

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

Date: Council Meeting on November 5, 2019

Subject: Summary of City of Yakima Actions to Encourage Housing Diversity

Purpose of the Memorandum

At the October 15, 2019 City Council meeting, staff was directed to provide a report that summarizes actions taken to date that promote housing desegregation and develop more housing diversity throughout the City limits.

1. Affordable Housing Regulatory Changes, Especially in the R-1 Zone

In September 2018, staff was asked to provide an over-view of Affordable Housing issues in the City of Yakima. Due to other Council priorities, the presentation of this report was delayed until March 12, 2019. The City Council gave staff direction to engage quickly in all recommendations that would reduce regulatory barriers to encourage the construction of affordable housing. The Yakima Planning Commission was directed to identify tools that would increase the density and diversity of housing, especially in the R-1 zoning district. Communities throughout the nation have been evaluating methods to encourage diversity and more density in the R-1 zones.

The City of Yakima Planning Commission (YPC) held 12 study sessions to develop the recommendations for regulatory amendments. The YPC held a final public hearing on Wednesday, October 23, 2019. The Yakima City Council is scheduled to hold a public hearing on December 4, 2019 to consider the Findings of the YPC. Amendments adopted by the City Council will become effective in January 2020. The draft regulatory changes include:

- Modification to Accessory Dwelling Unit definition which would provide for stand-alone ADU structures, like tiny homes, to be located on a single family lot in addition to the single-family home, increasing density and housing types available in the single-family residential zone;
- Modification to the Multi-family development definition which would provide for a diversity of housing types on the property without the restriction of having common amenities such as open space or recreational facilities;
- New definition for Congregate Living Facility which adds a new type of residential option for builders and developers;
- Modification of R-1 Zoning District Intent Statement to allow density of up to 7 units per acre, regardless of housing type;
- Changes to Permitted Land Use Table to reduce level of review for various housing types to provide streamlining of permits and increase the zoning districts where different housing types are permitted;

- Various amendments to clarify short term rental standards, providing owner-occupied and non-owner-occupied options;
- Modifications to development standards for Accessory Dwelling Units;
- Increase SEPA exemptions to the maximum level allowed under Growth Management Act (GMA) which decreases cost and time associated with development for projects that qualify;
- Add additional optional exemptions for infill development consistent with Comprehensive Plan and GMA;
- Allow private streets as part of new subdivisions, outside of the Master Planned Development process which may decrease costs associated with development; and
- Allow duplexes on corner lots in new subdivisions in the R-1 and SR zoning districts.

2. Engage the Building Community

The City Council Partnership Committee, on June 26, 2019, invited the representatives from the Central Washington Homebuilders and the Yakima Housing Authority to discuss the housing market. Questions about infill housing, townhouse type development and other related topics were covered. The Housing Authority also talked about the role of housing Vouchers and the shortage of vouchers compared to need in Yakima. It was agreed that continued discussion about the business climate, housing market and cooperation would occur in the future.

3. Adoption of Sales Tax Option for Affordable Housing (enabled by HB 1406)

The City of Yakima opted to retain a portion of the State Sales Tax authorized by the State Legislature in HB 1406 for the exclusive use of Affordable Housing. The City Council adopted the required Resolution (R-2019-076) and the Ordinance to amend YMC 3.78 on September 9, 2019.

The funds may be used by the City for acquiring, rehabilitating or constructing affordable housing, including new units of affordable housing within existing structures or facilities providing supportive housing services, or for providing rental assistance to tenants. The affordable housing assistance is available to persons whose income is at or below sixty percent of the City's median income level.

Annual revenue for the city of Yakima from the retention of 0.0146% sales tax for Affordable Housing is expected to yield about \$146,500 for this purpose. At this time, the Yakima City Council has not discussed a strategy for using these funds.

4. Participation in E2SHB 1923, Increasing urban residential building capacity

With the adoption of E2SHB 1923, the Washington Legislature recognized the statewide need for more affordable housing. The adopted program includes strategies available to Washington communities to increase residential density, streamline permitting and create more diversity in housing development. The City of Yakima, in March of 2019, moved forward on a number of these initiatives prior to the adoption of "E2SHB 1923" as described in Item #1 above. Therefore, consistent with 1923, the City was able to apply for a planning grant that includes Community Engagement.

The City Council authorized a grant application to the Washington State Department of Commerce for \$100,000 to fund a “Housing Action Plan”, as authorized by the Washington State Legislature and specified in ESH 1923. This grant will be used to create an actionable plan to:

- Provide community engagement and stakeholder meetings on Affordable Housing issues;
- Promote infill on vacant and underutilized lots,
- Promote home-ownership for low to moderate income families;
- Develop partnerships to construct senior housing and
- Support partnerships to construct temporary housing or permanent supportive housing for very low income households or homeless

The City of Yakima will be informed in early November about the status of this grant.

5. Equity Study Findings

An Equity Study was conducted for the Yakima City Council in 2017, written principally by the Washington State University’s Metropolitan Center for Applied Research & Extension (Metro Center) with extensive data support from city staff. Data regarding City assets and development is included in the City web site: <https://www.yakimawa.gov/council/equity-study/>

The final report, dated December 4, 2017, included a variety of data, conclusions and recommendations. One of the most compelling portions of the Study include the maps that present demographics of the City of Yakima. Characteristics of the community are markedly different east and west of 16th Avenue. The neighborhoods east of 16th Avenue are characterized by a concentration of lower median family incomes, families living below the poverty line, older homes, and higher percentage of non-white residents.

While the 2017 Equity Study does a good job of providing context to the “why” this development pattern exists, the Study encourages the City of Yakima to take actions to create more diversity and density in all neighborhoods in Yakima. An Equity Toolkit approach was recommended to Yakima that would assist in evaluation of the equity of policies and decisions on racial equity and diverse groups. This task could be assigned to the Community Integration Committee if the City Council decides to move forward with those recommendations.

6. City of Yakima Comprehensive Plan Housing Element

The Comprehensive Plan 2040 Update was adopted on June 6, 2017 by Resolution R-2017-071. The Plan, required for compliance with the Washington State Growth Management Act, includes detailed demographic and neighborhood characteristics. The Housing Element (Chapter 5), encourages diverse and affordable housing choices (Goal 5.1) and includes many specific policies and related goals to support the current efforts of the City Council to diversify housing, create density and affordable housing stock.

7. 2018 Legislative Amendment Allows Transfer of Property for Affordable Housing

In 2018, the Washington State Legislature amended RCW 39.33.015 (8)(a) to allow a city to transfer or dispose of its property for public benefit purposes – specifically affordable housing – without having to receive fair market value in return, under specific circumstances. This provision allows the City to transfer property without receiving fair market value in return, as long as the housing providers agree to encumber the land, under mutually agreeable terms, for affordable housing developments.