

Housing Element & Middle Housing Discussion Guide

2024 Comprehensive Plan Update & Middle Housing Code Update

Date March 29, 2024
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Introduction

This discussion guide is intended to assist the Lake Forest Park Planning Commission in their initial discussion of two separate but related work products relevant to the City's approach to housing: 1) draft updates to the Comprehensive Plan Housing Element, and 2) draft report on Middle Housing Feasibility and Recommendations. Both of these documents have also been provided to the Commission as part of this packet. It sets out relevant state, regional, and county requirements, policies, and background, and contains two sections of discussion questions, first on the Housing Element revisions and second on Middle Housing policy and regulations.

GMA Housing Element Requirements

The Housing Element requirements of the Growth Management Act were substantially amended in 2021 by HB 1220, requiring a much more detailed analysis of future housing needs by income level as well as considerations of racially disparate impacts, exclusion, and displacement in housing. As outlined in the Department of Commerce's *Guidance for Updating Your Housing Element*, the updated requirements for a housing element include the following:

- **Housing needs assessment (HNA):** *An inventory and analysis of existing and projected housing needs by income level as provided by the Department of Commerce that identifies the number of housing units necessary to manage projected growth.*
 - The City's Housing Needs Assessment was updated as part of this Comp Plan update to include all of the required elements outlined by the Department of Commerce, and can be found in the Housing Element Background section. The key conclusions included:
 - Lake Forest Park's population is aging, signaling a potential need for more accessible units
 - Renters face significant affordability challenges compared with homeowners in the city
 - Many people employed in Lake Forest Park do not get paid enough to afford to live in the community
 - Lake Forest Park is mostly built out, with significant environmental constraints and limited land availability. Most homes are large single-family detached units, with limited options for smaller housing types.
 - Ownership housing prices in Lake Forest Park are very high, and most homes sold in the past year would not be affordable to the average household in the city.
 - Lower-income residents and BIPOC communities are concentrated in areas of the city that allow multifamily housing. Creating more opportunities for infill in Lake Forest Park's neighborhoods would help alleviate these spatial inequities.

- **Goals, policies and objectives:** *A statement of goals, policies, objectives and mandatory provisions for the preservation, improvement and development of housing, including policies for moderate density housing options in urban growth areas.*
 - The Goals and Policies are included in the attached Housing Element draft, and discussion questions are below. The Middle Housing work discussed further below also addresses the requirement to address moderate density housing options.
- **Residential land capacity analysis:** *Analysis to identify sufficient land to accommodate projected housing needs by income level.*
 - Lake Forest Park has sufficient land capacity to meet its projected housing needs by income level, primarily through multifamily zoning in the Southern Gateway, and to a lesser degree in the Town Center. Allowing more Middle Housing types and ADUs will also help contribute to meeting housing targets. A full discussion of the methodology and results of the land capacity analysis are included in the Housing Element Background Section.
- **Provisions for all economic segments:** *Adequate provisions to address existing and projected needs of households at all income levels, including documenting programs and actions needed to achieve housing availability, consideration of housing locations in relation to employment locations and consideration of the role of accessory dwelling units (ADUs) in meeting housing needs.*
 - Commerce has provided Adequate Provisions checklists to analyze barriers to production of needed units by income level which will be included as an appendix to the Housing Element. In addition, the city will be required to allow two ADUs per lot as mandated by House Bill 1337. Although Lake Forest Park is primarily residential, there is discussion of employment location in the Housing Element Background section, and provisions for new commercial space in the Town Center and Southern Gateway.
- **Address racially disparate impacts, exclusion, displacement and displacement risk:** *Identify policies and regulations that result in racially disparate impacts, displacement and exclusion, and implement policies and regulations that begin to undo these impacts. Also, identify areas that may be at higher risk of displacement and establish anti-displacement policies.*
 - Based on PSRC’s regional displacement risk map, Lake Forest Park has a low displacement risk, although there are significant disparities in income, race, and ethnicity in areas of the city, and a large amount of parcels with historic racially restrictive covenants. Further analysis can be found in the Racially Disparate Impacts Analysis (also provided as part of this packet) as well as in suggested revisions to Goals and Policies addressing displacement and exclusion below.

PSRC VISION 2050 and King County Countywide Planning Policies

The housing element must also be consistent with PSRC Vision 2050 and King County’s Countywide Planning Policies. Many of the suggested updates to the 2015 Goals and Policies were drafted to better align with these documents, particularly around new housing planning requirements which flow from the 2021 changes to the GMA detailed above. Some key themes incorporated in the new goals and policies to better align with PSRC and King County policies include:

- Specifics of planning for future housing unit targets by income band.
- Additions of specific middle housing types and ADUs, and policies to allow more housing types in neighborhoods.
- Discussion of racially disparate impacts in past housing policy and future policies to address these historic inequities and mitigate future displacement risk.
- Adjustments of language to acknowledge the need for some changes in housing types and locations, such as near future high-capacity transit

Further details on specific suggested policy changes and related discussion questions can be found below under “Discussion Questions and Guidance.”

Middle Housing Grant and Scope of Work

In 2023, Lake Forest Park received a Middle Housing Grant from the Washington State Department of Commerce to study and implement code amendments in compliance with RCW 36.70A.635 and related RCW sections codifying House Bill 1110.

Adopted in 2023, HB 1110 requires 77 cities, including Lake Forest Park, to update their Comprehensive Plan housing elements and development regulations to allow for middle housing in all residential zones by June 30, 2025. If jurisdictions fail to meet this deadline, the State will impose a model code in the stead of a locally adopted option (Lake Forest Park would be subject to the [model code](#) that applies to Tier 3 cities).

As a part of this work, LCG analyzed middle housing typologies and development feasibility in Lake Forest Park. This analysis is part of a larger effort to ensure Lake Forest Park's implementation of middle housing regulations and policies is compliant with HB 1110 and meets the unique needs and contexts of the city.

Though this work is a separate effort, this same team is working in parallel as part of the City's Comprehensive Plan update, and the Housing Needs Assessment conducted as a part of that planning effort helped inform the potential for new middle housing types within the city's residential areas.

Discussion Questions and Guidance

Housing Goals & Policies

- 1. Housing Supply and Diversity.** We recommend expanding and strengthening many of the policies under this goal in support of local objectives for inclusive housing outcomes and to address housing gaps identified in the Housing Needs Assessment, as well as to better align with new state, regional and county mandates and policies, by amending existing policies through the following actions:
 - Strengthen policy on access to housing with a more inclusive list of demographic groups (H-1.1)
 - Expand policy on adequate supply of land to include state mandates to plan for housing needs across all income levels, including emergency housing and permanent supportive housing (H-1.2)
 - Strengthen policy on variety of residential densities by stating the purpose of the policy to meet the needs of different incomes, life stages and tenure (H-1.3)
 - Expand policy on housing capacity to align with regional and county policies requiring regular monitoring of housing needs and effectiveness of housing partnerships and policies (H-1.4)
 - Reframe and strengthen policy on infill development and compact housing to focus on provision of middle housing as a means of meeting more diverse housing needs; updated call out on "clustered development" to provide a description of middle housing (H-1.5)
 - Expand and strengthen policy on mix of commercial and residential uses to include multi-unit development (middle housing and apartments) and clarify how housing can increase economic vitality through access to opportunity and services and proximity to transit (H-1.6)
 - Expand policy on housing types, sizes and affordability levels in a variety of settings to specifically focus on access to homeownership for BIPOC populations (H-1.7), as Policy H-1.3 already states overall intent to provide variety of housing types throughout the city.
 - Strengthen and expand policy on flexibility in zoning and development regulations by changing language of "support" and "consider" to "allow", clarifying the City's intent to amend zoning and regulations, and included other middle housing types.
 - NEW policy on equitable development to mitigate displacement and address impacts of racially disparate impacts

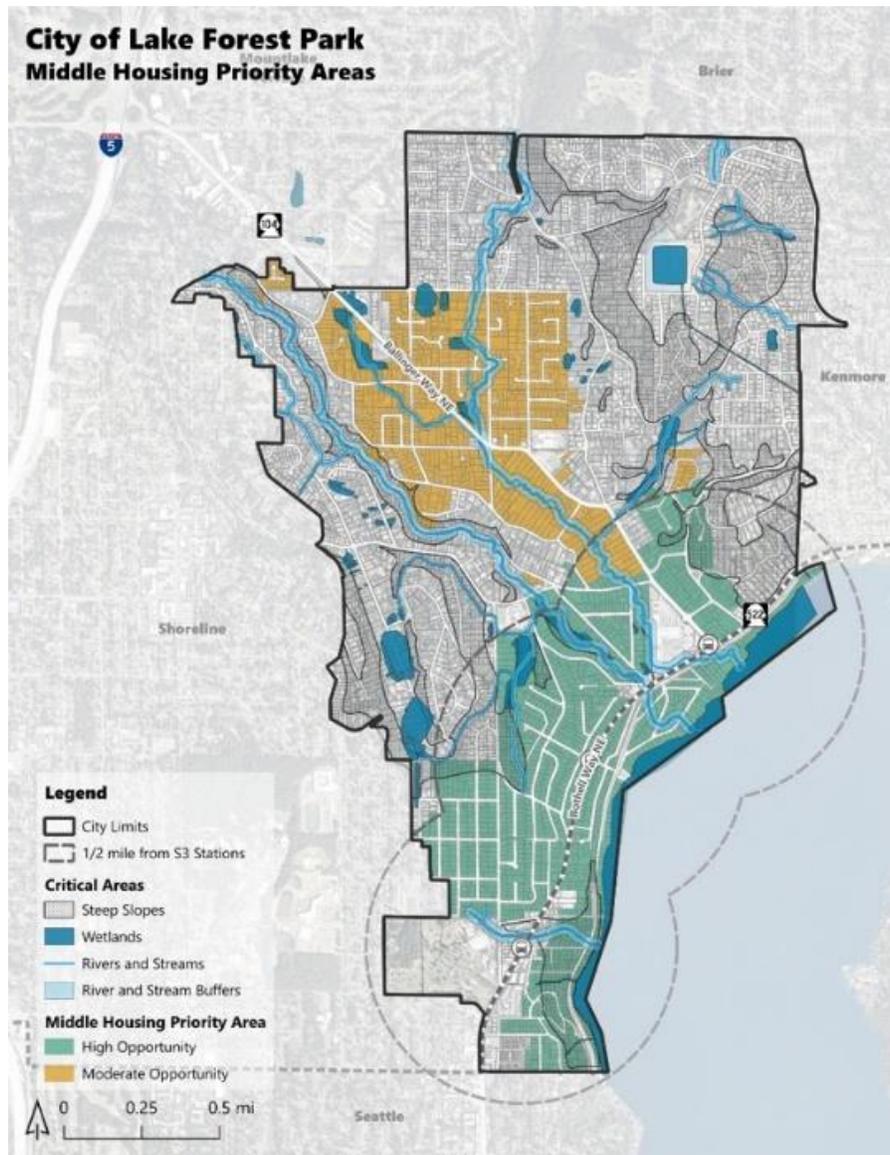
- a. Please discuss word choice and intention behind these policies. While most updates have been made to better align with state, regional and county requirements, it is important the language and intent of the policies align with local goals and objectives. What's missing? Are there any other policies we should consider?
 - b. Discuss how housing variety, especially middle housing, is represented and promoted through these policies. Should policies be more or less specific? Should more or fewer types of housing be listed? Do these policies accurately reflect the Commission's goals for expanding housing types throughout the city?
 - c. Consider how equity and inclusion are covered by these policies. Should they be strengthened or refined? Cities are required to deliberately address past and present racially disparate impacts and exclusive housing policies through their policies and implementation strategies. Do these policies adequately address the City's history of racially restrictive covenants and homogeneity of incomes?
2. **Housing Form and Scale.** We recommend amending this goal, and the policies within it, to remove exclusionary language stating intent to "preserve neighborhood character", and shift the direction to focus more on complementing form and scale of existing neighborhoods. Please discuss whether these updates still adequately capture the intent of original policy (if still relevant). Also consider whether other character-defining features of neighborhoods *beyond form and scale* should be highlighted through policy.
 3. **Housing Affordability.** We recommend strengthening policies within this to goal better differentiate between income-restricted affordable housing and other forms of housing affordability, with most amendments and additions to policy language made to better align with state, regional and county policy direction. Please discuss word choice and intention behind these policies. What's missing? Are there other policies we should consider?
 - a. Policy H-3.8 was shifted to strengthen language on the variety of City controlled policies, regulations or other barriers impacting overall housing costs and construction. Please discuss whether any of these should be prioritized or omitted.
 - b. NEW policy H-3.11 is included to align with state, regional and county mandates or policies to promote housing stability for renters and mitigate displacement. Displacement risk is low throughout Lake Forest Park, and strategies for addressing renter stability can be difficult to implement, especially for a city of Lake Forest Park's size and resources. Please discuss whether this is an area the City should consider exploring further.

Middle Housing

Lake Forest Park is required by HB 1110 to plan for middle housing in all residential neighborhoods. As the City works to update its regulations to conform to state requirements, it should ensure that these changes are aligned with local priorities, including **opportunities for affordable homeownership, environmental stewardship of critical areas, and maintenance of the city’s lush tree canopy**. The questions below are intended to encourage discussion around how to balance state requirements and city priorities. The page numbers included with each discussion question reference additional detail in the Middle Housing Feasibility and Recommendations Report, also included in this packet.

1. **Location and Density.** While HB 1110 sets a baseline requirement that Tier 3 cities allow two units on all residential lots, Lake Forest Park could choose to allow more than two units in some residential areas. We recommend allowing more than two units in some areas of the city to balance housing needs and affordable homeownership goals with critical area and tree canopy protections. *Which of these options is most desirable?* (pgs. 58-59)

Option 1	Option 2	Option 3	Option 4
Limit middle housing to two units per lot in all residential areas.	Allow more than two units on lots in RS-7.2 and RS-15 zones within ½ mile of future BRT stops (the green area in the Middle Housing Priority Areas map below).	Allow more than two units on lots in the RS-7.2 and RS-15 zones within ½ mile of future BRT stops AND on lots zoned RS-7.2, RS-10, and RS-15 zones adjacent to Ballinger Way (the yellow area in the Middle Housing Priority Areas map below).	Allow more than two units on all residential lots throughout the city.



- Typologies and Form.** Lake Forest Park has some unique environmental constraints as well as a lush tree canopy that the community prioritizes preserving, while also containing relatively large lots with the potential to accommodate existing housing types. Allowing a wider array of housing in residential zones could help the city achieve its housing goals of additional affordability while limiting disruption to the natural environment. Multi-unit dwellings can be regulated and built at a compatible form and scale to existing single-family dwellings through the introduction of a form-based code that defines allowable uses based on the form of the building rather than the density of units. Other novel housing types that allow for unconventional orientations, like cottage clusters or front/side-yard ADUs, can also be regulated in a way integrates with existing tree canopy on lots. *To what extent is the City willing to explore building flexibility into its residential zoning code and development regulations to enable development around environmental constraints?* (pgs. 41-50, 60)

3. **Parking.** Many streets in Lake Forest Park are not designed to accommodate street parking. City code requires 1.5 parking spaces per unit of multifamily housing to ensure that there are adequate parking facilities for residents. However, if the City plans to allow more than two units per lot in some neighborhoods, it should consider reducing the parking requirements, calibrating required parking with the number of bedrooms and/or proximity to transit. This could potentially help limit tree removal and development in critical areas and improve the feasibility of a variety of middle housing types. *Are there neighborhoods within the city that could support additional on-street parking? Are there other ways that the City could support increased density while protecting the tree canopy?* (pg. 61)
4. **Development Regulations.** As the City embarks on writing its new middle housing code, it will have to determine how and whether to change existing development regulations to improve the feasibility of middle housing. Most impactful regulations include height, lot coverage, and floor area ratio (FAR). Lot coverage ratios are particularly important in the feasibility of middle housing types beyond two-units in some of your high opportunity areas. *Which (if any) of these regulations does the City view as essential to maintain, and which could be recalibrated to align with state regulations and city priorities?* (pgs. 61-63)
5. **Incentivizing Affordable Homeownership.** Allowing middle housing throughout the city will help increase opportunities for affordable homeownership, especially if denser typologies are allowed in some or all city neighborhoods. However, some additional policies and programs could help boost the supply of more affordable homes. These could include:
 - Partnering with affordable homebuilders and community land trusts to better understand the needs of the communities they serve and ensure that development regulations allow for these types of housing.
 - Incentivizing affordable housing development through density bonuses, fee waivers, or other programs.
 - Offering opportunities for fee-simple lot splitting to increase wealth building opportunities.
 - Establishing a funding source, such as an affordable housing trust fund, to support local affordable housing construction through direct subsidies or land purchases (the latter of which can contribute to a community land trust or similar).

To what extent is the City interested in pursuing these types of policies or programs to achieve its goal of increasing more affordable homeownership opportunities? (pgs. 26-27)
6. **Critical areas.** Lake Forest Park includes a number of critical areas, including waterways, slopes, wetlands and their buffers. It is a priority for the City to protect these areas and promote environmental resilience. HB 1110 offers two potential paths for protecting critical areas – a full exemption and an alternative compliance path. However, LCG recommends that the City not utilize these paths due to the number of large parcels with minimal constraints. *Which of the options below is most desirable?* (pgs. 32-33, 39, 64-69)

	Option 1: Full Exemption	Option 2: Alternative Compliance Path	Option 3: Maintain Existing Regulations
Description	HB 1110 gives cities the option to exclude all lots that contain critical areas (as defined by the GMA) from middle housing regulations.	The Alternative Compliance Path would allow Lake Forest Park to exempt up to 25 percent of its lots from increased density requirements. However, this must be weighed against the Racially Disparate Impacts of excluding middle housing in these areas.	Lake Forest Park currently prohibits the development of structures in critical areas and their buffers unless a property owner successfully pursues a Reasonable Economic Use Exemption.
Considerations	This type of blanket exemption would prevent the construction of any middle housing, including on large lots with minimal environmental constraints. The City already has a process for determining whether building should be allowed in critical areas. In addition, Commerce does not recommend fully exempting critical areas from middle housing regulations.	This option is complicated by the fact that there are a lot of parcels in Lake Forest Park that have racial covenants and would not be eligible for exclusion. In addition, this option is inferior to existing critical area regulations in Lake Forest Park.	Current regulations protect critical areas while ensuring that an adequate supply of housing can be built. The City may choose to consider allowing duplexes or other middle housing types with footprints no greater than 1,000 SF to be permitted through the Reasonable Economic Use Exemption.