

HOUSING INCLUSIONARY ZONING

Background

Redmond: A strong local economy has contributed to significant increases in housing prices over the past decade or more and increases in wages have not kept up. The City of Redmond has been committed to addressing the issue of housing affordability and has undertaken a variety of responses since the early 1990s. The City's Comprehensive Plan speaks to the goals of increasing the supply as well as the variety of homes that are available in Redmond. One of the ways that the City accomplishes this is through its land use regulations.

In 1993, the City of Redmond established requirements for the creation of affordable housing with the adoption of the Downtown Neighborhood Plan. With the significant increase in housing capacity that resulted from the Plan, all new residential developments in Downtown are required to comply with these requirements. Projects that have ten or more dwelling units must set aside 10% of the total number of units as affordable, e.g., they must be available to persons or families making 80% or less than the King County median income, using no more than 30% of their income to pay for housing. Affordable units may be either rental or ownership. In Downtown, there are now close to 100 legally recorded affordable units and that number is expected to double within the next couple of years.

A Regional Coalition for Housing (ARCH) assists Redmond with administration of the inclusionary housing program. Together, ARCH and City staff work with developers to explain the program and resolve any particulars with a specific project proposal. An agreement is then signed by City officials and the developer and recorded with the property to ensure that the unit will remain affordable for the life of the building or for a period of at least 40 years. As a bonus, the City's code allows an additional market rate unit for each affordable unit provided, up to 15% above the maximum density permitted on the site. Recently, the City has begun allowing these density bonuses to be converted to transferable development rights when project applicants are not able to use them on site due to environmental or other constraints.

During the past six years, the affordable housing program has been extended to other portions of Redmond through the City's neighborhood planning efforts. Residents have been very positive toward the concept of including affordable housing within their neighborhoods and the City as a whole; currently there are five neighborhoods in addition to the Downtown that require affordable housing within new developments of 10 or more units. These include the Willows/Rose Hill, Grass Lawn, North Redmond, Education Hill and Overlake neighborhoods.

Kirkland: Until relatively recently, Kirkland encouraged affordable housing primarily by offering optional density bonuses through the Planned Unit Development process. A number of affordable units were created in this way, but the process was lengthy and the outcome was uncertain for developers.

In 2004, the City adopted a comprehensive package of affordable housing *incentives*, including:

- Density bonuses and dimensional standard modifications for projects with a specified portion of the units meeting specified affordability levels. These incentives are available primarily in multi-family and some commercial zones. The following table summarizes the affordability requirements:

Affordability Level: % of median income	Density Bonus (units or FAR): bonus units per affordable units
Renter	
○ <60%	1.33 to 1
○ <70%	1 to 1
Owner	
○ <80%	1.6 to 1
○ <60%	2.67 to 1

- Property tax exemptions for developments within “residential targeted areas:”

Affordability Level	Duration of tax exemption
Rental Projects	
○ 10% of units affordable @ <50% of median income	8 years
○ Additional 10% of units affordable @ < 80% of median income	12 years
Owner Occupied	
○ <u>Units</u> affordable @ <70% of median income	8 years
○ <u>Projects</u> with 10% of units affordable @ 70% of median income and an additional 10% affordable @ 100% of median income	12 years

- Impact fee exemptions for owner occupied units affordable at < 80 % of median income and rental units affordable at <60% of median income.

Even greater incentives were provided when two of Kirkland’s mixed use business districts were recently rezoned to allow greater development potential. Within large portions of both the Totem Lake and Rose Hill business districts, zoning regulations were adopted to allow taller buildings subject to the condition of providing affordable housing. In the TL-1A zone, for example, residential buildings may exceed 30 ft in height up to 160 ft. if 10% of the units are affordable at 70% of median income for owner-occupied units and 50% of median income for rental units.

The City is working to identify specific multi-family sites that are suited for redevelopment and that are good candidates to take advantage of these incentives. Affordable housing was identified as an area of emphasis for the City Council in 2008 and 2009. A Housing subcommittee was recently formed and is looking at ways to provide greater affordable housing incentives or possibly requirements.

Issues for Discussion

1. How significant is the need for affordable housing on the Eastside?
2. What issues should be considered in starting an inclusionary housing program?
3. Are there opportunities for increases in housing capacity through area wide rezones to offset new requirements?
4. How favorable are residents and the building community to the proposal?
5. What other efforts are in place to create affordable housing?

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