

MEMORANDUM

To: Honorable Mayor and Yakima City Council Members

From: Joan Davenport, Community Development Director
Sara Watkins, Senior Assistant City Attorney
Joseph Calhoun, Planning Manager
Cliff Moore, City Manager

Date: May 7, 2019

Subject: Council Update on Affordable Housing Strategies and Recommendation for Housing Action Plan (HAP)

Outcome of the Study Session

At the March 12, 2019 Study Session, the full City Council noted that promoting Affordable Housing is a complex but significant issue in the community and requested staff begin more in-depth review of the tasks and topics covered in the Study Session. Responsibilities were divided between the Yakima Planning Commission and the Partnership Committee. Other topics were directed to come back to City Council for policy discussion and direction. This report includes a summary report on these topics.

Housing Action Plan and Community Engagement Program

Staff recommends the City Council consider initiating a community engagement process to facilitate public participation and education related to potential ordinance changes, neighborhood preservation/protection, housing density and housing choice diversity. This early community engagement process would be part of a coordinated Housing Action Plan (HAP). After the initial work of review and analysis for the various tasks presented in the March 12th Study Session, staff recognizes the complexity of the project and the potential for community concerns. The experience of many other cities reveals that community engagement can be a powerful tool to gaining acceptance of some of the changes necessary to promote affordable housing, especially if changes proposed impact the R-1, Single Family Residential Zoning District.

With multiple, complex strategies under review at the same time, there is strong potential that efforts will become fragmented and may not produce a cohesive, effective strategy to encourage more housing. It would be beneficial to have a housing and demographic expert help prioritize tasks and guide community engagement. Many cities have developed a similar strategic approach to address housing issues and demographics. A Housing Action Plan (HAP) and Community Engagement program could be an effective method of promoting understanding for ways to influence diversity and density in neighborhoods. The Community Engagement program could help coordinate input from individuals as well as organizations and stakeholders.

The cost of preparing a Housing Action Plan and Community Engagement program for the City of Yakima is estimated between \$45,000 and \$55,000. City staff has submitted a grant application to the Yakima Community Foundation for \$25,000 to help support this project. Additional funding would be necessary, and the project could be divided into two phases. The Washington State Department of Commerce has been approached for funding help.

A Strategic Approach to Affordable Housing

To create a successful program that encourages more housing units and a diversity of housing types in the community, we will need many partners. As demonstrated by the wide variety of topics discussed at the March 12, 2019 Study Session on Affordable Housing, this is a complex issue. To encourage more housing development, multiple factors must be considered, as well as how they relate to each other:

- Land available at feasible price
- Zoning in place to allow increased density or infill
- Neighborhood acceptance of new development
- Certainty of process and permitting timelines
- Infrastructure (public water, sewer and street) improvements in place
- School capacity to serve new families, as necessary
- Connections to public transit, parks, retail with sidewalks create neighborhood appeal
- A funding plan to support construction and maintenance of the project

The City Council Strategic Plan includes goals focusing on Neighborhood Building and fostering Public Trust. Strategies include Equity Reports as reference tools, use of the Community Integration Committee for outreach, partnering with the Hispanic and Latino community to address needs and expectations. In relationship to the Council Strategic Plan, the entire Yakima community must be committed and understand the benefits of expanding housing opportunities.

A Community Engagement Program should be the foundation to support changes in policies that encourage new housing. The entire community must be assured that Neighborhood preservation is a priority of the City, as well as providing more opportunity for new residential development. In order to develop an effective Community Engagement Program, as well as assist in prioritizing policy or regulatory tasks and strategies, staff recommends the City initiate a “Housing Action Plan”. The Housing Action Plan (HAP) with a focus on Community Engagement would guide a participatory education and listening process, as well as coordinate and focus the efforts of partners and the City toward the common goals of:

1. Developing more housing options at all levels,
2. Increase density, diversity and distribution of housing choices.

Housing Action Plan Follows on Equity Study

In 2017, the Yakima City Council conducted an Equity Study to illustrate and understand the geographic areas in Yakima where disparities may exist using a variety of infrastructure and demographic measures. City staff published data and provided visualizations of a wide variety of existing geographic information. In addition, the City of Yakima utilized the technical expertise of the WSU Metro Center for Applied Research and Extension to analyze the data.

The City of Yakima 2017 Equity Study illustrates many demographic characteristics that exist today in our community. An Equity Lens approach, as recommended in the Equity Study report by WSU would provide a tool to evaluate the impacts across the community from policy or program changes. The Equity Lens approach would help evaluate racial, social, and economic impacts of policy changes in the community. A Housing Action Plan could be a significant community step in implementing an Equity Lens project for Yakima that would foster community engagement around a common set of goals. The Council Community Integration Committee could assist in education and outreach efforts.

Summary of Affordable Housing Topics Identified to Date:

This report includes a preliminary draft summary of each item presented in the March 12, 2019 Affordable Housing Report Study Session Whitepaper. We fully expect as the discussion about these strategies develops, additional techniques or programs will be added for consideration, and some will be removed. The topics and assignments listed in the March 12, 2019 report include the following.

1. The Yakima Planning Commission received a variety of assignments which are largely regulatory and related to the Zoning Ordinance, Subdivision Ordinance or SEPA. Work sessions and general discussion on these topics has commenced. The Planning Commission is interested in meeting with the Central Washington Homebuilders and other organizations in order to get feedback on these items.

Item 1.a: Review options for zoning of additional land for multi-family construction

Item 1.b: Analyze the Zoning Ordinance and Subdivision Ordinance for regulatory strategies to encourage multi-family construction

Item 1.c: Analyze the R-1 Zoning District to determine if more density should be allowed

Item 1.d: Review SEPA techniques used in other cities, especially in the state of Washington, to encourage new housing of all types

Item 1.e: Review Inclusionary Zoning concepts to see if they fit Yakima

Item 1.f: Review of Short Term Rental (ABNB or VRBO)

Item 1.g: Review Accessory Dwelling Unit Regulations

2. The Partnership Committee was assigned several general topics that will involve coordination with community organizations. A preliminary meeting was held on April 19, 2019. The Partnership Committee was interested in hosting some workshops with various organizations and non-profits that are active in the building industry.

Item 2.a: Review methods to encourage below market rate construction of multi-family housing

Item 2.b: Work with Yakima Housing Authority to bring more rent vouchers to Yakima from HUD

Item 2.c: Explore Flexibility in the Building Code and Affordable Housing

3. A series of items were referred back to the full City Council for discussion, as they are largely policy items. Washington State Legislature has recognized the need for Affordable Housing is a statewide concern. Our Planning Manager commented on a variety of legislation options as they were in committee. Now that the legislative session has ended, we will evaluate the new legislation and report back to the full Council on possible new programs.

Item 3.a: Multi-Family Housing Tax Credit Program

Item 3.b: Review of Development Standards to determine if they present challenges for new affordable housing developments

Item 3.c: Strategies to Address Vacant and Abandoned Buildings & Community Renewal District

Item 3.d: Opportunity Zones Funding for Affordable Housing

Item 3.e: Review CDBG and HOME program funds for ability to support additional housing units

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Affordable Housing Project Status Report Item 1.a: Review options for zoning of additional land for multi-family construction

1. How does this promote affordable housing?

The availability to construct multi-family housing in a variety of areas is an important component of affordable housing.

2. Statutory Authority

RCW 36.70A – Growth Management Act. As a city planning under the GMA, Yakima is responsible for designating land within the city limits as being appropriate for housing, including multifamily housing.

3. What the City of Yakima is doing now

The Zoning Ordinance (YMC Title 15) currently allows multifamily housing, at various levels of review, in all zoning districts *except* the Suburban Residential (SR), Single-Family Residential (R-1), Historic Business (HB), Airport Support (AS), Light Industrial (M-1), and Heavy Industrial (M-2) zoning districts.

	SR	R-1	R-2	R-3	B-1	B-2	HB	SCC	LCC	AS	GC	CBD	RD	M-1	M-2
Multifamily Dwelling (*): 0—7 DU/NRA			2	1	2	2		2	2		2	2	2		
8—12 DU/NRA			2	1	2	2		2	2		2	2	2		
13+ DU/NRA			3	1	2	2		2	2		2	2	2		
Mixed-Use Building					1	1		1	1		1	1	1		

4. Examples of other communities in Washington State

Most Cities in WA allow Multifamily Residential in similar zoning districts to Yakima.

5. Pro/Con

Con - Adding additional areas for multi-family dwellings, especially in areas with heavy concentrations of single family homes (R-1), may prove challenging. The influx of multi-family in Yakima has historically been met with neighborhood opposition. Projects like the Bicycle Apartments, while ultimately approved after appeal, underwent a lengthy process due to neighborhood opposition.

Pro – Additional areas for multi-family housing provide greater density/efficient use of land, efficient use of services (water, wastewater, power, transit, etc.), and an increase in property values (vacant land vs. built-out).

6. Process Next Steps

The Planning Commission is currently reviewing options for increasing the zones for multi-family dwellings and decreasing the level of review in certain zones. Study session on this topic were held on

March 27, 2019 and April 10, 2019. Any proposed changes to YMC Title 15 will come to the Council as a recommendation after a YPC public hearing.

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Affordable Housing Project Status Report Item 1.b: Analyze the Zoning Ordinance and Subdivision Ordinance for regulatory strategies to encourage multi-family construction

1. How does this promote affordable housing?

The regulatory structure for how multi-family housing is defined, where it can locate, and how have timing and financial impacts to making a project affordable.

2. Statutory Authority

RCW 36.70A – Growth Management Act. As a city planning under the GMA, Yakima is responsible for designating land within the city limits as being appropriate for housing, including multifamily housing.

3. What the City of Yakima is doing now

Multi-family housing is currently defined in YMC 15.02, but is limiting in its application:

“Dwelling, multiple-family” means a structure or structures, or portion thereof, designed for occupancy by three or more families living independently of each other and containing three or more attached dwelling units on a lot. Multiple-family and detached single-family dwellings that are clustering around a common amenity such as open space, recreation facilities or common community building, and have a common driveway access on a single lot of record, are also considered multiple-family development.

Multi-family housing density is essentially a function of how many dwellings can be fit on a given property while still maintaining compliance with parking, setback, and lot coverage standards.

4. Examples of other communities in Washington State

5. Pro/Con

Con – Opponents to multi-family development may see any regulatory incentive or reduction in standards as contrary to the built-environment of Yakima (37% of all land use, 2016 Existing Conditions Report)

Pro – Modifying the definition such that any development with three or more dwelling units, regardless of type, as multi-family will encourage infill development and increase efficient use of utilities.

6. Process Next Steps

The Planning Commission is currently reviewing options to modify the definition of Multi-Family Dwellings. Study session on this topic were held on March 27, 2019 and April 10, 2019. Any proposed changes to YMC Title 15 will come to the Council as a recommendation after a YPC public hearing.

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Affordable Housing Project Status Report Item 1.c: Analyze the R-1 Zoning District to determine if more density should be allowed

1. How does this promote affordable housing?

Single-Family Housing is the most abundant land use in the City of Yakima. Allowing greater density in the R-1 Zoning District will reduce the cost burden of utility and street extensions for new uses, and promote the efficient use of existing facilities for infill development.

2. Statutory Authority

RCW 36.70A – Growth Management Act. As a city planning under the GMA, Yakima is responsible for designating land within the city limits as being appropriate for housing, including multifamily housing.

3. What the City of Yakima is doing now

The R-1 zoning district allows development up to 7 dwelling units per acre. The primary use is single-family homes with duplexes allowed as a Type (3) Review (Hearing Examiner public hearing). The YPC is discussing a potential reduction in the level of review for duplexes and adding in multi-family dwellings up to 7 units per acre. Also being discussed is outright permitted up to 10% duplexes in new single-family subdivisions.

4. Examples of other communities in Washington State

Several communities in Washington allow duplexes in the R-1 zone at an elevated level of review.

5. Pro/Con

Con – The addition of more duplexes or new multi-family development could diminish the overall aesthetic of a single-family neighborhood.

Pro – The additional development types would still be required to adhere to R-1 density standards. The overall number of units wouldn't increase, only the layout.

6. Process Next Steps

The Planning Commission is currently reviewing. Study session on this topic were held on March 27, 2019 and April 10, 2019. Any proposed changes to YMC Title 15 will come to the Council as a recommendation after a YPC public hearing.

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Affordable Housing Project Status Report Item 1.d: Review SEPA techniques used in other cities, especially in the state of Washington, to encourage new housing of all types

1. How does this promote affordable housing?

Increasing the threshold for environmental review in different areas/neighborhoods/zoning districts will reduce regulatory barriers for larger multi-family and mixed-use developments than what is currently allowed.

2. Statutory Authority

RCW 36.70A – Growth Management Act. As a city planning under the GMA, Yakima is responsible for designating land within the city limits as being appropriate for housing, including multifamily housing.

WAC 197-11-800(1)(b)(i) – Categorical Exemptions. Fully planning under the GMA, Yakima must set flexible thresholds that determine whether a project must go through environmental review.

RCW 43.21C.229 – Infill Development – Categorical Exemptions from Chapter. Cities may set flexible thresholds above the limits of WAC 197-11-800 in order to fulfill density benchmarks outlined in their comprehensive plans.

3. What the City of Yakima is doing now

The Zoning Ordinance currently exempts residential developments from SEPA review if no more than nine dwelling units in the SR and R-1 zoning districts, and not more than 20 dwelling units in the R-2, R-3, B-1, B-2, SCC, LCC, CBD, GC, and RD zoning districts.

4. Examples of other communities in Washington State

Within the City of Everett's E-1 MUO (Mixed Use Overlay) zone, a residential use and its required off-street parking are exempt up to 100 dwelling units, along with up to 30,000 square feet of commercial space inside a mixed-use building with 8 or more residential dwelling units and its required off-street parking. Kent also uses this method for its Downtown Subarea Action Plan, exempting all residential, mixed-use, and non-retail commercial space less than 65,000 square feet.

5. Pro/Con

Yakima has thresholds for categorical exemptions that are typical of other cities in Washington, which the City last updated in 2011. State law limits categorical exemptions to 30 units for single family developments and 60 units for multifamily developments; both of these current exemptions could be increased in order to promote more housing units without the need to go through environmental review.

Thresholds can be increased in areas that qualify for the provisions under RCW 43.21C.229.

6. Process Next Steps

The Planning Commission is currently reviewing. The initial study session on this topic was held on March 27, 2019. Any proposed changes to YMC Title 15 will come to the Council as a recommendation after a YPC public hearing.

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Affordable Housing Project Status Report Item 1.e: Review Inclusionary Zoning concepts to see if they fit Yakima

1. What is Inclusionary Zoning?

The goal of inclusionary zoning is to have the developer make a certain number of units fall into the affordable range of the defined cost burden on the subject community.

2. Statutory Authority

State law RCW 36.70A.540 provides authority for GMA Cities and Counties to establish mandatory requirements under certain circumstances. WAC 365-196-870(2) Allows for cities to require a minimum number of affordable housing units in areas deemed appropriate.

3. What the City of Yakima is doing now

The City of Yakima is missing many of the typical elements composing inclusionary zoning standards, but Yakima does not have some of the limitations on regulations many other cities may have. Within Title 15 of the Yakima Municipal Code the City has standards for density in the R-1 and R-2 zoning districts, but the R-3 zoning district does not have a minimum or maximum density standard, density is currently limited by the number of parking spaces, which can be changed through the Administrative Adjustment process. On the other hand, because Yakima has no minimum unit standard, developers are allowed to create developments that are below the rates of specified by the 2040 Comprehensive Plan. Additionally, single family homes are allowed to be placed within the R-2 and R-3 zoning district, effectively removing the intent of the higher density zoning designations.

4. Examples of other communities in Washington State

Under the voluntary model developers often times have a variety of development incentives at their disposal to encourage a certain number of appropriate units to be included in the construction of their projects. Those incentives can include density bonuses, waiver of fees, and flexibility of design standards such as landscaping and parking. Cities implementing voluntary options have very mixed results. Many developers continue to build market rate housing, due to the simplicity of the action. Mandatory programs, are codified as such, and require developers to construct a certain number of appropriate units. Many cities within the U.S. will provide density bonuses if the number of appropriate dwelling exceeds the minimum number required.

Elements of inclusionary zoning – If the City chooses to pursue the idea of making inclusionary zoning a mandatory practice within Yakima, there are several elements to consider in this process:

- a) Minimum quantity of appropriate units – This can be done on either a fixed scale or sliding scale based upon the size of the proposed development. The City of Redmond has fixed scale requiring that 10% of all new units created be affordable, while the City of Sammamish has a sliding scale based upon the number of units created.
- b) Target income range – There are a variety of ways to approach this using the data that has been provided by the 2040 Comprehensive Plan and the 2017 Equity Study. Many cities, including Federal Way and Redmond, use their community's median household income as a benchmarks and define what target population has the ability to apply for these units. For

example, Federal Way defines affordable as those with incomes at or below 50% of King County's median household income.

- c) Time period – the amount of time in which units shall remain affordable, and whether or not affordability shifts with the changing demographics, or remains fixed and only applies to the affordability rates during the time when a development is completed.
- d) Geographic area – Which areas in the city are subject to inclusionary zoning? Citywide or isolated areas the city deems necessary?

5. Pro/Con

Pro – In an active housing markets, such as Yakima, inclusionary zoning results in the production of more affordable housing for low and moderate income residents. Inclusionary zoning also relies on private development to provide a variety of mixed income developments, creating a more diversified community, without relying on the tax payer.

Con – it may be difficult to administer an inclusionary zoning program and monitor the actual number of affordable units. Additionally, there may be questions and push back on residents who are concerned about the composition of the community's character. Additionally, if the housing market is not strong, developers may opt not to building housing, which would defeat the purpose. Another argument brought up, but hard to measure, is if the developer passes the additional costs of having affordable units onto the market level units, effectively raising the cost of market rate housing.

6. Process Next Steps

Hold a study session with a Council Committee or Planning Commission to determine which inclusionary zoning elements would be appropriate in the YMC. If the desire is to move forward with Inclusionary Zoning, staff can deliver a report on the economic impacts of IZ during future study sessions.

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Affordable Housing Project Status Report Item 1.f: Review of Short Term Rental (ABNB or VRBO)

1. What is a Short Term Rental?

A short-term rental, or vacation rental, is the renting out of a furnished home, apartment or room for a short-term stay. The owner of the property will usually rent out on a nightly or weekly basis. The city of Yakima currently does not have a definition for short term rentals and review falls under the category of “Bed and breakfast” which has the following definition; *“a residential structure providing individuals with lodging and meals for not more than thirty days. For home occupations, such uses are limited to having not more than five lodging units or guest rooms.”*

2. Statutory Authority

A General Business License and Land Use Review is required

3. What the City of Yakima is doing now

The Zoning Ordinance (YMC Title 15) currently allows homes to be used as a Bed & Breakfast as both a commercial use or through a home occupation business license process.

The following is the commercial review process:

	SR	R-1	R-2	R-3	B-1	B-2	HB	SCC	LCC	AS	GC	CBD	RD	M-1	M-2
Bed and Breakfast Inn (*)	2			2	2			2	2		2	1			

The following is the home occupation review process:

	Zoning District				
	SR	R-1	R-2	R-3	B-1
Bed and breakfast*	1	2	1	1	

4. Examples of other communities in Washington State

For communities in Washington State without an active tourist market, short-term rentals are not a major issue and those local governments don't usually have regulations addressing them. For those local governments with a significant number of tourists or transient visitors, however, these jurisdictions either already have regulations in place or are contemplating adopting them.

5. Pro/Con

Pro – Additional income through tax revenues; increased tourism activity; and provides an additional source of income for families or individuals.

Con – Creating a mechanism for collecting lodging and sales tax on these short term rental stays; difficult to regulate; mitigation of traffic, parking noise and other impacts on the surrounding

neighborhood; compliance with life/safety standards that are commonly applied to other types of lodging establishments; impact of short-term rentals on a community's affordable housing supply. In this case, the concern isn't necessarily about a homeowner renting out a room or backyard cottage, but that property owners will purchase residential units and rent them out on a short-term basis to out-of-town visitors, thereby taking them out of the year-round rental housing supply.

6. Process Next Steps

Hold a study session with a Council Committee or Planning Commission to determine if Short Term Rentals need to be addressed. If the desire is to move forward with a Short Term Rental regulations, staff can work with the Planning Commission to outline specific regulations.

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Affordable Housing Project Status Report Item 1.g: Review Accessory Dwelling Unit Regulations

YMC 15.09.045—Accessory Dwelling Units (ADUs). The City regulates accessory dwelling units as part of the zoning code. Accessory Dwelling Units are defined as structures “separate from the primary single-family” on the same lot. The purpose requirements are as follows: (1) “Provide homeowners with an opportunity for extra income, companionship, and security; (2) Better utilize existing infrastructure and community resources (sewer, water, roads, etc.); (3) Provide a housing type that allows flexibility to respond to changing needs and lifestyles; (4) Add to the supply of affordable dwelling units; and (5) Protect neighborhood character and stability by ensuring that ADUs are compatible with surrounding land uses.” YMC 15.09.045(A). See also RCW 43.63A.215; RCW 36.70A.400.

The City has regulations outlined allowing property owners to construct ADUs on their property. However, the ADU regulations are very specific as to the reasons for ADU construction. ADU construction is limited in the ordinance by its definition. Since the ADU ordinance was passed there have been very few permits for new construction ADUs within the City. There have been more permits for altering garages into dwellings, for example, rather than new buildings being placed on properties.

The City of Seattle recently attempted to make significant changes to its ADU requirements. The proposal includes the following: allow two ADUs per lot, have no parking requirements associated with the ADUs, elimination of the requirement that the owner live on site if the property has an ADU, increased maximum floor area to 1,000 square feet (from 800 square feet), reduction of the minimum lot size to accommodate an ADU and increase the maximum lot coverage. See <https://www.theurbanist.org/2018/10/08/seattles-backyard-cottage-plan-falls-short/>. The EIS related to the ADU section of the land use code was appealed to the Hearing Examiner and a decision has not yet been issued. There is also a statewide bill in House Committee addressing ADUs. Although outside of Washington state, Portland, Oregon, created a Residential Infill Project. Information about that project can be found here: <https://www.portlandoregon.gov/bps/76592>

A. Evaluating the ADU regulations

Pros of creating more opportunities for people to build ADUs on their property include that there would be more housing available for Yakima residents. Because ADUs are generally smaller than regular single-family homes, they may also be less expensive to rent. They also provide smaller housing for singles or couples with no children, who may not want the typical 3 bedroom 2 bath home (either for purchase or rental). It also provides opportunities for property owners to have rental income. Cons include possible changes in neighborhood characteristics, possible parking issues (depending on if the Council changes parking regulations), or increased density in single-family residential neighborhoods (could be a pro or a con). Many of the pros and cons depend on how the regulations would be changed to encourage ADU construction.

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Affordable Housing Project Status Report Item 2.a:

Review methods to encourage below market rate construction of multi-family housing.

1. How does this promote affordable housing?

Encouraging below market rate construction will increase the number of low-income units available in Yakima. Although there is a shortage of all levels of affordable housing, new construction of below rate multi-family housing is difficult for the average developer because of the building expenses vs. rents received.

2. Statutory Authority

RCW 84.14 – Multi-Family Tax Exemption. The Legislature provides for cities to enact a multi-family tax exemption to stimulate the construction of new, rehabilitated or converted multi-family housing within designated areas. When approved, the value of the housing construction or improvements is exempted from property tax for a specific period of time. A 12 year exemption is allowed for those developers who commit to renting or selling at least 20% of the units to “low and moderate income households.”

Innovative Housing Demonstration Programs or Innovative Housing Design. These concepts are enacted through local legislation under the city’s zoning/police powers.

Low Income Housing Tax Credit Program:

3. What the City of Yakima is doing now

The City has enacted the multi-family tax exemption in the downtown area, encouraging housing starts such as the Valentina, One Chestnut and the Lofts. A separate summary is provided on this specific topic later in the packet.

The City allows for some innovative housing design in its zoning code—specifically it has passed an ordinance allowing multi-family to include cottage style dwellings which are smaller and built around common amenities. The City does not have an innovative design demonstration ordinance.

4. Examples of other communities in Washington State

Innovative Housing Demonstration Programs and Innovative Housing Design are based mostly on the needs, wants and characteristics of the cities creating or providing for the programs. Redmond, Washington has an ordinance (RZC 21.08) that allows for Residential Innovative Zones. The purpose is to provide for diverse housing needs, and increase the number of small dwelling units being constructed in new subdivisions. Specifically it requires that subdivision applications (short plats, binding site plans and long plats) with sites 30,500 square feet and greater shall include smaller dwelling units as part of the project. The smaller dwelling units are size limited, duplexes, or cottage dwelling units (as defined by Redmond). This regulation requires the developer to build units with smaller square footage mixed with other single-family households (the regulation only applies to single family housing zoning districts). It intersperses dwellings of various sizes within residential developments as well. A good website about housing innovation programs can be found here:

<https://www.psrc.org/housing-innovations-program-hip>

5. Pro/Con

Pros of requiring developers to be innovative with their housing design include diversified housing types, sizes and costs in one neighborhood (using the Redmond example). Cons include that developers will have requirements in Yakima not found elsewhere. To counter that con, the Council may want to evaluate this idea in conjunction with development incentives. Without development incentives, having innovative design requirements (or other similar requirements) may create a situation where developers are choosing to locate their multi-family or subdivision projects outside of the city limits to avoid the ordinance requirements.

6. Process Next Steps

Making decisions on how to incentivize below market rate building requires an evaluation of not only ways to create more density or make the building process easier, but also how to make the development of such units realistic for developers. A holistic approach to evaluating incentives, requirements and development regulations might be a good approach to evaluate these issues.

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Affordable Housing Project Status Report Item 2.b: Work with Yakima Housing Authority to bring more rent vouchers to Yakima from HUD

1. How does this promote affordable housing?

Increasing the number of rent vouchers available to low-income individuals and families allows them to rent housing at an affordable rate. The voucher can cover the difference between what the recipient can pay and the market rate of the unit.

2. Statutory Authority

The vouchers are federally funded through HUD. Here are some websites about the voucher programs:

General voucher information: https://www.hud.gov/topics/housing_choice_voucher_program_section_8

Veterans' Housing voucher information:

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/vash

Family unification voucher information:

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/family

Non-elderly disabled voucher information:

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/ned

Mainstream non-elderly disabled voucher information:

https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/mainstream

Currently Congress is not allocating funds for new general Section 8 vouchers. So to obtain a general Section 8 voucher (i.e. you are low-income and qualify but do not fall into one of the four categories above) a person would have to wait until a current Section 8 voucher became available. Congress has allocated additional vouchers in the four voucher areas listed above (specialized vouchers). Currently, Yakima Housing Authority administers the following numbers of specialized vouchers:

VASH: 93 NED: 15 Mainstream: 5 Family Unification: 0 (denied application)

To obtain additional VASH vouchers, the VA (Walla Walla) is required to approve the request. Yakima qualifies for them, but the VA has not been convinced of the need based on prior Point-in-Time homeless counts so it has not supported additional vouchers to Yakima.

The NED and Mainstream vouchers being administered by the Yakima Housing Authority are obtained in partnership with the Spokane Housing Authority for various reasons. People who are currently working through DSHS services are generally provided those vouchers.

The Family Unification vouchers are for families who have lost their children and the lack of housing is holding them back from reunification with the children from foster care. The Yakima Housing Authority applied for these vouchers, but was denied due to lack of statistical data from DSHS to support the request. The Yakima Housing Authority is following up on this and would like to apply for these vouchers again in the future.

3. What the City of Yakima is doing now

The City of Yakima does not participate in any activities advocating for additional housing vouchers to be issued to agencies in Yakima County. Affordable housing is a strategic priority. The City contracts with lobbyists who work in Olympia and Washington, DC to promote legislation that is within the City's priorities, so lobbying could occur on these issues.

4. Examples of other communities in Washington State

N/A

5. Pros and Cons

Helping the Yakima Housing Authority through lobbying efforts in Washington, DC (and Washington State if appropriate) could help get additional vouchers to Yakima. One con is that if this effort is added to the lobbying contract it could increase the cost of the City's lobbyists.

6. Process Next Steps

Evaluate the lobbying contract and determine if there is room to add the objective of helping the Yakima Housing Authority obtain more vouchers. This could include lobbying to ask Congress to appropriate more vouchers as a whole across the country, lobbying to no longer require the VA to approve voucher requests for VASH vouchers, or issuing new non-specialized Section 8 vouchers. It will be necessary to work closely with the Yakima Housing Authority. Before any decisions are made, it may be helpful to have some of the councilmembers sit down with the Yakima Housing Authority to get a better understanding of the vouchers, the challenges, and what a lobbying effort might look like.

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Affordable Housing Project Status Report Item 2.c: Explore Flexibility in the Building Code and Affordable Housing

1. How does this promote affordable housing?

Codes such as the International Building Code and Residential Code apply to the construction of new structures. Once a Certificate of Occupancy (C of O) has been issued, those codes are no longer applicable for the ongoing maintenance of buildings. Chapter 11 of the International Fire Code applies to the ongoing maintenance of commercial buildings including multifamily structures, their fire protection, and other systems. Those maintenance requirements are monitored through our annual fire inspection program.

The International Property Maintenance Code (IPMC) is a maintenance document that is intended to establish ongoing minimum standards for basic equipment, lighting, ventilation, heating, sanitation, unsafe conditions, and fire safety in addition to and beyond the scope of the fire code for all structures and property including:

- One and two family dwellings
- Multifamily structures
- Commercial buildings
- Vacant land

Responsibility is fixed among owners, operators and occupants for code compliance. The IPMC provides for the regulation and safe use of existing structures in the interest of the social and economic welfare of the community. This code promotes affordable housing through fire prevention and maintenance creating sustainable housing that reduces costs associated with the replacement of dilapidated structures, major repairs due to neglect, and enables long term tenancy with less turnover.

2. Statutory Authority

Unlike our building and fire codes, the State has not mandated the adoption of the IPMC, allowing local jurisdictions to amend the code to whatever level the adopting authority sees fit to meet the particular needs of the community.

3. What the City of Yakima is doing now

The City has adopted the 1991 Uniform Housing Code (UHC), and the 1991 Code for the Abatement of Dangerous Buildings (DBC). These two codes contain many of the items that are covered by the IPMC. The UMC provides minimum standards that regulate the maintenance of all residential buildings and structures, while the DBC is more for defining dangerous building conditions.

Enforcement provisions in these codes have been modified by the adoption of Title 11.10 which provides additional maintenance standards and enforcement mechanisms, as well as providing updated penalty procedures.

4. Examples of other communities in Washington State

The IPMC has become the standard for a majority of cities and counties across the state. Most, if not all have amended the code to fit their individual community needs.

5. Pro/Con

While the IPMC has proved to be a well thought out code, adopting it could have negative consequences such as:

- Imposing costs on homeowners that find that they cannot afford to do many of the things that would be required of them
- Imposing maintenance costs on landlords that would typically be transferred to tenants

Adopting the IPMC may be beneficial for the City of Yakima by:

- Consolidating older, outdated codes. The code contains many of the same provisions that are found in the UHC and DBC.
- Utilizing a code that was established in conjunction with the International family of building and mechanical codes that are adopted by the State of Washington

6. Process Next Steps

Since the IPMC can be amended to fit the needs of the community, staff could research what other jurisdictions have amended, compare our other codes, and present those findings to the Public Safety Committee. If the committee desires to move forward, staff would create an ordinance and present that to the committee again for review. The committee could either provide further recommendation, or decide to move the ordinance to the full council for adoption.

In order to encourage the construction of affordable one and two family dwellings, townhouses, and multi-family apartment buildings, building codes contain minimally required features that provide a reasonable level of safety while making housing affordable.

The 2015 International Residential Code (IRC) allows one and two family dwellings and town houses to be constructed:

- With at least one habitable, 70 square foot space (bedrooms, living rooms, dining rooms and kitchens are considered habitable spaces), exclusive of spaces such as restrooms, storage closets and hallways.
 - These “spaces” may be combined into one, enabling a dwelling to be quite small. Previous codes required at least one minimum space of 120 square feet exclusive of other spaces
- 7 foot ceilings, and room width of 7 feet. Other parts of a room may have lower ceilings, but some of those areas cannot contribute to the required room size
- Without the need for a fire sprinkler system
- With only one exterior exit door
- As two family (duplexes) either next to each other or stacked on top of each other
 - Stacked duplexes allows more units on a lot, provided that there is at least 10 feet between them
- With an unlimited number of townhouses (single units in groups of three or more) constructed under one roof
 - Individual units may contain from one up to three stories
 - Units may be constructed with a common 2 hour fire rated wall between them, rather than (2) one hour walls, reducing construction costs

The 2015 International Building Code which regulates apartment style multi-family structures allows minimum habitable room sizes of:

- 120 square feet, with additional habitable spaces of 70 square feet each, exclusive of restrooms
- 7 1/2 foot ceilings, and room width of 7 feet. Other portions of a room can have lower ceilings, but some of those areas cannot be counted toward the required room size
- Efficiency living units with a floor area of 220 square feet for up to 2 people. These units would typically contain combination kitchen/living/sleeping rooms
- Some existing buildings that undergo renovations and new multilevel buildings intended for residential use may be constructed without elevators
 - This depends on the nature of other occupancies in the building, but it can be a great help in making a project affordable

7. Statutory Authority

The IBC and IRC is a state mandated code that is used by all cities and counties in Washington State.

8. What the City of Yakima is doing now

Besides utilizing the IBC and IRC, the City of Yakima has an ordinance that allows building plans for one and two family dwellings, townhouses, and up to 6 unit multifamily structures to be “mastered”. This enables developers to pay for one plan review for all the variations of building features of their choice, and to construct multiple buildings from those reviewed plans. They save 55% of their permitting costs for buildings constructed after the first one.

9. Pro/Con

RCW 19.27.060 allows local jurisdictions to reduce the building code’s minimum room size (height and width) in one and two family dwellings by ordinance. With the currently allowed minimum room sizes, a dwelling could be as small as about 90 square feet with a combined kitchen and living space, and a restroom. It would not be recommended to reduce room sizes any further without a specific study to look at building safety and practicality.

DRAFT

Affordable Housing Project Status Report Item 3.a:

The City has adopted the Multi-Family Housing Tax Credit Program, authorized in YMC 11.63.040. The program is limited to CBD zones. Should it be expanded?

10. How does this promote affordable housing?

The purpose of the Multi-Family Housing Tax Credit Incentive, is to provide for increased residential opportunities in the city of Yakima within urban centers where the Yakima city council determines there are insufficient housing opportunities. It is further the purpose of this program to stimulate the construction of new multiple-unit housing and the rehabilitation of existing vacant and underutilized buildings for multiple-unit housing in urban centers having insufficient housing opportunities that will increase and improve residential opportunities within these urban centers.

11. Statutory Authority

RCW 84.14 & YMC 11.63

12. What the City of Yakima is doing now

The city currently has three resolutions in place and three certificates of tax exemption filed with the Yakima County Assessor for:

- a. Jem Development
- b. Mills Yakima Properties
- c. One Chestnut LLC

13. Examples of other communities in Washington State

The city of Spokane used the Multi-Family Housing Tax Credit Incentive to encourage development of vacant land, Kendall Yards. The 77 acre property in the heart of Spokane sat idle for more than 50 years. Today, Kendall Yards has retail stores, restaurants, coffee shops, commercial office buildings and several housing choices from apartments to new homes.

14. Pro/Con

Since the adoption of ordinance No 2006-37 and enacting Chapter 11.63 of the Yakima Municipal Code, three projects have taken advantage of the tax deferral program for a total rehabilitation or construction of 61 units. The designated area currently spans a section of downtown from N 6th St to S 7th Ave between MLK and E Walnut Street, narrowing around Front St from Chestnut to Staff Sgt. Pendleton and encompasses approximately .3 sq miles. Expanding the territory to cover the entire CBD Parking Exempt Area could spur on additional development and rehabilitation outside the current scope.

15. Process Next Steps

City Council should review whether or not to expand the existing boundaries.

DRAFT

Affordable Housing Project Status Report Item 3.b: Review of Development Standards to determine if they present challenges for new affordable housing developments

1. What are Development Standards?

The goal of development standards are to set a minimum standard on the appearance and performance of new commercial and residential construction.

2. Statutory Authority

State law RCW 36.70 provides authority for GMA Cities and Counties to establish mandatory requirements.

3. What the City of Yakima is doing now

Yakima has a set of site design and improvement standards that cover items such as density allowed in the R-1 zone; lot size; building height; types of structures permitted; vision clearance; parking; and sitescreening. At this point, Yakima does not have any standards guiding how new construction and landscaping should look throughout the City.

4. Examples of other communities in Washington State

Kennewick, Issaquah, Snoqualmie, Seattle, Tacoma, Olympia, and Ellensburg are examples of cities that all have design standards specifying the types of materials that should be used in the construction of a new building, and the types of building elements that should be included in a buildings design to help improve cohesiveness. Not only do these design standards include building design, but landscape design as well.

5. Pro/Con

Pro – Implementing a set of design standards can help retain the character of Yakima neighborhoods and help insure that new homes are, at least, held to a certain standards of development, which may increase property values.

Con – Builders and developers will argue that doing this will increase their construction costs and that they will have to pass those costs on to the purchaser of the home.

One item that can be discussed to help ease the Yakima into implementing design standards is to offer utility incentives. Yakima should begin looking at the different types of serves that are required of development and determine if there areas where they City can help, such as infill lots. The City has many infill lots, particularly on the east side of 16th Ave., where utility services are not available. Is there a program the City can implement to help extend services to these lots, easing the cost of utility extension on the developer? Many cities have implemented programs like this with the expectation new lots will be available, thus increasing the number of users on the service.

6. Process Next Steps

Hold a study session with a Council Planning Commission to determine which design standards would be appropriate for the City.

Work with the Water and Sewer Divisions and examine if there are any long term programs that can be implemented to extend utility services to infill lots.

DRAFT

Affordable Housing Project Status Report Item 3.c: Strategies to Address Vacant and Abandoned Buildings: Community Renewal District

1. How does this promote affordable housing?

Turning vacant and abandoned homes and buildings into habitable housing units will increase the number of housing units in the City and remove blight that is affecting the neighborhood surrounding a vacant or abandoned building.

2. Statutory Authority

RCW 35.81 – Community Renewal Law. The Legislature provides, through the Community Renewal Law, a tool to acquire and redevelop/rehabilitate blighted areas through a city's community renewal plan and designated community renewal projects.

For a city to utilize this statute, it must first designate an area, or areas, as "blight," as defined in the statute. A finding of blight requires a council determination that there are public health and safety concerns, general welfare concerns, or economic factors that are creating the blight (mainly in commercial or mixed use areas). Then, the City must create a Community Renewal Plan that provides for proposed actions to be carried out in the designated blighted/community renewal area. The Plan may include a plan to address persistent high levels of unemployment or poverty. The Plan includes the projects that are going to be undertaken to eliminate or prevent the spread of blight and redevelop or rehabilitate the area.

The statute outlines an extensive procedure to create a Community Renewal Plan and its projects. Public hearings are necessary, and public input at many levels of the process would be a best practice. Further, even if projects are identified in an approved plan, the rebuilding or rehabilitation would require funding, or some other public-private partnership to advance.

3. What the City of Yakima is doing now

The City of Yakima does not have a community renewal plan. The City addresses vacant and abandoned buildings through the Codes Division. Vacant and abandoned buildings are secured by the property owner in most cases. In cases where the building is in such a condition that it creates an imminent danger, the City may require the property owner to demolish the building. These decisions are made on a case-by-case basis.

4. Examples of other communities in Washington State

Vancouver, Washington, used the community renewal statute in 2005 to create residential and commercial properties in an underutilized commercial corridor. Vancouver's community renewal plan is an example of the extensive work that goes into creating the plan and projects. Vancouver's plan can be read here:

http://www.cityofvancouver.us/sites/default/files/fileattachments/community_and_economic_development/page/1415/fourthplainsubareaplan.pdf

MRSC has also catalogued other community actions here: <http://mrsc.org/Home/Explore-Topics/Economic-Development/Financing-Economic-Development/Community-Renewal-Law.aspx>

5. Pro/Con

There are many pros and cons of using the community renewal law, which differ based on whether the City intends to use it for commercial, residential, or both, and how the City intends to acquire the property. One pro of the community renewal law is that it gives the City an opportunity to enter into public-private partnerships to rehabilitate blighted areas of the City—both residential and commercial.

The cons include the extensive procedures that need to be met to create a community renewal area, the necessity to find funders and/or partners to rehabilitate the renewal area, and the fact that to create the community renewal area a portion of Yakima will be declared a “blight” which could stigmatize that area of the City.

6. Process Next Steps

Due to the extensive requirements, and the amount of time it will take to undertake the process, if the City Council is interested in the Community Renewal Law, it is suggested that there be a presentation of the full process, as well as detailed examples of successful projects, be given to the Council in the future. After more comprehensive information is given the Council may have additional questions about moving forward.

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Affordable Housing Project Status Report Item 3.d: Strategies to Address Vacant and Abandoned Buildings: Community Renewal District

1. How does this promote affordable housing?

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2. Statutory Authority

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For a city to utilize this statute, it must first designate an area, or areas, as "blight," as defined in the statute. A finding of blight requires a council determination that there are public health and safety concerns, general welfare concerns, or economic factors that are creating the blight (mainly in commercial or mixed use areas). Then, the City must create a Community Renewal Plan that provides for proposed actions to be carried out in the designated blighted/community renewal area. The Plan may include a plan to address persistent high levels of unemployment or poverty. The Plan includes the projects that are going to be undertaken to eliminate or prevent the spread of blight and redevelop or rehabilitate the area.

The statute outlines an extensive procedure to create a Community Renewal Plan and its projects. Public hearings are necessary, and public input at many levels of the process would be a best practice. Further, even if projects are identified in an approved plan, the rebuilding or rehabilitation would require funding, or some other public-private partnership to advance.

3. What the City of Yakima is doing now

The City of Yakima does not have a community renewal plan. The City addresses vacant and abandoned buildings through the Codes Division. Vacant and abandoned buildings are secured by the property owner in most cases. In cases where the building is in such a condition that it creates an imminent danger, the City may require the property owner to demolish the building. These decisions are made on a case-by-case basis.

4. Examples of other communities in Washington State

Vancouver, Washington, used the community renewal statute in 2005 to create residential and commercial properties in an underutilized commercial corridor. Vancouver's community renewal plan is an example of the extensive work that goes into creating the plan and projects. Vancouver's plan can be read here:

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The cons include the extensive procedures that need to be met to create a community renewal area, the necessity to find funders and/or partners to rehabilitate the renewal area, and the fact that to create the community renewal area a portion of Yakima will be declared a “blight” which could stigmatize that area of the City.

6. Process Next Steps

Due to the extensive requirements, and the amount of time it will take to undertake the process, if the City Council is interested in the Community Renewal Law, it is suggested that there be a presentation of the full process, as well as detailed examples of successful projects, be given to the Council in the future. After more comprehensive information is given the Council may have additional questions about moving forward.

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Affordable Housing Project Status Report Item 3.e: Opportunity Zones Funding for Affordable Housing

1. What are Opportunity Zones?

Enacted as part of the tax reform package that was signed into law in December 2017, the Opportunity Zones program is a new tool that allows individuals and corporations to take capital gain incurred from the sale or exchange of property – appreciated stocks, buildings, family businesses, and more – and roll the gain into businesses or projects located within Opportunity Zones.

The Department of Housing and Urban Development is now including ‘substantial rehabilitation’ of multifamily projects that would speed up the application process for developers looking to use low-income tax credit to redevelop old buildings in Opportunity Zones.

2. Statutory Authority

Opportunity Zones were added to the tax code by the Tax Cuts and Jobs Act in December 2017 in an effort to steer long-term capital investments into economically distressed communities.

3. What is the City of Yakima doing now?

The city worked with the Department of Commerce and other stakeholder groups to identify specific Opportunity Zones within the city. Three tracts were chosen; Downtown, the Mill Site, and the Yakima Speedway.

City staff attended an Opportunity Zone summit hosted by the Washington Department of Commerce in December of 2018.

City staff attended several sessions on Opportunity Zones at the National Main Street conference in March of 2019.

4. Examples of other communities in Washington State

City of Tacoma has created an opportunity zone prospectus identifying areas within designated Opportunity Zone tracts where specific investment could be utilized and how.

<https://makeittacoma.com/>

5. Pro/Con

Pro – Investors can defer their capital gains and thus not pay taxes on the gains until the year 2026. Investors may reduce the amount of taxes they pay on the capital gains overall. Opportunity Fund can relieve up to 15% of the original tax amount. If investments are untouched over 10 years, the interest earned may be entirely tax-free. Opportunity for community revitalization in undeveloped areas.

Con- New program that isn't fully developed and oversight mechanisms aren't fully set up by those overseeing the program, US Treasury and IRS. There's no guarantee that the projects will fit with the opportunity zone guidelines or that the project will be successful. Very short window of opportunity. Potential for displacement, gentrification, and loss of historic authenticity.

6. Process Next Steps

Review whether or not the city should/could fast track the permitting process for “Opportunity Zone projects”. Other strategies may be available within Opportunity Zones, as they are modified in the future.

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Affordable Housing Project Status Report Item 3.f: Review CDBG and HOME program funds for ability to support additional housing units

1. What are CDBG and HOME Funds?

The City of Yakima has been an “Entitlement” Community for Community Development Block Grant (CDBG) and HOME funds since the programs were developed, due to the population of the City and demographics. As long as the programs are funded by HUD, the City meets the guidelines and participates in the programs, we are awarded HUD funds. Although similar in purpose and source, the CDBG and HOME programs have different regulations.

2. Statutory Authority

The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; [42 U.S.C.-530.1](#) et seq.

3. What the City of Yakima is doing now? In 2019 we will receive \$1,032,307 in CDBG and \$482,161 in HOME funds. Funding of these programs was discussed in the 2019 budget workshops and the public was given opportunity comment in early 2019. The 2019 Annual Action Plan is scheduled for City Council on May 7, 2019. While CDBG funds may be used for a wide variety of programs, all must have direct benefit to Census Tracts where at least 50% of the population is low to moderate income households. HOME funds must be used exclusively for the repair or construction of housing units in income eligible areas. Yakima also has the opportunity to issue Section 108 Loans, because we are an Entitlement Community. This year we have the ability to offer loans up to \$2.4 Million for qualified projects.
4. Examples of other Entitlement communities in Washington State include: There are 30 cities in the State of Washington that receive CDBG Entitlement grants.

5. Pro/Con

Pro –

Con –

6. Process Next Steps - The city will be developing a 2019- 2024 plan for CDBG and HOME funding programs. This 5-year plan could provide an opportunity to evaluate existing programs and discuss modifications, as desired.