small apartment buildings can be compatible with single-family neighborhoods. The City may wish to consider accommodating greater flexibility on density requirements and housing types and regulating these neighborhoods on more flexible measures like floor area ratio.
- **Small Lot Single Family.** Currently, most of the City's residential zones have strict minimum lot sizes that would preclude this option, but it is an increasingly common development type. There is not a lot of land for infill development in the City, but there is clearly strong demand amongst the consumer base for smaller-lot, single-family homes. Many first-time homebuyers can't afford larger lots, and aligning the zoning to allow small-lot development is a way to bridge that gap. Developing appropriate design standards can help support compatibility with existing neighborhoods.
- **Tiny Homes.** These homes can be extremely tiny and a lot of thought is needed when creating development regulations for them. As long as you can find the appropriate place for them to locate, tiny homes can be an appropriate means of bridging the gap to home ownership, particularly for younger, single people who don't have children.

- **Local Affordable Housing Levy.** As per State Law, voters can authorize a levy to finance affordable housing for households under 50% AMI.
- **Real Estate Excise Tax 2 (REET 2).** This option is authorized by State Law and can be adopted at the local level, as well. As per State Law, Shoreline can impose an additional .25% on real estate transactions, and the funds can be used for capital projects identified in the City's facilities plan element. This is a good way to meet demand for affordable housing segments that aren't typically provided through other programs. Most of the other programs are designed to encourage affordable housing at the 70% to 80% AMI level. Because the REET 2 funds are less restrictive and because they are a result of market rate transactions, the City can choose to put them towards the levels of affordability that aren't going to be provided through the other programs.
- **Down Payment Assistance.** The Washington State Housing Finance Commission offers down payment assistance for income-qualified people, and the City of Shoreline could even establish its own program to supplement the State program. The City can provide information on these programs to low-income residents and potential first-time homebuyers.
- **Homeowner Stability Programs.** These programs focus on minimizing displacement, and the City could provide information to residents, particularly low-income and elderly, on a variety of programs. Programs include foreclosure intervention counseling, home rehabilitation assistance, and mobile home relocation assistance.
- **Partnerships with Affordable Housing Providers.** The City has a number of motivated and well-organized affordable housing providers throughout the region, including the King County Housing Authority, Compass Housing Alliance, Catholic Housing Services, and others. The City could partner with these providers to advance development projects on city-owned lands or to connect them with residents at risk of displacement. Better partnerships make what these providers do more effective.
- **Community Land Trusts.** The City could consider eliminating permit fees or allowing other subsidies, like reduced parking requirements or density bonuses, to promote community land trusts. These trusts could be a good partner for affordable housing development should the City choose to sell or lease surplus land.
- **Housing Incentive Marketing Program.** Shoreline already has several affordable housing programs and has the potential to add more, resulting in a potentially confusing development environment. The City could create a website where City staff, developers and residents could easily view and understand the affordable housing policy landscape and how it effects different areas. The website could both help people understand the policy and present a positive vision for what the programs are meant to achieve.

Mr. Weiss said that, over the coming weeks, he expects to have additional discussions with the Commission as they identify the tools that have the most potential. He will continue to work with staff to

create the draft Housing Action Plan, using the Housing Needs Assessment and Housing Toolkit as a guide and adding implementation details.

Commissioner Callahan said she is interested in more information and discussion about the short-term rental market (rental of homes or parts of homes for fewer than 30 days via online platforms). There is some research that suggests that an abundance of these types of units can displace the longer-term residents. She questioned if short-term rentals could cause price increases. She noted that, in Seattle, the average per night cost of a short-term rental is \$152. Multiply that by the number of days in a month, and you can easily see how a property owner may decide to use a unit for short-term rental as opposed to leasing it out long-term. The City of Seattle adopted a short-term rental ordinance in 2017, which limits a property owner to a maximum number of short-term rental units. She asked if other cities who are creating housing action plans are addressing the short-term rental market.

Mr. Weiss said he doesn't know what other communities are doing, but he suspects that some are adopting regulations specific to short-term rentals. There are differential impacts across communities associated with short-term rentals, particularly in tourism hot spots. He agreed to look for data on market trends for short-term rentals in Shoreline that could help them understand whether or not there is an incentive for property owners to consider short-term rentals rather than renting on a long-term basis. However, he cautioned that the market data is highly proprietary and difficult to track down.

Commissioner Callahan said she is also interested in learning more about the City's current regulations for short-term rentals. For example, would someone be allowed to purchase five single-family homes and use them as short-term rentals? Ms. Gierloff answered that the City doesn't have a rental housing registration or much in the way of rental housing regulations. There is a real divide between renting out an entire house or apartment and renting out a room. Renting a room can help a homeowner or young family pay their mortgage without displacing anyone; whereas renting an entire unit tends to be investor-driven, which doesn't provide neighborhood support. Commissioner Callahan agreed. She said she would be concerned about removing the owner-occupancy requirement for ADUs if there are no restrictions on the number of short-term rentals. Ms. Gierloff said short-term rentals are extremely difficult to regulate because the platforms are not interested in sharing data or reducing the number of rentals. You have to actually catch people in the act in order to take code enforcement action against them. However, she felt it would be appropriate to discuss the risks and benefits.

Commissioner Rwamashongye commented that \$152 per day for 30 days equates to about \$4,000 a month or \$52,000 a year. Given that the median income in Shoreline is \$113,000, the average person would have to spend nearly half of their income on housing. If you are a renter using the short-term rental approach, you are in trouble. Mr. Weiss said he would provide additional data to clarify the economics. He pointed out that occupancy would reduce the total amount of income associated with a short-term rental, because short-term rentals do not get 100% occupancy. Even in strong markets, the occupancy is reduced by 20% to 40%. However, the point is well taken that there may be a strong incentive to do short-term rentals if you can net significantly more than renting it for the long term.

Commissioner Sager referred to the maps that identify the areas that are at risk of gentrification, particularly the southeast part of the City. If that is already an area that is high risk, it would also be an area where cottages, ADUS and other housing types make sense. She is concerned that, although

redevelopment can create units that are more affordable, it can also displace the affordable units that are already there. Mr. Weiss agreed. He cautioned that, with all of the potential tools, the City must be wary of the impacts. So many of the tools require the redevelopment of property to produce the affordable units and this may result in a loss of existing affordable units. He suggested that the Commission needs to consider how the tools can work in tandem. For example, cottage housing might not be the best fit in these situations, but it can be a highly effective option when paired with the disposition of City property. The Housing Action Plan shouldn't just advance the options that seem to be most effective on their face, but the tools that can be maximally effective when combined with others.

Chair Mork said she is particularly interested in making sure the City is getting enough benefit in exchange for the incentives it offers. For example, is the City's return for allowing the additional height bonus incentive enough? Is the partial unit fee appropriately set? This will be important information to make sure the City maximizes funding appropriately. She is also interested in everything the City can do to increase sustainability. She likes that Mr. Weiss pointed out the need to provide more information to residents to make them aware of the programs that exist and to promote and enable affordable housing. Lastly, she reminded them that the topic of parking requirements has generated a huge amount of interest by both the Commission and the public.

Vice Chair Malek said he is glad that the Commission will be considering cottages as a potential housing tool. Shoreline is one of the only cities he is aware of that doesn't have it as a menu option. There are good reasons why people are concerned. When you allow cottage housing, you effectively double the density. It is also a legitimate concern that if development gets too varied in an area and it looks to eclectic and hodgepodge, it can diminish property values in surrounding neighborhoods. In addition, some of the cottage housing projects done previously in Shoreline were not well designed. However, all of these concerns can be addressed and should not be considered as a reason to keep it off the menu options. He expressed his belief that cottage housing could address both entry-level housing for a young couple, as well as opportunities for single-persons who are seeking homeownership. It can also provide options for older people who are seeking to downsize from their larger homes but want to remain in the community. There is an outstanding example of cottage home development near Shoreline Community College. The Reserve in Richmond Beach is another good example of cottage home development.

Vice Chair Malek commented that when you compare long-term and short-term rentals, it is important to consider the wear and tear and maintenance that is required for short-term rentals. Many people quickly find out that, if they don't manage their short-term rentals very tightly, they are not profitable. Most short-term rentals in Shoreline require at least a one-month lease.

Commissioner Lin said she understands that the tools are meant to incentivize more housing options and affordability. She asked if the City has a tool in place to require the units that receive an incentive to remain affordable long term. Specifically, if the City offered up surplus land at a reduced price for a low-income development, would the units be required to remain affordable in perpetuity. Mr. Weiss said the answer varies by program. With the MFTE program, there are 10 and 12-year versions, and the affordable units would not be required to remain at 80% AMI after the tax exemption expires. At that point, they could be rented at market rate again. In for sale products, it is entirely possible to develop deed-restricted, affordable, single-family units that would be sold at affordable prices in perpetuity. There are a variety of tools to implement the deed restriction, including a development agreement. If it is broadly agreeable

and important to the Commission, they could make sure that the Housing Action Plan looks at the idea of whether or not units are affordable in perpetuity as a critical question that must be answered in the strategy and implementation plan. The Housing Action Plan could intentionally balance strategies that are short-term focused versus those that are more long-term focused.

Ms. Gierloff advised that a 12-year MTFE is granted for development in the station areas, but there is an additional requirement of 99-year affordability. That may be one reason why no multi-family development, other than townhomes, has been proposed in that area. Developers aren't used to having to deal with a perpetuity requirement for affordability. However, as property values increase, developers will be able to make it work. Mr. Weiss pointed out that 99-year affordability is an additional proactive requirement, but a lot of communities have not structured their MFTE programs in that way.

Ms. Gierloff said another suggestion to think about is whether the City should develop an ownership affordability program that would allow the City to monitor the ongoing resale of an ownership product such as a condominium that has permanent affordability. It would be a lift to develop a program of this type, but it could be worthwhile.

Chair Mork suggested that Mr. Weiss research the group that Chris Gregoire is now leading that is focused on housing affordability. Microsoft provided a lot of seed money for this effort, which is associated with providing more affordable units in the metro area. Recent research shows that if there is a power outage in Seattle, the closest Seattle City Light lineman lives 90 minutes away, and the timeframe for emergency workers to arrive on scene in Shoreline is similar. Housing affordability plays a major role in this situation.

All of the Commissioners commended Mr. Weiss on his outstanding and thorough presentation. They particularly appreciated the details and maps that were provided. Mr. Weiss encouraged the Commissioners to provide additional comments and suggestions to him via Ms. Gierloff or by personally contacting him.

DIRECTOR'S REPORT

There was no Director's Report.

UNFINISHED BUSINESS

There was no unfinished business.

NEW BUSINESS

There was no new business.

REPORTS OF COMMITTEES AND COMMISSIONER ANNOUNCEMENTS

Vice Chair Malek reported that there were hearings on the Point Wells development project on November 4th and 5th, but he was unable to attend. One was a public hearing before the Town of Woodway Planning Commission, which was similar to the public hearing the Shoreline Planning Commission conducted just

a few weeks ago. There will be two more hearings at the county level, one on November 12th at 9 a.m. and another on November 24th at 10 a.m. Both hearings will be virtual. He plans to attend at least one, and perhaps both of these hearings to gather more data. He will also follow up on what transpired at the Town of Woodway's hearing. He said it is good for the Commission to stay abreast of the situation as it makes its way through the process. Collaboration between Woodway and Shoreline will be key to being able to manage a project of this type that could become very unwieldy.

AGENDA FOR NEXT MEETING

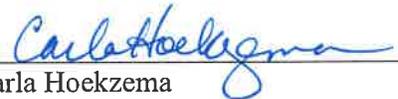
Ms. Gierloff advised that the Commission's November 19th agenda will be a study session on Community Renewal Area Signage.

ADJOURNMENT

The meeting was adjourned at 8:45 p.m.



Laura Mork
Chair, Planning Commission



Carla Hoekzema
Clerk, Planning Commission