



September 9, 2020
SCA PIC Meeting

Item 8:

Affordable Housing Committee

DISCUSSION

SCA Staff Contact

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SCA Members of the King County Affordable Housing Committee

Councilmember Claude DaCorsi, Auburn; Mayor Lynne Robinson, Bellevue; Councilmember Nancy Tosta, Burien; Councilmember Ryan McIrvine, Renton; Councilmember Marli Larimer, Kent (alternate); Council President Tanika Padhye, Redmond (alternate); Councilmember Zach Hall, Issaquah (alternate); Mayor Rob McFarland, North Bend (alternate)

Discussion

The Affordable Housing Committee (AHC) is a committee of the King County Growth Management Policy Committee that is tasked with overseeing implementation of the [Five-Year Action Plan](#) adopted in December 2018 by the Regional Affordable Housing Task Force.

As part of its 2019-2020 work plan, the AHC committed to making recommendations to update the Housing Chapter of the Countywide Planning Policies (CPP's) and also evaluating potential revenue sources to support affordable housing development and preservation. As part of the discussion of revenue options, cities may wish to provide feedback on the new authority granted by [HB 1590](#), approved by the Legislature in 2020, to adopt a one-tenth of one percent sales tax for affordable housing by councilmanic authority either countywide or at the city level should the county not exercise its option to implement the tax by September 30, 2020.

At PIC, members are encouraged to provide feedback on these issue areas to help inform SCA representatives on the AHC.

Background

The Affordable Housing Committee (AHC) of the King County Growth Management Planning Council serves as a regional advisory body to recommend action and assess progress on affordable housing efforts across King County. Specifically, the AHC is tasked with monitoring implementation of the Regional Affordable Housing Task Force [Five-Year Action Plan](#), which was adopted in December of 2018.

The AHC is currently engaged in work on two priorities identified in the Five-Year Action Plan: to recommend amendments to the Growth Management Planning Council for updates to the Housing Chapter of the Countywide Planning Policies (CPP's) and to identify and prioritize new resources to build, preserve, or subsidize affordable units.

2020-2021 CPP Update

The King County Countywide Planning Policies (CPP's) are a series of policies that address growth management issues in King County. The CPP's are developed and approved by the King County Growth Management Planning Council, and must also be approved by the King County Council and ratified by cities and towns representing at least 70% of the county population and 30% of those jurisdictions.

The role of the CPP's is to implement the Growth Management Act by creating a shared policy framework that guides the development of local comprehensive plans. The CPP's provide consistent expectations and direction for issues that extend beyond the boundaries of a single jurisdiction and ensure that the comprehensive plans of King County and each city work together toward a common purpose.

As part of the current CPP update, the AHC will be providing recommendations to the Growth Management Planning Council on updates to the Housing Chapter of the CPP's, which includes policies intended to help all jurisdictions plan for and promote a range of affordable, accessible, and healthy housing choices for current and future residents. The policies focus on households earning 80% or less of Area Median Income and provide special emphasis on low and very-low income households earning 50% or less of Area Median Income.

The current Housing Chapter of the CPP's were first established in 1992 and were substantially revised as part of the most recent update in 2012.

The original CPP's adopted in 1992 estimated the countywide need for affordable housing as a percentage of new growth and used these percentages to set affordable housing *targets* for each jurisdiction. By 2010, it was clear that this method for setting affordability goals did not result in an equal distribution of affordable housing across all geographic areas of the county. The southern portion of the county already contained a large proportion of units affordable to low- or moderate- income households (at or below 80% of Area Median Income), and the CPP's were creating imbalances in their existing housing stock. These cities felt unduly penalized by targets which only took into account new construction, rather than overall housing stock. At the same time, even with robust efforts to plan for and fund affordable housing units, exponentially rising land and construction costs made it near impossible for some eastside cities to achieve the targets established for them in the earlier CPP's.

To address these issues, in 2012 the CPP's were updated to define need as a percentage of total housing stock rather than as a percentage of anticipated new growth. Under the current policy framework, countywide need is identified by percent of Area Median Income as:

- 12% of total housing supply should be for 30% and below AMI (very-low)
- 12% of total housing supply should be for 30%-50% of AMI (low)
- 16% of total housing supply should be for 50-80% of AMI (moderate)

The new policies required each jurisdiction to develop housing policies or strategies suitable for their communities to meet their share of the countywide need. Rather than a quantified unit goal as in the 1992 policies, implementation strategies may vary and should be informed by a jurisdiction's own analysis of need. Furthermore, the 2012 policies outlined a four-step iterative process that each city and the County would follow:

1. Conduct an inventory and analysis of existing and projected housing needs and conditions;
2. Implement a range of strategies and policies within a local jurisdiction to address unmet housing needs;
3. Measure results; and
4. Respond to measurement with reassessment and adjustment of strategies.

The intent of the current policies is to recognize that conditions affecting housing supply are different throughout the county and will require different solutions. For instance, in some communities, efforts focused on preservation of existing affordable housing stock may be the most effective. In others, the more effective approach may be to capitalize on new development and tools to incentivize or require the inclusion of affordable units.

Most cities adopted updates to their comprehensive plans in 2015, which included new policies consistent with the Housing Chapter of the CPP's. However, while many local plans and policies have been adopted, a regional monitoring structure was not established, making it challenging to assess the effectiveness of individual housing strategies. Without a data reporting structure, the region lacks accurate information on whether the county is meeting its overall goal to ensure that the housing needs of all economic and demographic groups are met within all jurisdictions. In addition, many jurisdictions lack the resources to track these housing metrics and jurisdictional-level monitoring has generally not occurred.

The AHC has identified several priority areas of focus for the update to the CPP's, including reconsidering how overall need is defined; opportunities to increase jurisdictional accountability toward meeting housing need; and, address equity and social justice in regional planning. Potential areas of improvement identified by the AHC include policies to:

To help guide the SCA caucus of the AHC as they engage in the current update to the CPP's, it is important to have SCA city feedback on the current policy framework and how it can be improved. Some questions for SCA cities to consider include:

1. How can the region improve accountability to ensure we are making progress toward meeting the need for affordable housing? Is the current framework sufficient if implemented fully, or are changes needed?
2. Are any changes needed to the current framework for assessing countywide affordable housing need?

3. Should responsibility to meet the regional affordable housing need be distributed evenly across the county or should need be weighted by certain criteria, such as proximity to high-capacity transit, proximity to jobs, or projected future growth?
4. Should jurisdictions be required to adopt policies requiring a defined share of new growth to meet affordability goals?
5. What are the biggest obstacles to the creation of affordable housing in your city?
6. What is missing from the current policy framework?
7. How can regional plans and policies better promote equity in land use planning?
Opportunities for policy updates identified by the AHC include policies aimed toward: mitigating physical, economic, and cultural displacement of communities of color and low-income communities that may result from redevelopment and market pressure; improve housing quality; increasing housing stability; inclusively engaging local communities in policy decisions; increasing homeownership opportunities for low-income communities; and supporting efforts to develop a regional equity strategy.

Funding to Support Affordable Housing Development and Preservation

In addition to reviewing affordable housing policies, the AHC is also engaged in an effort to analyze and identify unused and new revenue sources to support affordable housing development and preservation. Between 2012 and 2017, an average of \$306.5 million per year was invested in affordable housing in King County with nearly 75% of this funding coming in the form of federal tax credits. These investments led to the preservation or construction of between 1,000 and 2,500 per year, but the need has continued to grow.

As provided for in the Five-Year Action Plan, the AHC is tasked with working with cities and the county to identify affordable housing revenue sources that could be implemented at the city or countywide level, and to collectively advocate for increased state and federal resources.

The AHC has been asked to provide input on a series of questions related to potential revenue sources, including:

1. Should the AHC recommend new funding sources?
2. If so, are there any particular revenue tools that you want the AHC to consider/prioritize and why?
3. What criteria should the AHC use to evaluate new sources?
4. What are the most important considerations in your community when it comes to revenue for affordable housing?

The SCA caucus to the AHC met recently and the consensus from that discussion is that given the fiscal realities of the COVID-19 pandemic and its effect on cities' budgets, members do not feel this is an appropriate time to be advocating for new taxing options at the local level. However, there remains an opportunity to provide input on priorities related to affordable housing funding in the short and long term.

A current example of where cities may wish to provide feedback is the new authority granted by [HB 1590](#), approved by the Legislature in 2020, to adopt a one-tenth of one percent sales tax for affordable housing by councilmanic authority either countywide or at the city level should the county not exercise its option to implement the tax by September 30, 2020.

HB 1590 – Councilmanic Authority for Affordable Housing

[HB 1590](#) was approved by the Washington State Legislature in 2020 and councilmanic authority to implement a sales tax-based affordable housing levy. The legislation provides that King County may councilmanically impose a sales tax of up to one-tenth of one percent countywide, with the authority to implement the tax extended to cities if the county does not take action by September 30, 2020.

A minimum of 60% of the money collected from the tax must be used for construction of affordable housing, construction of mental and behavioral health facilities, funding the operations and maintenance costs of new units of affordable housing and facilities where housing-related programs are provided, or newly constructed evaluation and treatment centers. The affordable facilities and programs funded through the levy must serve individuals whose income is below 60% AMI of the county imposing the tax. The remainder of the funds collected must be used for the operation, delivery or evaluation of mental and behavioral health treatment programs and services.

If King County does not impose the full tax rate by September 30, 2020 then any city legislative authority within King County may either:

- a. Submit an authorizing proposition to city voters at a special or general election and if the proposition is approved by the majority of voters, impose the whole or remainder of the sales and use tax rate.
- b. Impose councilmanically, without a proposition approved by a majority of voters, the whole or remainder of the sales and use tax rate.

If King County does impose the full tax rate but it is after a city has imposed the tax (which they would be able to after Sept 30), then the county must provide a credit against its tax for the full amount of tax imposed by a city.

PIC members are encouraged to provide feedback on any ongoing discussions regarding the taxing authority granted under HB 1590 within your city as well as on the potential for a countywide levy.

SCA staff are looking for feedback on the following:

1. Is your city considering imposing some or all of the levy amount authorized under HB 1590 should King County not impose the full tax rate by September 30?
2. What feedback should be provided to the County by AHC members concerning the potential for the County to move forward with a countywide levy?

Next Steps

Feedback from PIC will be brought to the SCA caucus for consideration ahead of the September AHC meeting. The recommended changes to the Housing Chapter of the CPP's and the revenue guiding principles are expected to be approved at the November AHC meeting. For more information, contact SCA Policy Analyst Alexis Mercedes Rinck at alexis@soundcities.org or (206) 495-5238; or, SCA Policy Director Brian Parry at biran@soundcities.org or (206) 499-4159.