

Homelessness & housing toolkit for cities

Tools and resources to address homelessness and affordable housing from real cases in cities across Washington.

2022



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City resources for addressing homelessness & affordable housing

The two intervening years since this publication's last update have seen significant changes. The pandemic has changed virtually every aspect of our lives – and housing and homelessness are no exception. In fact, having a secure place to call home became more fundamental than ever when social distancing was required to protect public health. Housing no longer serves only the basic role of shelter. Housing has become a quarantine space, an office, a school, and a day care center.

Prior to the pandemic, the state's housing and homelessness response system was already inadequate. The economic impacts of COVID-19 have only exacerbated Washington's tenuous housing situation. Cities of every size are grappling with increasing homelessness, lack of housing for low-income and very low-income households, and inadequate mental health and addiction treatment systems.

After many years of improvement, in 2013 homelessness in Washington started increasing and is now at its highest ever number, despite significant investment and efforts to reduce it over the last decade.

Almost every community in the state faces rapidly increasing housing costs that are pricing working families out of cities and exacerbating homelessness.

When markets in larger urban communities are red hot, there is powerful pressure to renovate and raise rents for existing affordable units. Less urbanized areas of the state face very low vacancy rates and soft development economies, where new construction is not occurring at the pace needed to meet demand and accommodate growth.

Our inadequate mental health care and chemical dependency treatment systems compound the housing and homelessness problem. Washington ranks 23rd in the nation in the number of available in-patient and residential mental health beds, with about 32 people in-need of mental health services per available bed. Additionally, our emergency rooms are overwhelmed by the number of people who need help, especially with addiction and mental health issues.

Solving these problems fall to a varied group of federal and state agencies, local governments, and nonprofit partners. The cost of homelessness to taxpayers is significant: increased police calls for service, emergency room visits, and

locally funded homeless services strain local budgets. Cities struggle with limited resources—and state or federal funding for homelessness and housing does not often flow directly to cities.

There is no single solution to these problems and cities need access to a variety of strategies to address the related crises of lack of affordable housing and homelessness. This toolkit serves as a resource for elected officials and city staff who seek options and ideas on how to respond.

Cities are on the front lines of the challenges around housing and homelessness, but as the programs in this toolkit demonstrate, cities cannot solve them alone. Reducing homelessness and increasing affordable housing require a sustained, innovative approach and a willingness to partner with county, state, and federal agencies, as well as local faith communities, nonprofits, the private sector, and housed residents. None of these programs are one-size-fits-all solutions; but the following pages offer ideas and inspiration so cities can continue rising to meet the challenge of the day.

What is “affordable housing”?

Affordable housing is commonly mistaken for low-income housing. Instead, housing is considered affordable when its cost (including utilities) is not more than 30% of the household income. In contrast, low-income housing deems rents as affordable based on defined income levels that are lower than the area's average income (e.g., someone who makes 60% of the area median income could qualify to rent a unit).

Homelessness & affordable housing funds explained

The state’s housing crisis can seem insurmountable. The financial returns from low-income housing development are not high enough to incentivize traditional banking institutions and housing developers to finance and construct housing for this economic segment. Housing developments are usually financed based on a market rent or sale price that will guarantee the repayment of construction loans to banks and result in enough profit for housing developers to take on the many risks of development. Thus, most new housing is constructed for those at or above median income levels.

More public funding is clearly needed to address the lack of availability for below-market housing. The resources below provide the financing tools available to assist cities in addressing both homelessness and lack of affordable housing.

Source	Funding focus	Housing-related use	Area median income (AMI) restrictions
ARPA – State & Local Fiscal Recovery Finds	Affordable housing, homelessness, housing & utility assistance	Wide variety of available uses including: <ul style="list-style-type: none"> • Rental & mortgage assistance • Utility assistance • Counsel and legal aid to prevent homelessness • Temporary housing for homeless individuals • Home repair & home weatherization • Developing affordable housing and permanent supportive housing 	Various eligibility categories: <ul style="list-style-type: none"> • Income at or below 300% of the Federal Poverty Guidelines. • 65% of the AMI or below. • Households who qualify for CHIP, CCDF, or Medicaid • See SLFRF Final Rule for additional eligibility categories.
Affordable Housing & Related Services Sales Tax	Affordable housing and homelessness	Constructing or acquiring affordable housing, including emergency, transitional, supportive, and permanent; facilities providing housing-related services; or acquiring land for these purposes	60% of the AMI or below
Affordable Housing Property Tax Levy	Affordable housing	Funds activities designated by the local affordable housing finance plan	80% of the AMI or below
Affordable Housing Sales Tax Credit	Affordable housing	Allows cities and counties to access a portion of state sales tax revenue to make local investments in affordable housing	60% of the median income of the city imposing the tax. Note: This is not the AMI.
Community Development Block Grant	Affordable housing	Rehabilitation of affordable housing and homeownership programs for low-income households	80% of the AMI or below
Document recording fees	Homelessness	Homeless housing, planning, and prevention	
HOME Investment and Partnership Program	Affordable housing	Preservation, creation of new units, and rental assistance	50% of the AMI or below
Housing Choice Voucher (Section 8)	Affordable housing	Rental voucher	50% of the AMI or below
HUD Continuum of Care Program	Homelessness	Homeless housing and services	
Lodging Tax (Hotel/Motel Tax)	Workforce housing	Repayment of debt issued to fund workforce housing within one-half mile of a transit stop	30-80% of AMI, adjusted for family size
Low Income Housing Tax Credits	Affordable housing and homelessness	Construction or rehabilitation of new units	Provides three income options – tenants at 50% or 60% of the AMI or below; or an average of tenants but no one above 80% AMI.

Source	Funding focus	Housing-related use	Area median income (AMI) restrictions
Mental Health and Chemical Dependency Sales Tax	Homelessness	Services and supportive housing for people with behavioral health or drug dependency issues	
Real Estate Excise Tax	Affordable housing and homelessness	Planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of facilities for those experiencing homelessness and affordable housing projects	
Washington State Housing Trust Fund	Affordable housing and homelessness	Preservation, creation of new units, and supportive services	80% of the AMI or below, but majority of funds targeted to 30% of the AMI or below

Affordable housing property tax levy

Counties and cities are authorized to impose additional regular property tax levies up to \$0.50 per thousand dollars assessed valuation (AV) each year for up to ten consecutive years to finance affordable housing for very low-income households (defined as 50% or less of the county’s median income) with voter approval (RCW 84.52.105).

Effective October 1, 2020, the Legislature amended the law expanding the revenue uses to include affordable homeownership, owner-occupied home repair, and foreclosure prevention program for low-income households – those whose income is at or below 80% of the county median income.

If both the city and county impose a levy, the levy of the last jurisdiction to receive voter approval is reduced so that the combined rate does not exceed \$0.50 per thousand dollars AV in any taxing district.

This tax may not be imposed until the legislative authority:

1. Declares the existence of an emergency with respect to the availability of housing that is affordable to low or very low-income households; and
2. Adopts an affordable housing finance plan in conformity with state and federal laws regarding affordable housing.

Affordable housing & related services sales tax

In July 2015, the Legislature approved **HB 2263**, which gave local governments a tool to obtain funding to house vulnerable residents by implementing a one-tenth of one percent sales tax. In 2020, the Legislature amended the law (**HB 1590**) to provide an optional councilmanic approval, rather than voter approval.

Under the amended law, county legislative authorities had the “right of first refusal” to implement the 0.1% sales and use tax by September 2020. A city legislative authority may implement the whole or remainder of the tax either councilmanically or by voter approval if the county has not opted to implement the full tax.

The revenue stream is meant to serve people living with incomes at 60% or below of a given county’s area median income. Most of the funding (at least 60%) is designated for constructing or acquiring affordable housing, including land; facilities to deliver behavioral health services; or land for such facilities, the operation and maintenance of the newly built or acquired affordable housing or behavioral facilities. The remainder of the funds can be used for the operation, delivery, or evaluation of behavioral health programs and services or housing-related services.

Affordable Housing Sales Tax Credit

Passed in 2019, **HB 1406** created a sales tax revenue sharing program that allows cities and counties to access a portion of state sales tax revenue to make local investments in affordable housing. Over a 20-year commitment, the state will be sharing more than \$500 million with local governments. To take advantage of this funding source, cities and counties needed to adopt the tax ordinance by July 28, 2020. Revenues may be used for affordable and supportive housing; cities under 100,000 in population may also use revenues for rental assistance.

American Rescue Plan Act (ARPA) – State & Local Fiscal Recovery Funds (SLFRF)

On March 11, 2021, the American Rescue Plan Act (ARPA) became law. The sweeping \$1.9 trillion federal plan brought much-needed relief to individuals, businesses, and local governments across the country. Under the plan, cities and towns are receiving \$65.1 billion in State and Local Fiscal Relief Funds (SLFRF) with \$1.1 billion in SLFRF funds going directly to Washington's 281 cities. These one-time funds provide cities with broad latitude to invest in their communities and provide critical relief to individuals, families, and businesses impacted by the COVID-19 pandemic. Funds can be used to respond to the public health emergency, provide economic support to impacted residents and businesses, invest in local infrastructure, and replace lost public sector revenues. Funds must be obligated by December 31, 2024 and spent by December 31, 2026.

Community Development Block Grants

Started in 1974, the Community Development Block Grant (CDBG) program is one of HUD's longest running programs and provides annual grants to local governments and states for a wide range of community needs. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses.

CDBG appropriations are allocated between states and local jurisdictions called "non-entitlement" and "entitlement" communities. Entitlement communities are comprised of central cities of Metropolitan Statistical Areas, metropolitan cities with populations of at least 50,000, and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). States distribute CDBG funds to non-entitlement localities not qualified as entitlement communities.

Document recording fees

Document recording fees are Washington State's largest source of funding for homelessness programs. Counties charge fees on recorded documents and are permitted to retain a portion for affordable housing and homelessness programs. Counties generally include cities in committees in determining how to spend the local share of the collected fees. Another portion of these funds are redirected to the Department of Commerce to fund various programs, including the Consolidated Homeless Grant program.

HOME Investment Partnerships Program

The HOME Investment Partnerships Program (HOME) is like CDBG, except that the funds must be used for affordable housing for low- and very low-income individuals. Funding is allocated to states or participating jurisdictions. Funds can be used for building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance.

The program is flexible and allows states and local governments to use these funds for grants, direct loans, loan guarantees or other forms of credit enhancements, and rental assistance or security deposits.

HUD Continuum of Care Program

The Continuum of Care (CoC) Program is designed to promote community-wide commitment to the goal of ending homelessness. The program provides funding for efforts by nonprofit service providers, states, and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness. The program promotes access to and effective utilization of mainstream programs by homeless individuals and families. And CoC optimizes self-sufficiency among individuals and families experiencing homelessness.

Lodging Tax (Hotel/Motel Tax)

Cities and counties traditionally use lodging tax funds to fund activities associated with tourism facilities and promotion. However, amendments in 2015 and 2021 expanded the uses of these funds to address affordable workforce housing near transit stations and youth homelessness. There are several important restrictions and procedural requirements to utilize lodging tax funds. Cities should carefully consult the statute to determine whether this tool is appropriate for your specific project.

Low Income Housing Tax Credit

The Low Income Housing Tax Credit (LIHTC) is a federal tax credit program created in 1986 to provide private owners an incentive to create and maintain affordable housing. The IRS allocates program funds on a per capita basis to each state. The Washington State Housing Finance Commission (HFC) administers the tax credits as a source of funding that housing developers use for a single project. Investors in housing projects can apply to the HFC for different tax credits depending on project type.

Mental Health & Chemical Dependency Sales Tax

The Mental Health and Chemical Dependency Tax allows counties to impose a sales and use tax of one-tenth of one percent to fund programs serving people with mental health or drug treatment purposes. Since 2011, cities with populations greater than 30,000 in Pierce County have the authority to implement the tax if it has not been passed by the county. Programs and services that can be funded by this revenue stream include, but are not limited to, treatment services, case management, operation or delivery of therapeutic court programs and services, and housing as a component of a coordinated chemical dependency or mental health treatment program or service. Modifications to existing facilities where the above services and program occur are also eligible.

Real Estate Excise Tax

Until January 1, 2023, the Legislature has granted the authority for cities and counties to utilize the greater of 35% of available funds or up to \$1 million from their second authorized 0.25% increment of real estate excise tax (REET) for affordable housing and homelessness capital projects. Local governments may use these funds for the planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of facilities for those experiencing homelessness and for affordable housing projects. Cities or counties using REET funds for these purposes must document in their capital facilities plan that it has available funds during the next two years for the capital projects that have been historically eligible for REET expenditures.

The Housing Choice Voucher (Section 8)

The Housing Choice Voucher (HCV) program is a federal housing voucher for very low-income families, the elderly, and disabled individuals to afford housing in the private market. Participants are free to choose any housing that meets the requirements of the program and are not limited to units located in subsidized housing projects. Housing choice vouchers are administered locally by public housing authorities. Housing authorities receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher

program. Usually, a housing subsidy is paid to the landlord directly by the housing authority on behalf of the participating family. The individual or family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Washington State Housing Trust Fund

The Washington State Department of Commerce administers a Housing Trust Fund (HTF) funded primarily through the capital budget. Since 1987, the HTF has contributed over \$1 billion toward the construction and maintenance of over 40,000 affordable homes. HTF dollars support a wide range of projects serving a diverse array of low-income populations. Projects can serve people with incomes up to 80% of area median income, but most projects funded to date serve households with special needs or incomes below 30% of the area median income, including homeless families, seniors, farmworkers, and people with developmental disabilities. Local governments can apply to the HTF for eligible activities.

Emergency rental assistance programs: A strategy for preventing homelessness

Emergency rental assistance prevents homelessness by helping residents avoid eviction. In addition to providing funds to address their immediate housing crisis, such programs also provide other support services to promote long term stability.

Typically, these programs provide short-term (one to three months) or medium-term (up to six months) rental assistance for households with incomes up to 50% of area median income (AMI), that are at imminent risk of homelessness or have recently become homeless.

Individuals and families fall into a housing crisis and seek assistance for many reasons. Some of the most common are job loss, an unforeseen reduction in work hours, a medical emergency or disabling condition, limited income coupled with a rent increase, or the cessation of refugee resettlement assistance.

Rental assistance funds are used for immediate help with current or late rent, utility arrears, and legal or interpretation fees needed to stop an eviction action. Funds may also be used for credit and background checks needed to secure alternate stable housing, as well as security and utility deposits and moving costs.

In addition to receiving financial assistance, program participants may receive or be required to participate in services such as landlord negotiations, job search assistance, and money management and financial goal setting training.

Funding sources

Under the Affordable Housing Sales Tax Credit provided by **HB 1406** (passed in 2019), counties 400,000 or less in population and cities 100,000 or less in population can use the tax funds to provide rental assistance to tenants who are at or below 60% of the median income of the jurisdiction. To participate in this tax credit, jurisdictions needed to meet 2020 deadlines to impose the tax.

In a 2021 survey, 24% of respondent cities reported using ARPA to fund rental and mortgage assistance. Between July 1 and December 31, 2021, Seattle, in partnership with United Way of King County, Urban League, Wellspring, and numerous community-based organizations, distributed more than \$26 million in emergency rental assistance to more than 6,000 households. This program, funded by federal ARPA, provided households with assistance to pay current rent as well as rental arrears. Most households (42%) who received aid had incomes less than 30% of Seattle's AMI with another 23% of recipients with an income between 30%-50% of AMI. Funds also reached historically disadvantaged populations--44% of recipients identified as Black or African American and another 20% of recipients identified as another minority.



The Housing First model

The central goal of the Housing First approach is to provide permanent, affordable housing. By providing housing assistance, case management, and supportive services after an individual or family is housed, communities can significantly reduce the time people experience homelessness and prevent further episodes of homelessness.

Housing First is an approach used for both first-time homeless families and individuals, and for people who are chronically homeless. For the chronically homeless, this is also referred to as “low barrier” housing because typically there are no preconditions that the participant be clean and sober to obtain housing. Participants are housed with access to services such as mental health and addiction treatment on-site or nearby, but are not required to use the services.

Generally, Housing First programs share these elements:

- A focus on helping individuals and families access and sustain permanent rental housing as quickly as possible;
- A commitment to permanent rather than temporary or transitional housing;
- Provision of social and health services following a housing placement;
- Services are tailored to each individual’s or family’s needs; and

- Housing is not contingent on participation in services or treatment; the only requirement is that participants comply with a standard lease agreement, and services are intended to help them do so successfully.

A central tenet of the Housing First approach is that social services that enhance individual and family well-being are more effective when people are in their own home than when they are living with the extreme stress of homelessness.

While there are a wide variety of program models, all Housing First programs typically include:

- Assessment-based targeting of Housing First services;
- Assistance locating rental housing, relationship development with private market landlords, and lease negotiation;
- Housing assistance ranging from security deposit and one month’s rent to provision of a long-term housing subsidy;
- A housing placement that is not time-limited; and
- Case management to coordinate the services that follow a housing placement.

The Housing First model has been shown to reduce public costs of homelessness such as use of emergency rooms, police services, courts and jails, and public sanitation. The federal Department of Housing and Urban Development estimates that each homeless person costs between \$30,000 and \$50,000 per year in such costs.

The cost to provide permanent housing and support services to help people stay housed is approximately \$20,000 per year.

The stable living environment facilitates effective, and/or more cost-effective treatment than emergency rooms and incarceration.

Program models vary depending on the client population, the availability of affordable rental housing, and/or housing subsidies and services. Housing First programs often reflect the needs and preferences of each community, further contributing to the diversity of models.

Homelessness & the limits of enforcement

Historically, enforcing sit-lie and panhandling ordinances has been considered a viable tool to address homelessness in public spaces. However, recent court decisions have changed the legal landscape on enforcement, with appeals still pending. In all cases, cities should evaluate their ordinances and enforcement practices to determine whether—and what type of—regulation is necessary.

***Martin v. City of Boise*—impact on camping, sleeping, or lying in public**

In September 2018, the Ninth Circuit Federal Court of Appeals case ruled in *Martin v. City of Boise* that it is unconstitutional for the City of Boise to enforce ordinances prohibiting camping in public places against people experiencing homelessness at times when no shelter space is available. Washington is part of the Ninth Circuit, so this decision applies to Washington municipalities.

The court found that the City of Boise’s enforcement of ordinances prohibiting camping, sleeping, or lying in public violated the U.S. Constitution Eighth Amendment ban on cruel and unusual punishment if an individual does not have a meaningful alternative (such as space in a shelter or a legal place to camp). From the court’s standpoint, it is not a simple question of whether an ordinance prohibiting camping on public property is constitutional.

Rather, the enforcement of such an ordinance is considered cruel and unusual punishment under the Eighth Amendment, if a homeless person has no other option than to live and sleep outside:

“As long as there is no option of sleeping indoors, the government cannot criminalize indigent, homeless people for sleeping outdoors, on public property, on the false premise they had a choice in the matter.”

In other words, camping ordinances are not inherently unconstitutional, but a municipality can be in violation of the Eighth Amendment if the person cited had no meaningful alternative to sleeping outside.

However, in footnote 8, the court set forth some limits on the scope of its decision:

1. It does not cover individuals who do have access to adequate temporary shelter but choose not to use it.
2. Even when shelter is unavailable, an ordinance may prohibit sitting, lying, or sleeping outside at certain times or in certain locations.
3. An ordinance may prohibit obstruction of rights-of-way or the erection of certain types of structures.

4. Whether such ordinances are consistent with the Eighth Amendment will depend on “whether it punishes a person for lacking the means to live out the ‘universal and unavoidable consequences of being human...’”

The City of Boise petitioned the United States Supreme Court for review of the Ninth Circuit decision. The Court declined review, leaving the Ninth Circuit’s decision as law.

Unauthorized encampments—Cleanups

The *Martin* case involves issuance of criminal citations to people experiencing homelessness. A different Ninth Circuit case, *Lavan v. City of Los Angeles*, addresses a related issue—due process requirements for the removal of unauthorized encampments on public property.

Prior to clearing encampments, local governments must provide notice to camp residents (72-hour minimum notice is common). It is also important to have outreach personnel present during encampment removal, whose job it is to help individuals in an encampment identify shelter options or alternative locations to go to. Personal property found during the encampment removal must be held for a certain amount of time so that it can be claimed by the owner—do not assume it is abandoned. Storage of at least 60 days is common.

Unauthorized encampments—Searches

In 2017, the Washington Court of Appeals Division II ruled that tents and shelters set up on public property and used for habitation are protected from unreasonable searches under the Washington State Constitution. In *State v. Pippin*, Mr. Pippin was arrested when the police found drugs in his tent. The court ruled that law enforcement officers needed to obtain a search warrant before searching Mr. Pippin's tent. The court acknowledged the pervasiveness of homelessness and the need for the law to be flexible in responding to it, stating:

“The law is meant to apply to the real world, and the realities of homelessness dictate that dwelling places are often transient and precarious. The temporary nature of Pippin’s tent does not undermine any privacy interest.”

Parking enforcement of vehicles used as a residence

In 2021, two cases—one in the Washington State Supreme Court and the other in federal district court—argued a novel legal question: whether a city could enforce parking restrictions, including fines and impoundment, on a vehicle used as a residence.

The first case, *City of Seattle v. Long*, arose when Steven Long parked for three months in a city parking lot that had a 72-hour parking restriction. Long was living in the truck and used it to store his personal possessions, including tools of his trade. When Long did not move his truck after it was posted with a parking violation notice, a city-contracted company towed the truck in Long's absence. At the impoundment hearing, the magistrate found that Long had parked illegally but waived the \$44 parking infraction fine, reduced the impoundment charges from \$946.61 to \$547.12, and added a \$10.00 administrative fee. Long was then required to pay \$50 a month under a payment plan. Long received his truck after the hearing.

In its August 2021 decision, the Washington State Supreme Court agreed with Long's arguments that because he was living in his truck, the vehicle was automatically protected from debt collection under the Homestead Act (Chapter 6.13 RCW), which provides protections from using a residence

to satisfy debts. However, the Court agreed with Seattle that because the city never collected on Long's debt, the protections of the Homestead Act against attachment, execution, or forced sale were never implicated. The Court further concluded that the city had the authority to seize Long's truck, impoundment was reasonable under the circumstances, and no alternatives existed in this case. Long also argued that the fines were excessive and violated constitutional protections against cruel and unusual punishment. The Court agreed that the impoundment and associated cost were both partially punitive and, as such, determined them to be fines under the Eighth Amendment. But the Court applied a new test finding that Long did not have the ability to pay the fines. Finally, the Court concluded that the payment plan that Long agreed to in order to retrieve his truck was excessive in this case, but that “a reasonable fine may still be constitutional and appropriate.”



The second case, *Potter v. City of Lacey*, was heard in the United States District Court for the Western District of Washington in 2021 and concerns a recreational vehicle parked in a city hall parking lot and a city ordinance addressing parking of recreational vehicles. Potter lived in a trailer attached to his truck. The case arose when Potter began parking in the Lacey City Hall parking lot along with about two dozen other vehicle-sheltered individuals.

The ordinance at issue prohibited parking recreational vehicles for more than four hours unless the vehicle had been issued a permit granting it an exception. Potter's vehicle did not have a permit. Potter was issued a \$35 parking violation and, when police arrived with a tow truck, Potter removed his vehicle from the lot to avoid impoundment.

Potter challenged the city ordinance and permit alleging that they violated federal and state constitutional rights of freedom of travel and association, freedom from cruel and unusual punishment, and freedom from unreasonable searches and seizures. The federal district court ruled in favor of the city on all claims. As of publication, this case is on appeal to the Ninth Circuit Court of Appeals.

In light of these rulings, here are some options to consider to reduce legal risk when enforcing parking restrictions, in consultation with your city's legal counsel:

- Review your parking enforcement procedures
- Designate a safe parking location to remove the illegality of the parking (or find a local partner to offer safe parking in their lots)
- Limit your enforcement of vehicles suspected as residences
- If you choose to impound:
 - Avoid any action that looks like you will auction the vehicle unless payment is received
 - If you collect on the debt, the protections of the Homestead Act are triggered
 - Treat *any* car that appears to be serving as a residence as a home, including searches of property inside
- Review your fines and fees ordinances under the Eighth Amendment protection against excessive fines:
 - Are they used as punishment, even partially, OR
 - Are the fees and fines associated with the actual costs incurred, or close to?
- Consideration of individual circumstance and ability to pay is required during impoundment hearing.

Panhandling regulations

The Washington Supreme Court struck down an ordinance prohibiting begging or panhandling on First Amendment grounds in the 2016 case of *City of Lakewood v. Willis*. In *Willis*, the ordinance prohibited begging at highway on/off ramps and at major intersections, and several other locations. Because freedom of speech is protected in public forums, and sidewalks are a traditional public forum, the court ruled that Lakewood's ordinance overreached in the number of public forums that were restricted. Even though courts agree that panhandling is speech, time, place, and manner restrictions can be imposed if enough alternative avenues of communication remain available.

Considering *Willis*, cities should review their regulations and enforcement practices. Asking for help or aid is protected speech and courts will closely scrutinize regulations that focus on certain types of speech (such as soliciting aid). Public safety laws (such as obstructing traffic) may present appropriate enforcement alternatives when fairly applied, since these laws do not regulate protected speech.

Local governments' winter shelter programs

While local governments in Washington work to develop long-term solutions to homelessness, they must also respond to immediate threats to life and safety that arise when temperatures fall to freezing or below. Some communities have developed winter weather shelter programs to address this need.

Winter weather shelter programs can take many forms, but they often involve a partnership with a local faith-based or other nonprofit organizations for the use of private facilities. While it is possible for a city or county to use its own facilities for this purpose, the logistical challenges of overnight staffing, meal preparation, scheduling of multipurpose facilities, insurance, and other similar issues – can make this option complicated to implement without a nonprofit partner.

Kent partners with local church

The City of Kent partners with a local church to operate a cold weather shelter during specific, cold-weather events.

Following a particularly cold winter in 2008-09, Kent community leaders and members of a local, faith-based organization developed a winter weather shelter program to provide temporary housing at a local church during severe, cold-weather events. Under the terms of the service agreement, the shelter can be activated by the city's Housing and Human Services Manager between the months of November and March when "temperatures

fall below 32 degrees for 24 or more consecutive hours and/ or snow accumulation exceeding or expected to exceed three inches in depth and/or other conditions deemed severe enough to present a substantial threat to life or health of homeless persons" occur.

The city announces shelter activation by emailing community organizations, including the police, fire, and parks departments, local schools, and others, and by posting signs and posters at various community locations. A YouTube video, produced by the Kent Housing and Human Services Department, describes how the shelter program works.

The program gives priority to families with children (unsheltered or in vehicles) but also provides space for single women and men. The shelter is open daily from 9 pm to 7 am while severe weather conditions exist.

Prior to the pandemic, shelter staffing was provided by church volunteers and Catholic Community Services. During the winter of 2022, the site operated with volunteers only, but the city hopes to contract with a provider for professional staffing moving forward. The volunteers prepare the facility, greet guests, conduct safety screenings, prepare meals, do laundry, and provide overnight supervision. To address security issues, the police department is notified when the shelter is activated and staff are instructed to call 911 if an

emergency situation occurs. The church group also provides some staff trained to assist people in crisis. The church carries insurance coverage based on the terms of the service contract with the city.

Multi-jurisdiction model serves King County's Eastside

The cities of Bellevue, Redmond, Kirkland, Issaquah, and Sammamish collaborate to provide east King County with three "low barrier" (shelters with limited entry requirements are called "low-barrier") shelters:

- Catholic Community Services (for families);
- Sophia Way (for single women);
- Congregations for the Homeless (for single men); and
- Friends of Youth (young adults 18-24).

Cities contribute operating funds through a two-year human services funding cycle. In 2019, the shelters moved from seasonal to year-round operations. Congregations for the Homeless is located in a temporary facility while a new permanent location is under construction and expected to open in early 2023.

A primer on safe parking programs

Safe parking areas offer a temporary off-street option for individuals and families who are experiencing homelessness and using a car or recreational vehicle (RV) as their primary residence. These lots provide people with a safe and stable place to park their vehicles where they access volunteers who can provide them with hot food and warm clothes, and on-site service providers who can link them to employment, housing, and medical services.

Communities across the state have implemented safe parking programs but many of these don't allow RVs. With a few modifications, however, these programs could be tailored to include RVs.

Site hosts, managing agencies, and services

Safe parking areas are typically hosted on land owned by governmental entities, religious organizations, or nonprofits. Hosts or sponsors may also manage or operate the site, or partner with social service agencies.

In seeking a managing agency, hosts will want to consider the population served so that human and social services are tailored to guests' needs. The approach to services should be flexible enough to ensure a safe living environment and should consider the varied needs of all guests, from families with children to elders. Some programs have an operations plan that includes all the details related to site management, maintenance, and services.

Zoning and site requirements

Some communities restrict safe parking areas to certain zoning districts and host types (e.g., religious organizations). Some also require public meetings and/or permit approval. One important note specific to religious organizations is that per state law — RCW 35.21.915, (non-code cities), RCW 35A.21.360 (code cities)— cities may not enact an ordinance or regulation, or take any other action, that imposes conditions other than those necessary to protect public health and safety and that do not substantially burden the decisions or actions of religious organizations in hosting shelters on property they own or control.

Site considerations include access to power and water, facilities for grey or blackwater disposal, and proximity to transit and services. If access to a building with heat and air conditioning during adverse weather conditions is not available, vouchers can be made available for motels or other ways for people to stay safe.



Resources

Lake Washington UMC Safe Parking Program – 2020 Annual Report/Gratitude Report

Vancouver's Safe Parking Zone

City authorized emergency mitigation sites

As many cities face increasing numbers of people experiencing unsheltered homelessness in their communities, several have begun to operate city-run 'mitigation sites' as a temporary response. These sites are sanctioned encampments and can include a variety of temporary shelter types—tents, micro shelters, or safe parking sites. The sites share a variety of common features, like amenities and social services, though their approaches differ across jurisdictions.

Tacoma's stability site

In 2017 the City of Tacoma declared a state of emergency around homelessness and developed a plan to address it. One component of that plan was the creation of a stability site, which provides shelter and services to individuals who are chronically homeless or experiencing behavioral health issues. The physical structure is a large FEMA-style tent shaped like an aircraft hangar with smaller individual structures within that can provide beds for up to 100 individuals.

The site follows the low barrier to entry model (i.e. no requirement to be sober on entry) and provides emergency stabilization and triage through access to services such as food, showers, bathroom facilities, and laundry. Other services offered include social services, physical and mental health care, legal services, and transportation. The Tacoma model includes on-site staffing provided by Catholic Community Services.

The city has found that offering wrap-around services and this 24/7 shelter model provides greater opportunity to connect individuals to housing. Tacoma has continued to embrace this model in the establishment of their micro-shelter sites and other enhanced shelter models in the community. The Stability Site costs approximately \$2 million per year which includes the operator contract, equipment rental, and site maintenance.

Olympia's mitigation site

The City of Olympia opened a mitigation in December of 2018. The city was facing upwards of 300 people sleeping outside every night in their downtown area. Many were in unsanctioned encampments, causing public health and safety concerns. The city declared a public health emergency in July 2018, which provided several elements of flexibility, including exemption from state environmental review.

The city developed a downtown mitigation site on a city-owned parking lot that includes 115 spots for individual tents, potable water, and portable toilets. Catholic Community Services provides oversight under contract. The city reports a \$50-\$70,000 startup cost and \$200,000 annual operating costs. The mitigation site has a code of conduct that includes requirements, such as no drug dealing.



Olympia's new micro shelters at the downtown mitigation site.

In early 2022, a collective community effort began delivering microhomes to the downtown mitigation site. At 10 feet by 10 feet, these microhomes provide the same number of sites as tents but increase safety and protection from the elements. Microhomes are smaller than the traditional tiny home, but they expand the number of tent alternatives provided by the city and represent the growing community effort to address homelessness. The project will result in 60 microhomes.

Despite their diminutive size, the microhomes offer substantial safety advantages including a locking door, insulated walls, floors, and roofs as well as a window. Additionally, their elevated installation and the steel mesh embedded in the floor help deter pests, and smoke and carbon monoxide detectors provide added safety.

This site is short term with the goal of helping people transition to supportive housing or more stable shelter options.

Bellingham's safe havens

In the fall of 2018, the City of Bellingham began issuing temporary shelter permits as a response to a rise in homelessness counts both in the city and in Whatcom County. This is a Type II permit that allows encampments to occur on private or public properties with administrative approval. The permit covers four types of temporary shelters: building encampments, safe parking areas, tent encampments, and tiny home encampments.

Winter Haven: Issued in January 2019, this was the first permit for a temporary tent encampment in Bellingham. The encampment was in the parking lot of city hall and chosen because it was well served by transit and social services. There was little neighborhood opposition as the site was in a primarily civic area. The encampment was managed by HomesNow, a local nonprofit organization. The encampment consisted of 18 tents that housed between 18-20 residents at a time. On-site amenities included a kitchen, dining area, shower truck, garbage, recycling, toilets, storage, heaters, and a small RV unit for the on-site manager.

However, tents proved to be inadequate in harsh winter weather. Throughout the duration of the encampment, there was an observed decrease in criminal activity in the area. The encampment permit lasted until March 2019, and the City began looking for other encampment sites to continue service in the coming winter.

Safe Haven: In February 2019, the City of Bellingham issued a permit for a second temporary tent encampment. This encampment was in the parking lot of the Whatcom 911 dispatch center, located in a neighborhood. Also managed by HomesNow, the site had similar amenities and management to the Winter Haven encampment. Some neighborhood opposition occurred in the planning stages of this encampment, though no major complaints were filed throughout the duration of the encampment. Later, the permit was amended to include tiny homes at this site. The City took the lessons from Winter Haven that something more durable and comfortable is necessary during the winter.

Tips to consider for city-sanctioned mitigation sites

1. Clearly define success to avoid unrealistic expectations, consider measurements beyond just people served and moved from shelter.
2. Be clear about what these camps are, and what they aren't. In most cases they are an emergency response to homelessness and safety issues at unauthorized encampments, not a solution to homelessness. When coupled with social services, they can serve as a bridge to helping people find jobs, housing, health services, etc.
3. Work with community groups and other service providers to maximize access to services.
4. Evaluate potential staffing models (e.g. volunteers, paid staff, etc.) at mitigation sites on costs and outcomes.

Resources

www.cityoftacoma.org

www.olympiawa.gov

<https://cob.org/services/housing/homeless/temporary-shelter>

Transitions: From tents to temporary micro-shelters

As an alternative to tents, some cities are using “tiny houses” or other micro shelter options. Tiny homes are usually intended to be used as an interim step until permanent housing is found. These small structures are viewed as being a better option than tents, especially during the cold and wet winter months.

Walla Walla’s sleeping center

During the winter of 2016, Walla Walla experienced challenges when tents collapsed under the heavy snow in unauthorized homeless camps around the city, which posed a significant safety risk for the occupants. In response, the city created a plan to help residents experiencing homelessness find safer emergency shelter. They partnered with the Walla Walla Alliance for the Homeless (Alliance), who constructed 31 insulated, weatherproof, lockable shelters called “Conestoga huts.” The Alliance has since constructed an additional 7 huts including one accessible unit with grant funding.

The city originally placed the Sleeping Center on city public works property, but the Center has now moved to an industrial area. Operating the Center costs \$200,000 annually and is managed by a community group, the Walla Walla Alliance for the Homeless, which provides sanitation and security services, and helps residents find permanent housing.

During the COVID-19 stay home orders, the Sleep Center transitioned to 24/7 operations by utilizing pandemic-related grant funds. The expanded operations and providing wrap around services on site have proven successful – 38 Sleep Center guests have been moved into stable housing.

Olympia Plum and Quince Street Villages

The Plum Street Tiny House Village is a temporary site that provides stable, managed shelter for up to 40 people experiencing homelessness in Olympia. The City of Olympia is leasing the property to the Low Income Housing Institute (LIHI) and is providing funding for the operation of the site.

The village has 29 tiny houses for single adults and couples without children. The tiny houses are each 8’ x 12’, insulated, have electricity and heat, windows, and a lockable door. There is also a security house, a communal kitchen, meeting space, bathrooms, showers, laundry, a case management office, and 24/7 staff providing security and management. Residents



Walla Walla's Conestoga Huts.

are required to sign a code of conduct and will be expected to follow behavioral expectations, perform community chores, attend village meetings, adhere to quiet hours policy, and meet other requirements commonly expected of good neighbors.

As part of the program, LIHI case managers will connect residents with services to help them to stabilize and work toward self-sufficiency with the goal of placing them in permanent housing.

The Plum Street Village Community Advisory Committee (CAC) monitors the progress of the village and the residents who live within it and serves as a liaison between the community and the village. Members of the CAC include nearby neighborhood stakeholders, including community leaders, businesses, immediate neighbors, service providers, and others.

The City of Olympia will transition their downtown emergency housing mitigation site to a new facility known as Quince Street Village and will provide emergency housing to approximately 100 individuals. While the original mitigation site used tents as the primary source of shelter, the new facility will include a variety of tiny homes, micro homes, and shelter boxes. Hygiene, laundry, common and administrative areas will be provided at the new facility.

Everett's Pallet Shelter Pilot Project

In 2021, the City of Everett opened a new Pallet shelter pilot project to provide bridge housing for individuals experiencing chronic homelessness. The city partnered with the Everett-based company, Pallet, and the Everett Gospel Mission to establish this shelter with the goal of providing a new option for individuals with barriers to other shelter formats, such as mental and behavioral challenges and substance use disorder.

Everett Mayor Cassie Franklin wanted to think differently about how to solve this: "The only way you can get safe and recover from the traumas of life on the street is to get inside and get that little bit of stability."

Pallet manufactures rapid response shelters are cost-effective, portable, easy to construct, and they offer safety and stability, heat/air conditioning, fold-up bunk beds, windows and safety features including a lockable door, carbon monoxide detector, fire extinguisher, and smoke detector. They can be installed in about 30 minutes.

With grant support from the Washington Department of Commerce, and Snohomish County Human Services, the city began developing the site and procured 21 Pallet shelters.

When the shelter opened in the summer of 2021, the units filled up within a week. "The cabins were first offered to people living on the street in the surrounding area. Many of them are couples who wouldn't be able to stay together at a congregate shelter, segregated by gender," said Sylvia Anderson, CEO of Everett Gospel Mission.

City officials are encouraged by the results. The city secured additional grant funds to expand the project by 20 shelters, which came online in May 2022.

Resource

www.wwallianceforthehomeless.com

Two models for turning hotels into housing

Organizations focused on sheltering people experiencing homelessness, including local governments, are recognizing the value in shifting away from traditional emergency shelters to more innovative housing solutions. Hotels provide several benefits that people do not receive in a traditional shelter setting. Individual rooms and private bathroom facilities allow for families to stay together and give residents more dignity in their living space. Although COVID-19 prompted an increase reliance on motels as a non-congregate shelter option in Washington, the motel model has been in used in California for decades.

Benefits of the hotel model

In response to public health advice, King County began to replace or add space for existing congregate shelters by placing individuals experiencing homelessness into group hotels in April 2020. Researchers with the University of Washington (UW) studied the county's approach and found that not only did the hotels limit the spread of COVID-19, the primary goal of the program, it resulted in additional favorable outcomes for project participants.

During the period that the project participants were interviewed and studied, the UW researchers found that they were less likely to end their services and exit from the homeless response system. When they did exit, however, it was more likely that it was into permanent housing. These results were attributed to residential stability and increased feelings of safety among participants. Other beneficial outcomes participants in this program experienced included reduced interpersonal conflicts, as demonstrated by a decrease in 911 call volumes, and providing more time to think about future goals, such as securing permanent housing, applying for jobs, or obtaining additional education.

Hotel model option: Acquisition

King County's Health Through Housing initiative has purchased ten hotel properties and aims to house 1,600 people by the end of 2022. In Clark County, the Vancouver Housing Authority recently partnered with the Clark County Community Services Department and City of Vancouver to buy a hotel that would serve as

a non-congregate living shelter, with the daily operations of the hotel to be provided by the Catholic Community Services, a nonprofit. When funding for the shelter runs out, the Vancouver Housing Authority plans to convert the facility into permanent affordable housing.

One of the clear challenges of outright purchasing a hotel or motel property for non-congregate living is the large initial capital investment. Many municipalities decide to lease properties or units for a fixed amount of time, but these approaches may prove to be more costly over the long run and restrict the flexibility of the housing option. For the Vancouver Housing Authority, the hotel that was acquired will still serve as permanently affordable housing even as funding for the shelter is depleted.

With recent federal and state grant programs, higher up-front costs may be easier to navigate, and interlocal cooperation may make operational considerations more manageable.

**Motel model option:
Master leasing**

Established in 1998, San Francisco’s Master Leasing Program acquires sites, mainly single occupancy hotels, under long-term leases with building owners to provide housing for people who are homeless. The building owner retains responsibility only for large capital improvements after the lease is signed. The sites are managed by nonprofit organizations that provide property management and supportive services on site. Building owners often renovate residential and common areas prior to lease signing.

While many nonprofits have adopted similar master leasing programs, only a few cities throughout the country have.

San Francisco’s successful program signs long-term leases with owners to provide permanent supportive housing for adults experiencing homelessness. Its program is a Housing First model; that is, it provides housing immediately to the unhoused regardless of their mental health or substance abuse status. This approach is based on the idea that for people to achieve stability and recovery, they must first have a safe, stable home and access to the mental health, addiction treatment, and other services they need. Most agree that it is very difficult to address a mental health or chemical dependency issue while sleeping on the street. (See also *The Housing First model* on pg. 7)

The benefits of master leasing include the ability to bring units online rapidly, and the reliance on private capital for upfront renovation costs. In addition, the renovated buildings, combined with on-site services, stabilize properties that have often been problematic for the surrounding neighborhood.

Resources
Commerce Shelter Grant Program



Tiny house villages as permanent supportive housing

Tiny house villages offer a lower-cost way to provide safe housing, and the benefits of community living and peer support for people recovering from homelessness.

The term “tiny house” covers a wide range of structures and program models. Some are permanent structures with heat, plumbing, and other amenities that will last for many decades; others are less expensive, impermanent, and unheated and unplumbed. Village program models also vary.

Quixote Village: Olympia

Located on a two-acre site in Olympia, Washington, Quixote Village consists of 30 cottages wrapped around a central open space, and a 2,640 square foot community building that includes a communal kitchen, dining and living room, showers, laundry facilities, and staff offices. The village provides permanent supportive housing for adults experiencing homelessness, including people suffering from mental illness, people with physical disabilities, and people recovering from addiction.

Financing for the program’s development was provided by:

- \$1.5 million in the state capital budget, which came through the state Department of Commerce’s Housing Trust Fund;
- \$699,000 from federal Community Development Block Grant funding that came through Thurston County and the City of Olympia;
- \$170,000 in Thurston County funding from document recording fees. Thurston County also leased the site (estimated at \$333,000) for \$1 a year for 41 years; and
- \$215,000 in community donations, including the Nisqually Tribe, the Chehalis Tribe, the Boeing Employees’ Fund, and individual donors.

The total cost of the village was just over \$3 million or about \$100,000 per unit. The village meets the state’s green building code and all local building codes.

The Village has three on-site, full-time staff: an executive director, a program manager, and a case manager/resident advocate. Mental health services are also offered on-site. There is also a Resident Council, which helps govern the village and coordinates community holiday parties, barbecues and other events.

Emerald Village: Eugene

Emerald Village Eugene is an affordable tiny home community developed by SquareOne Villages. It builds upon the success of Opportunity Village Eugene, which is a transitional micro-housing community for otherwise homeless individuals and couples. This next iteration of the village model provides a permanent, accessible, and sustainable place to transition to.

Various teams of local architects and builders provided in-kind services to lead the design and construction of 14 of the 22 tiny homes at Emerald Village—allowing for the demonstration of



a variety of compact design and construction methods. SquareOne led the design and construction of the other eight homes using structural insulated panels (SIPs).

Each of the homes at Emerald Village are designed as permanent dwellings on a slab foundation—complete with sleeping and living areas, a kitchenette, and a bathroom—all in 160-288 square feet. The individual dwellings are supported by a Community Clubhouse that includes a flexible-use gathering area, community kitchen, laundry, restroom, and storage of common resources like tools and other appliances.

As a new and innovative approach to affordable housing, the capital costs have been funded by small grants, private donations, and lots of in-kind gifts from individuals, businesses, and institutions in the surrounding community. In fact, over 200 local business contributed to the project in some way. As a result of this outpouring of support, it cost around \$55,000 per unit to build Emerald Village, including the cost of land.

Unlike most affordable housing projects, residents of Emerald Village are not simply renters, they are members of a housing cooperative. They realize affordability through shared resources, self-management, and operating at-cost. A community agreement outlines a basic code of conduct that all residents must agree to abide by, and each resident is an active participant in helping to operate and maintain the village. Members make monthly payments of between \$200-\$300 to the cooperative to cover utilities, maintenance, long-term reserves, and all other operating costs. Each

member also pays a membership fee of \$50 per month—enabling them to create a modest asset that can be cashed out if, and when, they choose to leave. SquareOne retains ownership of property in trust to assure continued affordability to future members of the cooperative.

By combining the benefits of cooperative housing with safe, decent, and cost-effective tiny houses, Emerald Village offers an accessible and sustainable housing model that can be implemented in other communities.

Veterans Villages: Orting and Shelton

The Orting Veterans Village is a permanent supportive tiny house village serving 35 previously homeless veterans living in Pierce County. Quixote Communities partnered with the Washington State Department of Veterans Affairs (WDVA) and the Puget Sound Veterans Hope Center. WDVA leased Quixote Communities five acres at the Washington Soldiers Home in Orting. Because of the pandemic, a phased in move in was necessary with doors opening in May 2021.

The Village cost approximately \$5 million to build—about \$135,000 per tiny home and was funded via:

- Washington State Housing Trust Fund – \$3,260,000
- Pierce County – \$480,000
- Federal Home Loan Bank – \$800,000
- Washington State Department of Commerce – \$549,575
- United Way – \$50,000
- Washington Department of Veterans Affairs land donation value – \$140,000

To operate, the Pierce County Housing Authority provides 25 project-based vouchers (like Section 8 vouchers) to supplement residents' rent to help with operating costs. The village also partners with Veteran's Affairs to provide 10 Veteran Affairs Supportive Housing (VASH) vouchers. A grant award from Pierce County and Commerce provides operating, maintenance, and program support funds. The village also engages in community and foundation fundraising.

As of publication, the Shelton Veterans Village was still in the design phase. The village was awarded \$3 million in the state capital budget which will cover all development and construction costs for 30 tiny homes and a community center. The Shelton Veterans Village will have a slightly different design than the other Quixote Communities villages. Instead of 30 separated tiny homes with a half bathroom, the village will have seven fourplexes and one duplex. Each living unit will have a full bathroom, including shower. This not only helps with cost but will also offer more personal mini-communities of support for each resident. The project also includes a 2,200 square foot community building with kitchen facilities, gathering space, office space, and laundry facilities.

Resources

www.quixotecommunities.org

www.squareonevillages.org

www.tinyhousecommunity.com

How cities are using ARPA funds to address housing & homelessness

With more than a billion dollars in direct federal funds flowing into cities, city leaders are now tasked with finding the best way to invest these dollars in their communities. In the final rule for the American Rescue Plan Act's (ARPA) State and Local Fiscal Recovery Funds (SLFRF), the U.S. Department of the Treasury has granted cities broad latitude for using funds to provide rental and mortgage assistance, invest in affordable housing, support homelessness programs, as well as establish programs to provide home repair and weatherization services. Across Washington, city leaders are taking action to use ARPA funds in ways to benefit their most vulnerable residents. Here are some examples of those programs and projects:

Port Angeles partners with Habitat to repair homes

The City of Port Angeles is in Clallam County on the north side of the Olympic Peninsula. Despite its remote location, the city has not been immune to the rapid housing price increases seen around the state. In April 2017, the median home price was around \$195,000. In February 2022, that price more than doubled to \$401,000. In 2021, the city had a record-setting number of single-family homes permitted with 53 permits granted; however, only 13 of those permitted homes were valued at \$200,000 or less.

The city of just over 20,000 residents received \$5.6 million in ARPA funding. With an aging population intending to stay in Port Angeles but with limited affordable options, city leaders decided to use the federal funding opportunity to give elder residents the ability to age-in-place. To support this program, the city partnered with their local Habitat for Humanity to provide \$100,000 to repair and improve local housing stock to meet the needs of aging, low- and median-income individuals. Several preservation projects are available to eligible residents, including accessibility upgrades, siding repair, window and door repair or replacement, and general clean-up.



Photo credit: hfhmco.org

Cities in Pierce County create joint investment in an enhanced homeless shelter

The cities of Tacoma and Lakewood (in partnership with Pierce County) invested \$8.8 million to enable the Low Income Housing Institute (LIHI) to purchase a 94-room hotel located in Tacoma. Five million of the purchase price came from ARPA funding. Once retrofitted, the hotel, renamed to Aspen Court, will provide an enhanced shelter for up to 120 individuals, including couples and people with pets.

Individuals are provided access to case managers and social service agencies, who help them access housing and other services. Individuals will be eligible to stay at the site for between three and six months. LIHI will provide 24-hour staffing. The City of Tacoma and the City of Lakewood have committed to providing two years of operating and services funding.

Individuals will be referred to the site by Tacoma's Homeless Engagement Alternatives Liaisons, local service agencies, and the City of Lakewood. On-site case managers will help residents with housing and employment applications, as well as assist residents with obtaining critical identification documents.

After two years, the hotel will shift from being an enhanced shelter to providing permanent supportive housing.

Pasco provides utility assistance to residents in need

The pandemic impacted individuals and families in several fundamental ways, including their ability to pay for essential household utilities. While a statewide utility cutoff moratorium was in place, many residents accrued unpaid utility balances due to losing their job or having their work hours significantly reduced. Using ARPA funds, the City of Pasco established a \$1.2 million utility assistance program for residents to pay off their past due account balance or to receive credit towards future bills.

Drawing on previous experience running a similar program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, city leaders and staff increased their promotion of the program and streamlined the application process. The program has benefited hundreds of residents as well as helped the city utility financially recover from the pandemic.

Kenmore looks to build affordable housing in its downtown

Located just north of Seattle at the top of Lake Washington, the City of Kenmore is a thriving suburban bedroom community of nearly 25,000. With the ever-climbing price of housing in King County, the Kenmore City Council has made affordable housing the city's number one priority.

The city, in partnership with A Regional Coalition for Housing (ARCH) and Enterprise Community Partners, is offering a downtown 22,222 square foot city-owned property for an affordable housing development. Kenmore plans to invest \$3.2 million of its \$6.4 million ARPA allocation towards the project. ARCH is providing \$3 million in ARCH Trust Fund dollars to these efforts, and the city is donating land valued at \$1.89 million. The city recently closed an RFP for this new affordable housing development and is in the process of evaluating the strong proposals it received.

The city intends that all the units in this new mixed-use development will be affordable, with a goal that at least 10% of the units be set aside for those at or below 30% AMI. The project is also proposed to include ground floor space that benefits the community. The project may break ground as early as 2023 and will be completed by the end of 2026.

Resources

U.S. Department of the Treasury: ARPA SLFRF

Affordable housing

How cities are using the sales tax revenue sharing proceeds to make local investments in housing

In the 2019 legislative session, the state approved a local revenue sharing program for local governments that provides up to 0.0146% of local sales and use tax credited against the state sales tax for housing investments, available in increments of 0.0073%, depending on the imposition of other local taxes and whether a city's county also takes advantage.

If the city decided to access it and met the 2020 deadlines, the tax credit is in place for up to 20 years.

Annual maximum distribution cap

The law set a cap on the maximum sales tax revenues to be credited to local government within any state fiscal year (July 1 to June 30). The cap was calculated based upon the jurisdiction's taxable retail sales during the state's 2019 fiscal year (July 1, 2018 — June 30, 2019). Just like the state shared revenue cycle, distributions start July 1, and the state will cease distribution until the beginning of the next fiscal cycle if at any time during the fiscal period your distributions meet the cap.

Eligible uses of the funds

1. Projects must serve people at or below 60% of the median income of the county or city imposing the tax.
2. Acquiring, rehabilitating, or constructing affordable housing, which may include new units of affordable housing within an existing structure or facilities providing supportive housing

services. In addition to investing in traditional subsidized housing projects, this authority could potentially be used to provide for land acquisition, down payment assistance, and home repair so long as recipients meet the income guidelines.

3. Funding the operations and maintenance costs of new units of affordable or supportive housing.
4. For cities with a population at or under 100,000, the funds can also be used for rental assistance to tenants.
5. The legislation provides authority and encouragement to partner and work regionally including through interlocal agreements.
6. Cities can also issue bonds to finance the authorized projects (see related article on pg. 34).

How cities are using the funds

The first distributions of the Affordable and Supportive Housing Sales Tax occurred in FY 2020, and totaled \$9.5 million. Most jurisdictions had not begun spending the revenue yet and none reported committing funds

to capital projects that year. However, eight jurisdictions used the revenue for rent assistance programs – Bainbridge Island, Ellensburg, Enumclaw, Port Angeles, San Juan County, Shoreline, Tukwila, and Whatcom County. Thirty jurisdictions were working toward the formation of interlocal agreements for pooling and joint distribution of revenue. These jurisdictions are all located in the Puget Sound area: North King County, South King County and Thurston County.

Based on Commerce's 2021 annual report, 121 jurisdictions (35 counties and 86 cities) received Affordable and Supportive Housing Sales Tax distributions from the Department of Revenue, for a statewide total of more than \$25 million. Most jurisdictions have not begun spending their sales tax credit revenue. Eight jurisdictions reported using the revenue for rent assistance programs. Three jurisdictions reported spending on capital projects. Five jurisdictions used the revenue to support operations and maintenance costs for new affordable housing units.

Resources

RCW 84.14.540

Chapter 365-240 WAC

Department of Revenue implementation guidance

Affordable and Supportive Housing Sales and Use Tax - Washington State Department of Commerce

Finding missing middle housing

Housing affordability is one of the greatest challenges facing many communities in the western U.S. Rising demand outpaces the supply of additional housing units, driving prices steeply upward.

While single-family homes and multi-story apartments remain popular types of housing, there is an opportunity for additional housing types that may be underutilized. Outdated city ordinances and lack of private market interest can hinder the types of housing that are “in the middle,” housing that, in size and character, is somewhere between single-family homes and multi-story apartments. These include small-scale, multi-unit housing such as duplexes, triplexes, townhouses, backyard cottages (aka, accessory dwelling units (ADUs)), and courtyard-style apartments. Allowing and encouraging these ‘missing middle’ housing types can provide more affordable living options, particularly for the growing number of one- and two-person households in our communities—and provide it in a way that is compatible with existing neighborhoods. This approach can also contribute to other community goals, such as accommodating future population increases, providing more housing options, increasing walkability, and supporting neighborhood businesses.

Many Washington cities have been examining zoning changes to permit middle housing in more neighborhoods. Recognizing Washington’s housing affordability crisis, the Washington State Legislature took action to promote middle housing, including passing **HB 1923** in 2019 and **HB 2343** in 2020, both largely codified in RCW 36.70A.600. These new laws encourage cities to increase residential building capacity through a variety of specific options. The Legislature also made funding available to support affordable housing efforts and, importantly, made these efforts exempt from legal appeals under the Growth Management Act (GMA) and the State Environmental Policy Act (SEPA).

Below is a description of the City of Olympia’s work to expand where it allows middle housing. While the process generated significant local controversy initially, the new laws in RCW 36.70A.600 provided a clear path to eventually allow for a mix of housing types throughout most of the city. This action addresses multiple policy goals, including increased housing units at more affordable levels; greater equity for residents to locate in all neighborhoods; maximizing existing infrastructure; and reducing vehicle miles traveled and greenhouse gas emissions.

Olympia’s experience

Olympia’s process began in late 2016 when the Olympia City Council established a 16-member citizen workgroup to review its zoning code and development fees to identify ways to better enable missing middle housing throughout the city. The workgroup included a broad range of interests and expertise, and group members brought a thorough knowledge of the local housing market and the community’s neighborhoods.

The workgroup held eight monthly meetings, all of which were open to the public. They identified and discussed dozens of issues, focusing especially on 14 major issues for which they directed city staff to prepare more detailed issue papers. These included requirements for off-street parking, limits on height and setbacks, water and sewer hookup costs, impact fees, and maximum housing density. They also received input through an open comment portal on the city’s website and at several public open houses. At its final meeting, the workgroup reviewed specific recommendations from city staff based on the group’s discussions. The recommendations were to permit a greater variety of housing types in Olympia’s low-density residential zoning districts and to reduce development regulations and fees to more easily allow smaller housing units to be constructed.

Although it had strong policy support in the Olympia Comprehensive Plan, the idea of allowing multi-unit residential buildings in neighborhoods historically dominated by single-family homes ultimately caused heated public debate. Organized citizen groups formed on opposite sides of the debate, each conducting intensive public outreach campaigns.

Following nine months of public debate and lengthy discussion by the Olympia Planning Commission, in late 2018, the Olympia City Council unanimously adopted significant changes to allow middle housing in most of the city's low-density zoning districts.

While a greater *variety* of permitted housing types was proposed, the allowed *density* of the zoning districts was not increased. Also, minimum lot size now increases with the number of units proposed.

The council felt Olympia's existing development standards adequately addressed several issues with no changes. These included design review standards for infill development, low impact development stormwater measures, regulations of environmentally sensitive areas, and open space and tree protection standards.

Unfortunately, the newly adopted middle housing ordinance was immediately appealed in 2019, and has been mired in the legal process for nearly three years. In the meantime, the Olympia City Council

chose to revisit the topic of middle housing after the Legislature's adoption of new approaches in RCW 36.70A.600 and the city's selection for grant funding from the Department of Commerce. Olympia chose to pursue three of the specific actions listed in the statute to increase residential building capacity by focusing on ADUs; duplexes on corner lots; and duplexes, triplexes, and courtyard apartments in more zoning districts.

Similar to other Washington cities, Olympia found that building on the momentum of other broad community discussions about housing affordability led to a greater understanding of the need for more housing opportunities within existing neighborhoods. Adoption under the new state legislation was also very important as it removed the possibility of legal appeals. As a result, the Olympia City Council unanimously passed a second middle housing ordinance on December 15, 2020. With this action there are now fewer restrictions for new ADUs across the city; duplexes are allowed in all residential zones; triplexes and fourplexes are allowed in most residential zones; and sixplexes and courtyard apartments are allowed in one of the city's two low-density zones.

Lessons learned on best practices

Olympia's experience provides several lessons that may be helpful to other cities considering changes to increase missing middle housing.

Lesson #1: Ensure supportive policies in the comprehensive plan

Olympia completed a major rewrite of its comprehensive plan in late 2014, a process that included substantial public outreach and involved thousands of individuals.

The new plan recognized the need to accommodate 20,000 new residents by 2035. To do so, it designated three high-density neighborhoods near its commercial centers to accommodate approximately 75% of that growth. But the plan also called for increasing housing opportunities within low-density neighborhoods, areas that make up over 70% of the city's territory. Plan policies called for:

- A variety of compatible housing types;
- Removing unnecessary regulatory barriers to housing;
- Addressing neighborhood character;
- Blending multifamily housing into neighborhoods; and
- Providing housing variety for all income levels.

This policy framework provided the impetus for a public process to flesh out the details for carrying out these policies.

Lesson #2: Get expert analysis and opinions to identify an appropriate approach for your community

The Olympia City Council chartered a citizen's workgroup to identify barriers in city fees and codes impacting the construction of multi-unit housing in its residential zones, as well as potential solutions. The workgroup consisted of 16 community members with expertise in a broad range of fields including construction, real estate, finance, property management, and neighborhood organizing, as well as city-based renters. Overall, the members brought a thorough knowledge of the local housing market and the community's neighborhoods.

Through discussions and research, as well as public input from two community open houses, the workgroup identified 14 major issues needing deeper analysis. The city also contracted with Thurston Regional Planning Council to analyze the proposal's potential effects on future housing capacity.

At its final meeting, the workgroup reviewed specific recommendations made by city staff in response to the 14 challenging issues the group had identified. This process ensured that the recommendations were based on detailed discussion and analysis that reflected a broad set of perspectives and voices.

Lesson #3: Revisions to zoning provisions should vary according to location and existing development

Missing middle housing provides varying housing types, offers affordability options, and helps accommodate predicted population growth. However, determining which zoning provisions to revise should vary according to location and historic type of development.

The workgroup's analysis was very clear—future population growth in Olympia would continue and increasingly consist of smaller households that are more constrained in their ability to afford and purchase single-family houses. Providing for this future population requires significantly greater variety in housing types and levels of affordability than currently exists. Understanding the existing visual and social context is critical to determining what additional types of housing could be developed over time that are compatible with existing development. Take note of the following considerations:

- Allowing a greater variety of middle housing types near transit may allow opportunities to decrease off-street parking requirements, thus lowering the cost of construction.
- Older neighborhoods may already be experiencing internal conversions of houses into multiple units. Adopting appropriate design standards may encourage this to continue in a way that remains compatible with the established neighborhood aesthetics.

- Recently developed subdivisions that have smaller lots may make it more difficult to locate three or more additional units on them. In these neighborhoods, it may be more appropriate to limit missing middle housing to ADUs, duplexes, or 2-unit townhouses.

Lesson #4: Focus on broad public policy issues and introduce details in bite-sized to improve public discussion

In Olympia's initial process, detailed recommendations were reviewed by the workgroup and unveiled to Olympia citizens all at once in a draft summary document. Graphics and illustrations explained how the proposed changes would apply to duplexes, triplexes, fourplexes, courtyard apartments, cottage developments, and other housing types on lots of various sizes.

However, citizens not familiar with zoning regulations found the complex set of recommendations difficult to comprehend. As a result, the proposal was quickly sloganized by opposing citizen groups, both for and against the overall idea of adding housing units in existing neighborhoods. Once public discussion was effectively reduced to an "all or nothing" debate, it became nearly impossible to regain focus on key public policy details. Detailed points of discussion by the knowledgeable workgroup early in the process never really entered the larger public discussion once social media campaigns began to take hold.

In contrast, other cities began with a broader public discussion of an issue important to everyone in their communities: housing affordability. More detailed proposals were generated out of that broader discussion. In addition, understanding of complex recommendations are improved if individual issues are introduced separately rather than all at once. Olympia's workgroup laid the foundation by identifying these major issues and then discussing each one during its research efforts, often finding several potential alternative solutions to the challenges. Had this information been provided to the public on an issue-by-issue basis, this could have been helpful for the broader public discussion and would have provided greater context to each issue.

Lesson #5: State legislation, especially protection from legal appeals, can provide significant support for local policies

The uncertainty about potential legal appeals presents a significant risk for many cities when addressing difficult policy issues. Important factors that contributed to Olympia's ability to expand its housing options are:

- New support was included in the GMA to do this work, and
- "Safe Harbor" language precluded appeals under SEPA and the GMA to the Growth Management Hearings Board.

Clear legislative support changed the primary question for public discussion in Olympia from whether to increase middle housing options to how to do so. This was a very important distinction that allowed Olympia's second middle housing effort to focus on provisions that would have the most impact in Olympia's housing market.

Special thanks to Leonard Bauer, City of Olympia, for contributing the content for this article.

Resources

www.olympiawa.gov/missingmiddle





Affordable housing

New state law extends incentives for increased residential building capacity & density

In 2019, the Legislature created a grant program (**HB 1923**) to help address the housing affordability crisis throughout the state. Lawmakers sought to encourage cities to select from a detailed list of land use planning activities and prioritize the creation of affordable, inclusive neighborhoods, especially in areas with frequent transit service and infrastructure that supports added residential capacity. **HB 1923** provided temporary incentives—financial support and appeal protection—for jurisdictions over 20,000 in population that adopted two or more identified policies to increase residential building capacity. In addition to planning grants to incentive city action, the adopted policies were not subject to appeal under the State Environmental Policy Act (SEPA) or the Growth Management Act (GMA).

These appeal protection incentives were to expire April 1, 2023 because the Legislature’s goal was to spur early action on the housing crisis. With the passage of **SB 5818** in 2022, the Legislature repealed the deadline for SEPA appeal protection, making the incentive permanent. However, the bill did not amend the GMA appeals safe harbor deadline of April 1, 2023.

Where the policies below make sense, cities should take advantage of this unique opportunity. The appeal protection provides some assurance that after your city goes through the normal robust public process and arrives at a conclusion with potentially difficult votes, you will know that your city is safe from legal appeal.

Eligible activities

Four options for allowing greater density:

1. Increasing residential density in one or more areas near commuter or light rail stations to 50 dwelling units per acre, within an area of at least 500 acres in size that has at least one train station.*
2. For cities greater than 40,000 population: authorizing 25 dwelling units per acre within an area of at least 500 acres that includes at least one bus stop served by bus service at least four times per hour for twelve or more hours.*
3. For cities less than 40,000 population: authorizing 25 dwelling units per acre within an area of at least 250 acres that includes at least one bus stop served by bus service at least four times per hour for 12 or more hours.*

4. Authorize a minimum net density of six dwelling units per acre in all residential zones (this action must result in an increase in capacity to be eligible).

Two methods for promoting specific types of missing middle housing (non-ADU):

1. Authorize at least one duplex, triplex, or courtyard apartment on all parcels in one or more zoning district that allows single family residences unless the city documents a specific infrastructure or physical constraint that would make this unfeasible for a specific parcel.
2. Authorize a duplex on every corner lot within all zoning districts that allow single-family residences.

A very specific set of Accessory Dwelling Unit (ADU) policies:

- Authorize attached ADUs on all parcels with single-family homes where the lot is at least 3,200 sq. ft; and
- Allow attached and detached ADUs on all parcels containing single-family homes where the lot is at least 4,356 sq. ft; and
- Ordinances must not require on-site parking, owner occupancy requirements, or square footage limitations below 1,000 sq. ft for the ADU; and

**In all three of these options, a city cannot require more than an average of one on-site parking space per two bedrooms in the portions of multifamily zones that lie within this area.*

- Must not prohibit the separate rental or sale of ADU and primary home; and
- Impact fees cannot be more than the projected impact of the unit.

Other than these factors, ADUs may be subject to such regulations, conditions, procedures and limitations as determined by the city.

Six permit or development streamlining related actions:

1. Authorize cluster zoning or lot size averaging in all zoning districts that allow single family residences.
2. Adopt a 'transit oriented' subarea plan under RCW 43.21C.420. Preexisting authority that provides SEPA appeal protections to qualifying projects near transit stations.

3. Adopt a planned action in an area containing residential or mixed-use development that is within one half mile of a transit stop or a proposed transit stop that will be built within five years. No environmental impact statement is required.

4. Adopt increases in SEPA categorical exemptions for residential or mixed-use development using the SEPA "infill" authority in RCW 43.21C.229. This authority allows a city to increase categorical exemptions to a virtually unlimited degree where current density and intensity of use is lower than called for in the comprehensive plan. There are several requirements to use this tool, but it is very powerful.

5. Adopt a form-based code or a code based on physical form rather than separation of uses.

6. Adopt the maximum authorized level for the division or redivision of land through the short subdivision process.

Depending on level of interest and available funds, grant support may also be provided to smaller cities. Check with the Department of Commerce.



Using affordable housing zoning to minimize displacement

One action step that is often taken to increase the housing supply is to change local zoning, or to 'upzone,' to allow for a greater amount of housing in the same amount of space. One unintended consequence of such upzoning, however, is the potential for an increased risk of gentrification and displacement. A relatively new zoning tool is being used that could potentially address this risk: affordable housing overlay zones.

What is gentrification and displacement?

The Puget Sound Regional Council (PSRC) offers the following definitions in its Vision 2050 Draft:

- **Gentrification:** The influx of capital and higher-income, and oftentimes more highly educated residents, into lower income neighborhoods.
- **Displacement:** The involuntary relocation of current residents or businesses from their current residence. This is a different phenomenon than when property owners voluntarily sell their interests to capture an increase in value. Physical displacement is the result of eviction, acquisition, rehabilitation, or demolition of property, or the expiration of covenants on rent- or income-restricted housing. Economic

displacement occurs when residents and businesses can no longer afford escalating rents or property taxes. Cultural displacement occurs when people choose to move because their neighbors and culturally related businesses have left the area.

Broad rezoning efforts often result in gentrification and displacement for the most marginalized families and individuals. One common assumption is that increased housing supply will result in lower housing prices. While this supposition is broadly true, especially on a macro scale, it does not always result in an increased amount of housing that is affordable to low and low-moderate income households (such as those at 50-80% and 80-100% AMI levels), especially in hot real estate markets where demand greatly exceeds supply. How to address those unintended consequences is a complicated issue for any local government to tackle.

A new approach: Affordable housing overlay zones

Creating affordable housing overlay zones (AHOZ) is a relatively new approach being considered by several communities throughout the U.S. to address the issue of gentrification and displacement that can result from upzoning. This type of overlay zone would be added to a local government's zoning map and zoning/development codes, which would provide substantial density bonuses (beyond traditional density bonuses) and other development incentives for housing projects with high percentages of below-market-rate housing units. While it appears that this specific AHOZ tool has not yet been used in Washington State, it has been adopted and incorporated into local zoning codes in other parts of the U.S.

How does an overlay zone system actually work? In essence, an overlay zone 'floats over' existing, designated zone(s) on the zoning map and affixes to a specific parcel only if a developer met certain conditions. For example, a sample city's AHOZ program might look like this: Single-family zoning standards would apply to all parcels within a designated 'single-family zone' and would only allow single-family residences to be built at a set intensity level, unless a developer proposed a 100% affordable housing project on a specific development site. If that proposal met the program requirements, then the AHOZ would be triggered and 'overlaid' onto that piece of property, which would allow the increased density and height limits, as well as expedited development review.

Benefits of an AHOZ

Affordable housing development is challenging and difficult, due in part to:

1. High land costs;
2. Competition from market-rate developers who can usually afford to pay more than nonprofit and public affordable housing developers; and
3. Discretionary review (such as those triggered by a 'conditional use' designation), which can add significant cost, unpredictable delays, and risk for any housing developers

AHOZ density bonuses allows more units per acre to be built, which reduces the per unit cost. Because the density bonus will likely only be used by nonprofit and public

housing developers, the market price of land will presumably be based on how the land could be developed without the density bonus, which should make it easier for those types of developers to acquire land for their housing projects. Treating AHOZ projects as 'by right' permitted uses in a zoning code will reduce the extra time and expense needed when an applicant is required to go through a discretionary development review process, such as those typically required for conditional uses.

Resources

UC-Berkeley, Turner Center for Housing Innovation Case Study: Affordable Housing Overlay Zones: Oakley, April 2019



Addressing the impact of short-term rentals on affordable housing

Short-term rentals (STRs) have been in existence for several decades but widespread use of them exploded with the advent of online platforms such as Airbnb and VRBO. The STR market took a major hit during the early days of the COVID-19 pandemic, but its popularity has been rising now that more people are traveling again.

This accommodation option has recently been facing increased local government scrutiny, however, as more becomes known about the impact that STRs have on the supply of affordable housing.

Effect on the local affordable housing supply

While not the primary cause of affordable housing problems, many experts believe that STRs do have a negative impact on affordable housing at the local level, especially in high-tourism communities. Several organizations and publications, such as Pew Charitable Trusts and Harvard Business Review (HBR), have conducted research showing that as the number of short-term rentals increase in a community, the quantity of affordable housing units decrease.

The authors of a 2019 HBR article focusing on the effects of Airbnb observed that, "because of Airbnb, absentee landlords are moving their properties out of the long-term rental and for-sale markets and into the short-term rental market." The authors noted that as absentee landlords reduce the housing

supply, it increases the housing cost for local renters:

(I)n aggregate, the growth in home-sharing through Airbnb contributes to about one-fifth [or 20%] of the average annual increase in U.S. rents and about one-seventh [or 14%] of the average annual increase in U.S. housing prices.

But what about non-absentee property owners using online platforms like Airbnb to rent out their properties? The HBR researchers found that "owner-occupiers" who rent out their spare rooms or even an entire house (when they are away for a set period of time) to short-term visitors using a virtual house-sharing platform do not impact the long-term rental market.

Local regulations that address affordable housing concerns

Affordable housing impacts caused by the conversion of long-term housing to short-term rental use are such a concern that it is becoming a major rationale for regulating STRs. Several Washington cities have adopted plans and STR regulations that explicitly identify the impact on affordable housing as a major policy rationale. One example of local regulation is Chelan County. In addition to having a clear affordable housing policy statement, Chelan County has recently updated its STR regulations to provide more flexibility for owner-occupied units. These are categorized as "Tier 1" rentals and must meet one of the following characteristics:

1. Is a room in a dwelling in which the owner is personally present during the rental period;
2. Is a unit located on the same parcel as the owner's principal residence and the owner is personally present during the rental period, or;
3. Is the entire dwelling, which is rented for no more than 15 total days in a calendar year provided that an on-site qualified person is there during the owner's absence.

STRs that don't meet one of these three Tier 1 criteria are categorized as Tier 2 or Tier 3 and are more strictly regulated by the county, in large part due to affordable housing concerns. In fact, the Chelan County code requires that new short-term rentals deemed to be Tier 2 and/or Tier 3 "cannot be located in specified areas where short-term rentals make up more than the maximum share of the total housing stock in [those specifically identified] residential zoning districts..." For most of the specified areas in Chelan County, the maximum share is 6%, with two exceptions being the Manson urban growth area (UGA) at 9% and the Peshastin UGA at 0%.

There may be many reasons behind a local government's decision to regulate or not regulate the local STR market. For those communities wrestling with a tight housing supply and a strong tourist/visitor market, however, affordable housing is another significant policy factor to weigh when a local government is considering how strictly to regulate short-term rentals.

Multifamily housing bonds

As cities and counties grapple with mounting housing insecurity, they are increasingly considering issuing bonds to support the production of rental housing that is affordable to working families. Housing is infrastructure and can be an eligible purpose for public borrowing, using both tax-exempt and taxable bonds.

Types of bonds

Raising funds through borrowing at tax-exempt interest rates is a long-standing practice utilized by state and local governments for all types of infrastructure projects. Governmental entities can issue three types of tax-exempt bonds to finance affordable housing:

- Governmental bonds
- “Volume cap bonds”¹
- Qualified 501(c)(3) bonds

Local governments regularly issue governmental bonds for core governmental purposes, such as schools, libraries, roads, fire trucks, and administrative buildings. As housing pressures mount, governments are increasingly treating housing as a core governmental function. Projects that qualify for governmental bonds generally must be owned

and operated by a governmental entity (such as the county, city, public development authority, or housing authority) and have traditionally served residents at or below 80% of area median income.

The role of partnerships

Although cities and counties are permitted to issue bonds for housing, most have delegated this responsibility to local housing authorities. The 37 city and county housing authorities in the state can issue both governmental and private activity bonds (as defined below). Many are frequent issuers of housing bonds, and own and operate affordable rental housing for their establishing jurisdictions. This partnership between local housing authorities and their establishing city or county can free local governments from the business of running housing projects, which requires special expertise and attention.

Alternatively, a government can issue bonds and loan the proceeds to another entity that is responsible for developing the housing. In such cases, the type of bond issued will depend on who owns and operates the housing. If a 501(c)(3) nonprofit entity is the owner and operator, the bonds could be qualified

501(c)(3) bonds. If the owner and operator is a for-profit entity—or if it is a nonprofit entity or housing authority that has partnered with a for-profit entity—the bonds issued would be volume cap bonds. The latter category of bonds, and indeed 501(c)(3) bonds, are considered “private activity bonds” because the owner and operator is not a governmental entity.

Local housing authorities, certain public development authorities,² and the Washington State Housing Finance Commission (HFC) are frequent issuers of private activity bonds for housing. HFC is the designated statewide issuer of “conduit” private activity bonds for housing, both volume cap and qualified 501(c)(3) bonds. HFC issues bonds, and loans the proceeds to private developers (both for-profit and nonprofit) to buy or build housing throughout the state.

Project requirements

When issuing governmental bonds for housing, local housing authorities are required by state statutes to set aside at least half of the project (by units or square footage, whichever is larger) for low-income residents. “Low-income residents” has historically been

¹Also referred to as “qualified residential rental bonds” or “142(d) bonds” because of the governing section of the Internal Revenue Code for this type of bond. The federal government imposes a per capita limit (currently \$105 per person) on the amount of certain types of private activity bonds that can be issued within each state each year. In 2019, Washington State’s total private activity bond volume cap allocation was \$791,237,055. The state, through the Department of Commerce, further allocates the private activity bond volume cap among exempt facilities, housing, small issue, and student loan categories—with housing traditionally receiving the largest share of the annual allocation. Ch. 39.86 RCW, WAC 365-135.

²Community Roots Housing and the Seattle Chinatown International District Preservation and Development Authority are both issuers of housing bonds.

interpreted to mean residents with incomes at or below 80% of area median income.³ The other half of the project may be rented to tenants paying market rents. When housing authorities, public development authorities, or the HFC issue volume cap bonds, federal tax law requires that the projects reserve 20% of the units for residents earning no more than 50% of area median income or 40% of the units for residents earning no more than 60% of area median income. In most cases, because volume cap bonds trigger the project's eligibility for federal low-income housing tax credits (LIHTC),⁴ in order to maximize the LIHTC investment most of these housing projects will be 100% low income, at 60% of area median income.

Paying back the bonds

The debt service on private activity bonds issued by housing authorities and the HFC is usually paid from rents generated at the projects. From time to time, local housing authorities will pledge other unrestricted funds to pay debt service. Because the cost of developing housing is high, the project rents are usually insufficient to repay traditional forms of debt needed to make a

housing project affordable to lower income residents. Many affordable projects have multiple funding sources—including bonds, LIHTC investment, and state Housing Trust Fund loans—which reduce the cost of borrowing. However, even with these multiple sources, a gap between the funding available and the costs of development often remains. By providing an additional source of funding to a project, local governments can help “plug the gap” to ensure the affordable housing development can be built.

A new tool for debt service

The new sales tax credit provided by **HB 1406**⁵ in 2019, as updated in 2020 by **HB 1590**,⁶ has sparked interest among local governments in issuing bonds backed by the sales tax revenues. Building upon existing partnerships, cities and counties can assist their local housing authorities, private developers, and nonprofit organizations with plugging the gap when they buy and build affordable housing by issuing governmental bonds. The bonds issued would likely be taxable to provide for maximum flexibility.⁷

The bond proceeds can be used to establish a local “trust fund” which could lend money to affordable housing developers to build or operate select projects. The new revenues provided by the tax credit could then be used annually to pay debt service on the bonds. Jurisdictions could establish either a single jurisdiction trust fund or a pooled trust fund to which other jurisdictions could contribute either bond proceeds or sales tax revenues to pay debt service on a pooled bond issue. In addition to the state Housing Trust Fund, which is funded with state-issued bonds and managed by the Department of Commerce, trust fund models exist in many jurisdictions. For instance, the cities of Seattle, Vancouver, and Bellingham housing trust funds are funded from housing levies; Spokane's trust fund is funded from document recording fees.

The state and local trust funds play an important role in ensuring the success of affordable housing projects.

Special thanks to Faith Li Pettis at Pacifica Law Group for submitting this article.

³See for example, RCW 84.14.010(8) and RCW 84.52.105.

⁴The federal LIHTC program is an incentive program, as opposed to a subsidy program, that provides a dollar for dollar tax credit to investors in affordable housing projects. It's one of the most successful affordable housing production programs in U.S. history, having created about 2,000,000 units of housing since inception. The equity provided to a project from tax credit investors is a significant source of funding for many affordable housing developments and is triggered by the issuance of volume cap bonds. Because of the importance of the LIHTC as a capital source for financing housing, qualified 501(c)(3) bonds for housing are infrequently issued – they do not bring with them the LIHTC.

⁵**SHB 1406**, Chapter 338, Laws of 2019. Note that **HB 1406** does not establish a new tax, but provides a credit against the state sales tax collected in a jurisdiction. It is not an additional tax to consumers.

⁶**HB 1590**, Chapter 222, Laws of 2020, allowing the sales tax established by **HB 1406** to be imposed by councilmanic authority.

⁷Use of tax-exempt governmental bonds may preclude LIHTC investment or private ownership and development of the project.

Land Acquisition Program

The Washington State Housing Finance Commission's Land Acquisition Program (LAP) offers low-interest loans to help nonprofit and public organizations buy land for the eventual development of affordable housing. In acquiring land under LAP, cities and their housing partners can respond quickly to secure development sites as the properties become available on the market, and not have to wait until all the financing is assembled for construction costs.

Original program

- Eligible borrowers: nonprofit housing assistance organizations, local governments, housing authorities, and tribal authorities
- Secured site must be developed within eight years of financing
- Housing can be either multifamily or single-family units
- Housing must target populations at or below 80% of area median income
- Rental housing must remain affordable for at least 30 years

Expanded program

The Expanded Land Acquisition Program (ELAP) is a partnership between the Housing Finance Commission and Microsoft Corporation that enables developers to purchase land and improved real property in east King County and develop it later for affordable rental housing or single-family homes.

Created in 2020, ELAP is a revolving loan program administered by the Commission using capital provided by Microsoft.

Key features

- Limited to the communities of East King County, especially the target areas of Redmond, Bellevue, Kirkland, Issaquah, Renton, and Sammamish.
- Open to all development entities, including for-profit companies as well as local governments, local housing authorities, nonprofit organizations, and tribes
- Housing can serve people who earn up to 120 percent of area median income
- Housing must remain affordable for at least 35 years

Loan details

LAP

LAP loans carry a 1% interest rate with a 1% loan fee and a maximum term of eight years. Although loans may be outstanding for up to eight years, it is anticipated that most loans will be repaid within four to six years.

Interest payments are deferred for the term of the loan, which is intended to be paid off with the proceeds of construction financing in order to recycle the funds for use in future transactions. Specific terms and conditions of the loans are set forth in a loan agreement and deed of trust.

The program has no maximum loan amount. However, LAP is not intended to cover 100% of site acquisition costs. The average loan amount of the projects financed to date is \$675,000.

ELAP

ELAP loans can be made in any amount; however, ELAP is not intended to cover 100% of site acquisition costs. The ELAP loan may not be used for predevelopment expenses. The ELAP loan will cover a maximum of 75% loan-to-land value.

ELAP loans have a 5% interest rate with an estimated 1% loan fee and a maximum term of 3 years with a 2-year extension available. Interest and principal payments may be deferred for the life of the loan.

The interest rate on an ELAP loan may be reduced by up to 3% (at the sole discretion of the credit committee) for the life of the loan in the event of certain changes to local ordinances or regulations that meaningfully and positively impact affordable housing projects (beyond just the ELAP project in question).

How to apply

Applications for LAP are accepted continually; projects are considered based on fund availability. Strong consideration will be given to applications that propose leveraging LAP funds with other financing sources.

Resources

Washington State Housing Finance Commission (WSHFC)
www.wshfc.org

Revising city regulations to encourage accessory dwelling units

Accessory dwelling units (ADUs) have been around for decades. In many parts of Washington State, the concept is accepted and local governments have revised their regulations to accommodate such housing. Even so, the number of ADUs created in accordance with local standards has remained relatively low, due in part to the difficulty in meeting those regulations and the associated costs. In response, local governments are reconsidering their standards and discussing how to make them easier to meet.

What is an accessory dwelling unit (ADU)?

An accessory dwelling unit (ADU) is a small, self-contained residential unit located on the same lot as an existing single-family home. They are sometimes referred to as “mother-in-law apartments.” An ADU has all the basic facilities needed for day-to-day living independent of the main home, such as a kitchen, sleeping area, and a bathroom.



There are two types of ADUs:

1. **Attached ADU**, which may be created as either:
 - a. A separate unit within an existing home (such as in an attic or basement); or
 - b. An addition to the home (such as a separate apartment unit with its own entrance).
3. **Detached ADU**, created in a separate structure on the lot (such as a converted garage or a new “backyard cottage”).

Reasons for allowing ADUs

State law (RCW 43.63A.215 and RCW 36.70A.400) requires that certain cities and counties adopt ordinances to encourage the development of ADUs in single-family zones, by incorporating the model ordinance recommendations prepared by the Washington Department of Commerce. In addition to just meeting a statutory mandate, however, ADUs have also helped local jurisdictions meet their Growth Management Act goals to encourage affordable housing and provide a variety of housing densities and types, while still preserving the character of single-family neighborhoods. From a planning perspective, it is considered by many to be a “gentler” method for accommodating population growth in a community.

In 2020, the Washington Legislature passed a bill (**HB 2343**) which expanded on a bill passed the previous year (**HB 1923**) which offered \$100,000 in grant funds if a city commits to adopting at least two actions that are intended to increase local residential capacity (see article on pg. 29). Such adopted actions are also exempt from GMA and SEPA appeals.

1. Authorize in one or more zoning districts in which they are currently prohibited;
2. Remove minimum parking requirements;
3. Remove owner occupancy requirements (but see change in 2021 below);
4. Adopt new square footage requirements that are less restrictive;
5. Develop local programs that offer financing, design, permitting, or construction for homeowners to build ADUs, with the option for the city to impose an affordability requirement for home ownership or when renting the unit.

State preemptions

Also in 2020, the Legislature passed **SB 6617** which prohibits cities from requiring on-site parking for ADUs that are within a quarter mile of a major transit stop. There are two significant exceptions to this preemption. If a city has adopted or significantly amended their ADU ordinances within the prior four years, they are grandfathered in and the provisions of the bill do not apply. If a city desires to require on-site parking for ADUs near transit they may do so, but they must provide an evidence-based justification, such as lack of on-street parking capacity.

Passed in 2021, **SB 5235** prohibits cities from regulating the number of unrelated persons who occupy a household or dwelling unit—including ADUs, unless for building safety and health reasons. Notably, the Legislature did provide an exception for short-term rental units.

Communities reconsider ADU requirements

Many local governments in Washington State and elsewhere are reexamining their “standard” ADU requirements and questioning the rationale behind them, especially given the low production rate of new accessory dwelling units.

As a result, communities are considering changes to ADU regulations, such as:

- **Unit size:** Most current ADU standards set a maximum size (for example, 800 square feet), but some communities are considering an increase to their limit to provide more flexibility.
- **On-site parking:** Some local governments are looking at a reduction or elimination of standards requiring on-site parking spaces for the ADU’s occupants, especially in areas where there is adequate on-street parking.
- **Detached ADUs:** Most codes only allow attached ADUs, but more communities are expanding regulations to permit detached ADUs (which are usually required to be placed in the back half of a residential lot). Even if allowed, the high cost of constructing “backyard cottages” may limit the number that actually get built.
- **Owner-occupancy:** Most codes require that the property owner needs to occupy either the primary or accessory unit, but some communities have removed this requirement.
- **Allowing more than two dwelling units:** A “cutting edge” regulatory change is to increase the maximum number of dwelling units on a single-family lot to three (by allowing one primary dwelling unit, one attached ADU, and one detached ADU).

In addition, some cities are providing a set of architectural plans that meet the city requirements and reduce the cost to build an ADU. To streamline the permitting process for homeowners who want to add an ADU on their property, the cities of Olympia, Tumwater, and Lacey have teamed up with the local architect firm, Artisans Group, to design four ADU plans. This takes the cost of the design work out and since the building plans are pre-approved, the permitting process is streamlined because the city will just need to approve the site. Of course, the cost to build an ADU is still significant and can vary as there are many factors, including the site work that needs to be done to the finishes used for the ADU; but the rough estimate is about \$150,000 to \$200,000.

Regardless of how local governments decide to regulate them, ADUs may be a viable approach to address a community’s growth and affordable housing goals. Just be sure regulations and development review process aren’t so burdensome that property owners end up not creating these dwelling units or building an ADU without obtaining the required permits.

Affordable housing

A Regional Coalition for Housing (ARCH): 15 cities & a county working together

A Regional Coalition for Housing (ARCH) is a partnership of 15 cities in East King County and the county government itself dedicated to advancing affordable housing in the region. Originally created in 1992 following recommendations of a citizens' commission, ARCH supports member governments by developing housing policies, strategies, programs, and development regulations; investing local resources in affordable housing developments; administering affordable housing programs; and assisting people looking for affordable rental and ownership housing.

ARCH is governed by its member cities, with an executive board made up of the chief executive officers of member cities. A Citizen Advisory Board provides recommendations on local funding allocations, which are made through a Housing Trust Fund that invests pooled funds into project loans and grants. ARCH's work program and administrative budget is determined annually by its member cities.

ARCH has led and supported a variety of housing policies and programs, notably the early adoption of inclusionary zoning in several communities, surplus

land programs, and encouraging regulatory flexibility to support diverse housing types such as accessory dwelling units. ARCH staff also administer incentive and inclusionary housing programs on behalf of members, and provide ongoing monitoring of housing created by city programs and investment. On the capital side, ARCH helps cities pool resources they allocate for affordable housing within the member cities. Cities are willing to co-fund projects through grants and loans with the long-term goal of creating affordable housing throughout East King County that serves a range of needs. ARCH also provides ongoing monitoring of housing funded by cities.



City of Bellingham housing levy

The Bellingham housing levy was approved by the voters in 2012, imposing a tax of 36 cents per \$1,000 of assessed property value, generating \$3 million per year. It was renewed in 2018 at the same rate, which now generates \$4 million per year over a ten-year period for the Bellingham Home Fund. The Bellingham Home Fund provides safe, affordable homes and supportive services to seniors on fixed incomes, people with disabilities, veterans, and low-income families. An Administrative and Financial Plan approved by the Bellingham City Council guides the use of the funds.

In 1995, the Washington State Legislature enacted RCW 84.52.105, which authorizes cities, counties and towns to impose an additional regular property tax levy of up to 50 cents per \$1,000 of assessed value of property for up to ten consecutive years. The ability to propose a levy under this statute requires a city, county or town to declare an emergency with respect to the availability of affordable housing.

Rental & transitional housing

The Bellingham Home Fund supports the development of new rental housing units for households that earn less than 60% of the area median income. Funds have been used for preservation of housing, critical repairs, weatherization and accessibility.

Homeownership

Since 2002, the City of Bellingham has partnered with the Kulshan Community Land Trust and, more recently, with the Washington State Housing Finance Commission to help with down payment and closing costs for low-income households. Since 1977, the city has offered financial assistance to low-income homeowners to repair their homes. In 2013, the Bellingham Home Fund allowed the city to support expanding the Opportunity Council (a private, nonprofit Community Action Agency serving homeless and low-income families and individuals) services to repair and weatherize owner-occupied manufactured homes.

Rental assistance & services

Bellingham allocates the Home Fund, federal HUD funds, affordable housing sales tax funds and other and city funds to support housing and social services for low-income people in the community. These funds also support rent subsidies and emergency shelter.

Some of the Home Fund's major initiatives include:

- Homeless Outreach Team (Whatcom Homeless Service Center)
- Project-based services in permanent supportive rental housing developments (Catholic Community Services, Opportunity Council, Sun Community Service)
- Housing units – over 680 built or maintained with the help of the Home Fund
- Housing services (Lydia Place, YWCA, Domestic Violence and Sexual Assault Services, Northwest Youth Services, Opportunity Council)

Resources

www.cob.org/services/housing

Affordable housing City of Bellingham housing levy



Affordable housing Community Land Trusts

Community Land Trusts (CLTs) are nonprofit organizations that provide affordable homeownership to current and future generations of income-qualified buyers through a leasehold model. Homeowners purchase the structure of the home at a subsidized price; the land under the home is held in trust and the homeowners lease the land from the nonprofit for a modest monthly fee.

There are over 225 CLTs in 38 states. Thirty CLTs have been established in the Pacific Northwest since the 1990s, with 17 in Washington. CLTs have proven to be a very effective model in Seattle, Bellingham, Spokane, Portland, and other communities around the country.

CLTs acquire land from public surplus, direct purchases, and donations. CLT homes may include both multi-home developments in a neighborhood and scattered site programs where homeowners find a home they wish to purchase, and the property is brought into the CLT as part of the purchase process.

Removing the cost of the land from a home purchase is one part of subsidizing the overall price of CLT home. In a “hot” housing market, the increasing land value is a substantial part of the cost of a home. Increased costs of labor and materials for new construction require that new CLT homes subsidize the cost of the structure as well.

Homes remain permanently affordable through a resale restriction that limits the appreciation of the home to a formula. In exchange for purchasing a home at well below market rate, CLT homeowners agree to a limit on the amount of equity they can realize when they sell the home. An agreed-upon formula caps their equity growth at fair return as defined by the U.S. Department of Housing and Urban Development. CLT homeowners build equity within the agreed limit and use that equity to move up the economic ladder.

Even if property values in the area skyrocket, the home remains comparatively affordable forever. A CLT balances the multiple goals of asset-building for low- and moderate- income households, preservation of affordability over time, and the protection of neighborhood vitality.

CLTs also provide post-purchase support to owners, including assistance in times of financial distress. As a result, CLTs have an established track record of very low default rates. In 2008, CLTs had a foreclosure rate of 0.52% nationally, compared to over 3.3% for conventional home buyers.

Owner membership in the CLT and owner representation in governance, such as board service, are what distinguish CLTs from other affordable homeownership models. The ground lease confers eligibility for membership in the organization. One-third of the board of directors are homeowners, joining local housing advocates, city officials, and other interested community members.

CLT homeowners may make further improvements to their house just as any homeowner would. Homeowners reap all the tax benefits of homeownership and can leave the home to their heirs or anyone else they designate.

CLT homes span the full spectrum of home types – single-family detached, duplexes, triplexes, townhomes, cottages, and condominiums. In the case of condominium homes, resale restrictions and membership rights are secured through a deed restriction rather than a ground lease. Cities may use CLTs to preserve affordability of homes created through density bonus agreements with for-profit builders.

Resources

Northwest Community Land Trust Coalition www.nwcltc.org

Inclusionary zoning: Mandatory programs

One method for addressing the affordable housing problem is use of a regulatory tool called “inclusionary zoning.” Inclusionary zoning requires affordable units to be included within new residential development projects, or payment made for construction of such units elsewhere in the community.

There are two basic types of inclusionary zoning: voluntary and mandatory. Under a voluntary program, it is up to the developer to decide whether or not to use various incentives or bonuses in exchange for providing a specified number of affordable units. However, such programs are not used very often, with developers usually opting to choose the simpler path of building only market-rate housing.

Conversely, a mandatory program requires the construction of a minimum number of affordable units or an “in lieu of” payment. Communities with a mandatory program usually provide an additional density bonus if the number of affordable dwelling units goes beyond the mandated minimum. This article focuses primarily on mandatory programs.

Who uses inclusionary zoning?

More than 500 cities in the U.S. use inclusionary zoning, including Boston, Denver, New Orleans, Portland, Sacramento, San Francisco, San Diego, and Washington D.C. In Washington State, there are a few cities that use inclusionary zoning, and more that are actively considering it.

Successful examples in Washington State are Redmond and Federal Way. Redmond’s affordable housing regulations, which have been in place since 1995, provide long-term affordable “contracts” on nearly 500 dwelling units. The City of Federal Way has also created a sizable amount of affordable units through its inclusionary zoning provisions.

Elements of inclusionary zoning

Mandatory inclusionary zoning regulations usually specify the following:

- **Minimum quantity** of affordable units to be provided, which is usually a percentage of a development’s total number of dwelling units. For example, Redmond requires a minimum of 10%, while Sammamish has a sliding scale, based on the affordability level of the provided housing units. Developers in Sammamish are also using the city’s affordable housing “bonus pool” to produce more market-rate and affordable dwelling units.



- **Targeted income range** of households to be served by the affordable units. For instance, Redmond’s target population is “those who make equal to or less than 80% of the King County median household income adjusted for household size,” while Federal Way defines “rental affordable housing” as dwelling units affordable to those with incomes at or below 50% of King County’s median income.
- **Time period** within which the designated units must be maintained as affordable. For example, Issaquah requires those units to remain affordable for a minimum of 50 years.
- **Geographic scope** of such regulations. Inclusionary zoning is usually limited to designated areas such as a downtown or mixed-use development areas, although they may be applied throughout your community. For example, Redmond includes its downtown and seven other neighborhoods, while Issaquah’s mandatory program is limited to the Central Issaquah Urban Core.

On a practical note, a local government should ensure that the increased development capacity resulting from an upzone will offset the added costs to the housing developer of providing the affordable units. Otherwise, neither the market-rate nor affordable housing units will be built.

Pros & cons of inclusionary zoning

In an active housing market, inclusionary zoning results in the production of more affordable housing for low- and moderate-income residents. Inclusionary zoning can also result in buildings and neighborhoods that have a mix of income levels, without having to rely on taxpayer funds to provide them.

On the “con” or consideration side, it is important to tailor your program to fit your local housing market. If the market is not strong enough, mandatory affordability requirements could cause developers to not to build any residential housing, which may exacerbate the affordable housing issue. Cities should review the programs of their peers to consider administrative and monitoring responsibilities.

Legal basis for inclusionary zoning

State law (RCW 36.70A.540) provides authority for Growth Management Act (GMA) cities and counties to establish mandatory requirements for the inclusion of affordable housing under certain circumstances. That statute allows a GMA city or county to require a minimum number of affordable housing units that must be provided by all residential developments in areas where the city or county decides to increase residential capacity. Before establishing such a requirement, a city or county must determine that such a zone change would further local growth management and housing policies.

The pros and cons of inclusionary zoning should be carefully reviewed before implementing such a program. But, if your community has an affordable housing problem and strong demand for market-rate housing, it is a regulatory tool that should be considered.

Density bonus: Voluntary inclusionary zoning

As cities throughout Washington State struggle to bring more affordable housing units into their communities, there is one tool at their disposal which has flown under the radar – but deserves a much closer look and more attention. It’s called “density bonus.”

Providing density bonuses is a regulatory mechanism that municipalities have in their existing toolbox – and can use right away to encourage the development of affordable housing and other public benefits. It does so by providing developers a bonus of market-rate dwelling units in exchange for their commitment to build affordable dwelling units for low- or moderate-income households.

State regulations, and the city regulations that flow from them, enable jurisdictions to offer voluntary inclusionary zoning programs that provide incentives or bonuses for increased density to developers. Combined with that authority, our state’s Growth Management Act (GMA) allows cities to offer incentives for the development of low-income housing units (RCW 36.70A.540). These incentives include density bonuses, height and bulk bonuses, fee waivers or exemptions, parking reductions, and/or expedited permitting.

Under WAC 365-196-410 and the housing element of its Comprehensive Plan, each city/county must develop a housing element that identifies and meets housing needs. Density bonuses can be offered both to meet the

housing goals and policies of the Comprehensive Plan as well as the purpose and intent of the zoning districts.

Renton uses its density bonus to encourage the creation and preservation of affordable homeownership in partnership with a local non-profit organization. The city has implemented affordable housing incentive programs for low-income housing units under Density Bonus Review (RMC 4-9-065) for developments that allocate some of the units to be affordable for 50 years. Renton also encourages the development of new income-restricted units through fee waivers and the Multi-Family Tax Exemption (MFTE) program as well.

Renton sets annual income restrictions at 80 percent of the area median income (AMI) for ownership housing and owner-occupied housing, or 50 percent AMI and below for rental housing. The AMI figure is adjusted for household size. Density bonus review occurs concurrently with other required land use permits or can be reviewed under administrative site plan review requirements.

Recently in Renton, a residential homeownership development was approved with a density bonus as part of the Earlington Village project a Planned Urban Development consisting of 60 multi-family townhomes. The developer secured approval to build at a density of 18 dwelling units per net acre using the allowed bonus density provisions.

In return, the project developer provided seven three-bedroom dwelling units to a non-profit homeownership organization that could assure a 50-year compliance of income-qualified residency and permanent affordability. These seven homes were placed in trust with Homestead Community Land Trust (Homestead). Homestead managed the initial sale to the first income qualified buyers and will provide compliance management and stewardship support to homeowners throughout the compliance period.

Renton requires that affordable units must be provided in a range of sizes and with features comparable to market-rate units. Additionally, low-income units must be distributed throughout the development and have the same functionality as the other units in the development. Some documents used to secure agreements between Renton, the developer, and the Homestead included an Affordable Housing Restrictive Covenant, Affordable Homeownership Program Agreement, and Use Agreement.

The result of weaving the density bonus into the Earlington Village project is that two important goals are achieved: First, additional middle market housing types and more density is created; and second, affordable units are added – in a way that brings affordable homeownership opportunities to first-time home buyers who otherwise struggle to find them. That’s a win-win for Renton and the region.



Affordable housing

Multifamily tax exemption: A newly expanded incentive to help create affordable housing

The Multi-Family Housing Property Tax Exemption (MFTE) program began in 1995, codified as Chapter 84.14 RCW, to incentivize residential development in urban centers, designated as “residential targeted areas.” It encourages the development of multifamily housing by exempting the value of new housing construction, conversion, or rehabilitation from property taxes. A local government may choose to offer an 8-, 12-, or 20-year tax exemption. Twelve and 20-year programs must require that a certain percentage of the housing be affordable to low or moderate income households.

The 2021 Legislature significantly amended the MFTE program through **SB 5287**:

Smaller jurisdictions now eligible

Until 2021, only the largest jurisdictions in Washington were able to offer an MFTE program. In 2021, the Legislature provided an opportunity for any city that was not already eligible to offer MFTE programs. Cities who qualify under this new provision may provide a 12 or 20 year exemption (RCW 84.14.010(3)(d)).

A 12-year extension for existing MFTE projects

With **SB 5287**, MFTE projects may be extended for an extra 12 years for 8- or 12-year programs that have existing property tax exemptions that are within 18 months of expiration. This action requires city approval. The extension requires specific affordability requirements

and requirements for building owners, such as tenant notice and relocation assistance. New extensions are not permitted starting January 1, 2046. This program is currently time-limited but may be extended if a legislative review demonstrates that the 12-year extension is well-used.

Project extensions for COVID delay

Under the MFTE program, projects must be completed in three years with an optional two year extension. To mitigate delays associated with COVID-19, for applicants that submitted prior to February 15, 2020, local governments may choose to extend the completion deadline for an additional five years. The five-year extension would begin immediately following the completion of any outstanding applications or previously authorized extensions, whichever is later.

New, 20-year exemption for permanently affordable ownership housing

Until January 1, 2032, local governments may offer a 20-year property tax exemption if 25% of the units are sold as “permanently affordable” to households earning 80% of the area median income (AMI) or less. The other units may be rented or sold at market rates. The jurisdiction may charge a fee

to cover administrative fees to manage the units. The development must be sponsored by a non-profit or governmental entity and is subject to a 99-year resale restriction to ensure permanent affordability. Different requirements apply depending on the entity offering the program.

Other changes to the program have also been made, including changes to definitions and reporting requirements. The Legislature also directed the Washington State Department of Commerce (Commerce) to undertake several tasks related to the MFTE program. Commerce is leading a study of the MFTE programs implemented throughout the state. The agency will also develop an MFTE Administration Workbook for use by jurisdictions interested in developing, implementing, monitoring, and updating an MFTE program. Most of the work will be complete in 2022.

Several cities have adopted multifamily property tax exemption ordinances including Auburn, Bellevue, Bellingham, Bremerton, Everett, Ferndale, Issaquah, Kent, Lakewood, Lynnwood, Renton, Seattle, Shoreline, Spokane, Tacoma, Vancouver, and Wenatchee.

Resources

Commerce – MFTE Program

Affordable housing

Bremerton addresses housing affordability & chronic homelessness

The City of Bremerton is working to expand their assistance to low-income residents and to help the chronically homeless facing addiction and mental health issues.

Bremerton has seen demand increase for affordable housing and services in recent years, with an increase in rent burdened households of 8.5% from 2010 to 2020. Additionally, chronically homeless individuals who face addiction and mental health issues struggle to keep their housing. Kitsap County's 2019 point-in-time homeless count indicates that some of the most common causes of homelessness are eviction & loss of housing, mental health issues, job loss, family conflict, and substance use.

The City of Bremerton has implemented a two-pronged approach to address affordability and chronic homelessness—helping to keep people in their homes and expanding access to mental health care and substance abuse treatment.

Rental assistance & weatherization

The city's 2022 budget funded \$100,000 for rental assistance and \$100,000 in weatherization upgrades for low-income residents. The rental assistance program, administered through the Bremerton Housing Authority, offers help with short-term rent payments, eviction prevention, and security deposits. The Bremerton Housing Authority has also matched the city's \$100,000 contribution to rental assistance.

The city's weatherization and minor home repair program, administered through Kitsap Community Resources, provides help to lower energy bills—reducing costs for seniors and low-income home residents so they can stay in their homes.

Following the passage of **HB 1406** in the 2019 legislative session, the city pursued the sales tax credit for supplemental funding of the rental assistance and weatherization programs. The support from **HB 1406** for rental assistance will reach more low-income renters and homeowners across the city.

Land acquisition assistance

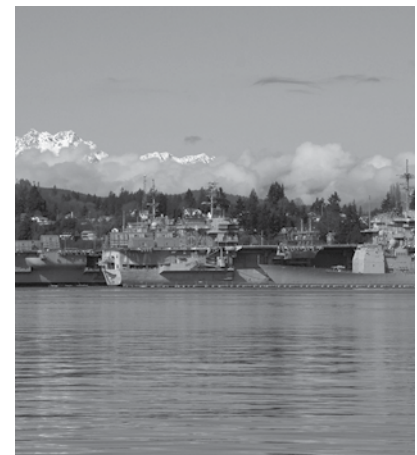
Bremerton is also working to address its chronic homelessness for persons struggling with mental health and addiction issues. The city, in partnership with the Bremerton Housing Authority and Kitsap Mental Health, partnered on a 70-unit apartment building called Pendleton Place. Because lack of housing directly impacts the ability to seek and respond to treatment, the facility will deliver on-site services such as mental health care and treatment for substance abuse, along with permanent housing for vulnerable residents.

To get the program started, the city helped locate and rezone a 1.66-acre site for development of the Pendleton Place apartment units in an area designated for affordable

housing. Kitsap Mental Health will provide around-the-clock support; and community partners will offer treatment and primary care services, employment search, and life skills training. The Bremerton Housing Authority provided seed funding of \$3.1 million to pave the way for other financing needed to build the facility. The Housing Authority will also help with ongoing costs.

Remaining funding came from federal low-income housing tax credits, grants, and private foundation requests to build the \$18.3 million complex. Residents will pay 30% of their income in rent to assist with operating costs. Pendleton Place is now fully constructed and will be occupied in the summer of 2022.

The long-term goal of Pendleton Place is to help homeless individuals with supportive services so they can successfully move into more permanent housing, improve their health and well-being, and reduce impacts on medical services.



Affordable housing

Down payment assistance programs

For many Washington families, saving enough money for the required down payment to buy a home continues to be the biggest obstacle to homeownership. The Washington State Housing Finance Commission (WSHFC) offers several models of down payment assistance to help bridge the gap, and all programs can be used to pay for both the down payment and closing costs.

Many local jurisdictions would like to help home buyers in their area, but the costs and hassles of running an independent down payment assistance program are a significant barrier. Government entities including cities, counties, and consortia partner with WSHFC to make the most of their local resources. WSHFC administers the programs and matches the local funds with larger sources.

Advantages for city partners:

- Lowers cost for cities—no administration fees from WSHFC
- Matching funds from WSHFC
- Cities keep their funds in their jurisdiction or targeted to a specific population
- Cities leverage WSHFC's funds and experience with administration

To establish a partnership, the local jurisdiction must sign an interagency agreement with WSHFC and receive approval for matching funds. The two agencies work out a program description, manual, forms, and administrative requirements, including reporting.

Success stories

The following are some program highlights from current WSHFC partners offering down payment assistance to their residents:

Bellingham

Starting in June 2017, the City of Bellingham helps borrowers with incomes of 80% or less of area median income within the city to purchase their first home.

A Regional Coalition for Housing (ARCH)

Created in October of 2005, ARCH is a partnership of King County and East King County cities to preserve and increase the supply of housing. ARCH assists families with incomes of 80% or less of area median income within East King County to purchase a home.

Tacoma

The City of Tacoma helps families with incomes of 80% or less of area median income within Tacoma to purchase their first home. This program, in partnership with the City of Tacoma Redevelopment Authority, started in June 2014.

Pierce County

Pierce County serves borrowers with incomes of 80% or less of area median income within Pierce County (outside of Tacoma city limits) to purchase their first home. This program is in partnership with the Pierce County Community Development Corporation and began in June of 2017.

Special thanks to the Washington State Housing Finance Commission for submitting this article.

Resources

www.heretohome.org



A graphic with a dark grey background. On the left is a white silhouette of a house with a chimney. To the right of the house, the text "Affordable housing" is written in a light grey sans-serif font. Below that, "Tiny homes" is written in a larger, bold white sans-serif font.

Affordable housing Tiny homes

Living in tiny houses (also called tiny homes) is both an increasingly attractive and affordable housing option as well as a trending alternative lifestyle choice.

Historically, zoning and development regulations weren't designed with these types of homes in mind. However, Washington passed two recent laws to expand where tiny homes can locate as a permanent residence and establishes building codes specific to tiny homes.

Changing regulations of tiny homes

Before the passage of **SB 5383** 2019, relevant state law and local regulations dealt primarily with camper trailers and recreational vehicles (RVs) that are used on a temporary basis, and not tiny homes intended for permanent occupancy. Accordingly, most zoning codes treated such tiny homes as camper trailers or RVs, and usually allowed them only for temporary, recreational use in campgrounds, RV parks, and occasionally in mobile home parks.

SB 5383 defines "tiny house" and "tiny house with wheels" as a dwelling to be used as permanent housing with permanent provisions

for living, sleeping, eating, and sanitation in accordance with the state building code. Other key components include:

- The new law allows the creation of tiny house communities using binding site plans. These communities are subject to the Manufactured Home Landlord-Tenant Act (MHLTA) RCW 59.20.
- Cities or towns may adopt an ordinance to regulate tiny house communities.
- The owner of the land upon which the community is built shall make reasonable accommodation for utility hookups for the provision of water, power, and sewer services and comply with all the other requirements in MHLTA.
- Cities or towns cannot adopt ordinances that prevent tiny homes from locating in manufactured home parks as a permanent residence, unless the ordinance applies to an exception in RCW 35.21.684(4).
- The Washington Building Code Council adopted building code standards for tiny houses, effective November 11, 2020 (WAC 51-51-60104 Appendix Q).

Inclusion in affordable housing incentive programs

In 2022, the Legislature passed **HB 2001**, which expressly adds tiny home communities to the affordable housing incentive program, effective June 9, 2022. Under RCW 36.70A.540, jurisdictions that fully plan under the Growth Management Act are authorized to enact or expand affordable housing incentive programs to provide for the development of low-income housing units through development regulations. These programs may include provisions pertaining to:

- density bonuses within the UGA;
- height and bulk bonuses;
- fee waivers or exemptions;
- parking reductions; and
- expedited permitting.

Prior to **HB 2001**, jurisdictions were already free to modify the incentive program to meet local needs, including qualifying provisions or requirements not expressly authorized in statute. Presumably, this could have included adding tiny home communities.

Resources

Competitive bidding exception for student construction of tiny homes – RCW 35.21.278

Tiny homes allowed in manufactured home parks – RCW 35.21.684

Tiny house communities – RCW 35.21.686

Affordable housing

The role of manufactured home parks

One important source of affordable housing in many communities is manufactured housing (formerly referred to as 'mobile homes'). These are commonly situated in manufactured home parks (MHPs) and allow lower-income households to own or rent their residence at an affordable price while also attaining a sense of community and privacy that is often not found in mid-rise multi-family housing. Although many local decision-makers and leaders acknowledge the value of manufactured homes, they often do not have a good understanding of MHPs within their communities or the perspectives of MHP residents.

In April 2021, the City of Kent completed a Manufactured Home Park Preservation Study that sought to "support the city's future policymaking for MHPs including strategies to preserve MHPs where they provide quality, safe, affordable housing for Kent's residents," due in part to the affordable housing challenges facing communities throughout the entire state. The Kent MHP study offers an approach and methodology that could be used by other local governments wanting to learn more about how MHPs provide housing options within their community and to identify resources and options to preserve this option.

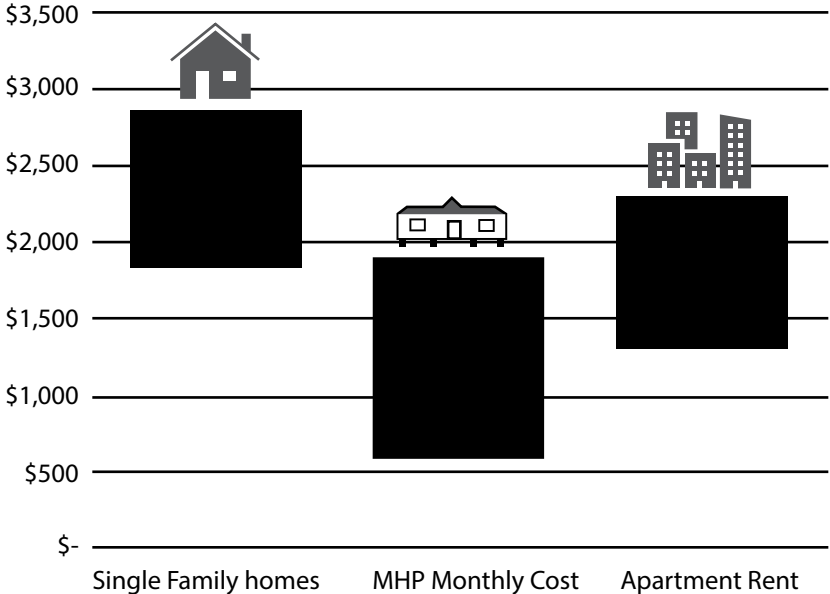
The study made several key recommendations on how the city can support retaining this type of housing and support its residents:

- Support best practices in park management,
- Protect tenant's rights and manufactured homeowner equity,
- Encourage MHP homeowner participation in home repair programs,
- Implement a "rolling inspection" program,
- Improve the level of municipal services for the city's MHPs,

- Reduce hardship to residents when parks close, and
- Support resident, nonprofit, or local housing authority purchase of MHPs.

Kent's MHP preservation study goes in depth on each of these recommendations and highlights that although many of the laws governing manufactured home parks are at the state level, local jurisdictions play an important role in protecting the homeowner, commercial property owner, and resident interests in the community.

Estimated monthly payments by housing type in Kent



Single family homes based on estimated monthly mortgages for median and lower market home values (2020) as reported by Zillow; MHP monthly costs based on resident reported land-lease payments and estimated mortgage for manufactures housing values as found on Zillow, 2021; Apartment rents based on 1- and 2-bedroom apartment rentals as reported by Zillow, 2021; BERK, 2021

Source: Kent Manufactured Home Park Preservation Study (2021)

Support for community residents

Manufactured housing presents a particular challenge for residents — even though a person may own their residence, they are still a tenant of the MHP. This creates a unique real estate situation where a tenant’s housing security is dependent on forces outside their control: A MHP owner may decide to close or convert their property to another use and the tenant is left scrambling because it is expensive to move their housing unit and/or local zoning codes limit the locations to where those manufactured homes may be relocated.

The City of Kenmore created a “Manufactured Housing Community” zoning district (MHC) for the continuation and preservation of existing manufactured housing communities. The city also allows transfer of density from sites zoned MHC to receiving sites to provide capacity for future growth while preserving existing communities.

Considering many MHP households are financially vulnerable, and many may lack the necessary resources to afford housing outside the context of an MHP, resources related to relocation assistance, financial incentives and grants, and other services are necessary in the event of a park closure or conversion.

Where there is concern about closures or conversions, a potentially powerful way to preserve MHPs is to convert the ownership to a tenant or non-profit owned community. Resident or non-profit purchase of MHPs may offer a lot of benefits to residents. These can include giving homeowners the ability to maintain or upgrade their community’s infrastructure, stabilize rent increases, and protect against abuses that can occur in a landlord/tenant relationship. In addition, non-profit-owned communities may qualify for funding and financing opportunities for acquisition and park infrastructure that privately owned parks do not.

Successful conversions of MHPs from private ownership to tenant-ownership or non-profit ownership often require technical assistance, public support through access to funding and/or financing, and other nontangible forms of support.

As identified in the Kent study, cities can support resident, non-profit, or housing authority purchase of MHPs in the following ways:

- Identify MHPs that are suitable for alternative ownership models
- Fund predevelopment studies
- Make benefits to landowners known
- Incentivize the sale to residents or nonprofit groups
- Outreach to property owners and referral to partners

Resources

City of Kent – Manufactured Home Park Study

Commerce – Manufactured Home Relocation Program

Northwest Cooperative Development Center/ROC Northwest



Tenant protections

Rental housing inspection programs

Several cities have adopted rental housing safety programs to help ensure that rental units offered to tenants are safe. Rental housing safety programs protect low-income residents by requiring property to owners meet health and safety standards in order to rent out their units.

One example is Lakewood, which has approximately 14,106 rental properties (out of 24,821 total occupied housing units). While some of this housing meets basic life and safety standards, the troubling fact is, a lot does not. Lakewood dedicated significant resources into reactive, complaint-driven inspection programs. However, even with these programs in place, some of the more challenging (and common) examples of unsafe and substandard living conditions go unresolved. To help bridge this

gap, the city launched the Rental Housing Safety Program (RHSP), pursuant to RCW 59.18.125 (see box), to improve and protect the welfare of its residents.

Since the launch of RHSP in late 2017, an astounding 98%+ of all rental units in the city are registered. The program's high compliance rate is largely attributed to the innovative "opt-out" design of the program's database. The city learned from other jurisdictions that program compliance was often an issue. These jurisdictions primarily used an "opt-in" approach with property owners self-identified and registered rental properties. The city decided to take an alternative approach using available county data to build a database of rental properties. Property owners were able to "opt-out" of the RHSP database if the property met an exemption standard.

The RHSP is predominately automated with an online data portal. The city intends for the program to be self-financing.

During the first five years of the program, initial rental properties failed inspections in excess of 80% of the time. Common inspection failures include missing smoke and carbon monoxide detectors, improper electrical outlets or other electrical problems, incorrectly installed water heaters, plumbing problems, and improperly operational doors and windows. Properties receive a certificate of compliance good for five years when they meet all inspection criteria. The city currently has issued a total of 2,012 certificates of compliance to property owners certifying that 10,577 units are in compliance with the city's rental housing safety program.

The RHSP has spurred reinvestment into the city's existing housing stock, that the city hopes will help protect existing affordable housing in the city.

Did you know?

RCW 59.18.125 was added to the state's Landlord Tenant Act (Chapter 59.18 RCW) in 2010. The law authorizes a municipality to require certificates of inspection from landlords, and requires that cities adopting a rental inspection/licensing ordinance after June 10, 2010 follow the regulations provided in the statute.

In 2007, before this law was adopted, the State Supreme Court upheld a City of Pasco ordinance that required landlords to be licensed by the city, make inspections of their rental units, and furnish the city with a certificate of inspection verifying that their units met applicable building codes. A key element in the court's decision in *City of Pasco v. Shaw* was that the inspections could be performed by a private inspector of the property owner's choosing. This provision is also a feature of RCW 59.18.125.

Resources

Lakewood's Rental Housing Safety Program (RHSP)
rentalhousing.cityoflakewood.us



Recent tenant protection laws

Starting in 2018, the Washington State Legislature followed the lead of many cities and passed several laws focused on tenant protections under the Residential Landlord Tenant Act (RLTA). Collectively, the goal of these laws is to prevent homelessness, given the shortage of vacant rental housing across the state. The following changes have recently been made to the RLTA:

- **Prohibition on source of income discrimination:** In 2018, the Legislature adopted RCW 59.18.255, which prohibits source of income discrimination against a tenant who uses a benefit or subsidy to pay rent.
- **A 60-day notice of rent increase:** In 2019 the Legislature amended RCW 59.18.140 to provide 60-day notice of a rent increase, and increases may not take effect until the completion of the term of the current rental agreement.

- **A 120-day notice of demolition:** In 2019, the Legislature amended RCW 59.18.200 to require 120-day notice to tenants of demolition or substantial rehabilitation of premises.
- **Managing initial deposits and fees:** In 2020 the Legislature adopted RCW 59.18.610, which provides that a tenant may request to pay deposits, nonrefundable fees, and last month's rent in installments.
- **Just cause eviction:** In 2021 the Legislature adopted RCW 59.18.650, which requires landlords to specify a reason for refusing to continue a residential tenancy, subject to certain limited exceptions.
- **COVID-19 measures:** In 2021, the Legislature adopted RCW 59.18.620 through RCW 59.18.630, which prohibits assessment late fees for nonpayment of rent due between

March 1, 2020, and six months following the expiration of the COVID-19 eviction moratorium. Pursuant to RCW 59.18.630, landlords are also required to offer repayment plans to tenants with unpaid rent. Per RCW 59.18.625, a prospective landlord may not hold it against a tenant who did not pay rent between March 1, 2020 and December 30, 2021, in considering a rental application.

In addition, RCW 59.18.440 authorizes cities and counties to adopt relocation assistance ordinances for low-income tenants.

Resources

Residential Landlord Tenant Act RCW 59.18

Office of the Attorney General
– SB 5160 – New Guidance



Innovative collaboration

Taking a team approach to help people struggling with homelessness & behavioral health

In addressing visible homelessness, a multi-service team approach can assist local governments in providing resources that best suit individual needs. Some cities use human services grants to fund outreach programs administered by other organizations, while others have hired staff for their own outreach teams. Most of these teams include both mental health professionals and law enforcement that work together in the field, commonly called a “co-response” program.

The following is a list of four local governments’ varying team approaches to implementing their own local co-response programs.

Olympia’s Crisis Response Unit

recently expanded and now has funding for 10 behavioral health specialists working in the field who are trained to de-escalate situations, evaluate needs, and connect people with services voluntarily. The team members get to know people experiencing homelessness and assist them by providing bus passes, delivering necessities like diapers and blankets, or by driving them to medical services or shelters.

Redmond’s outreach program

employs a full-time city homeless outreach specialist who partners and coordinates with police, businesses, non-profits, and the broader community. The specialist is available via police radio to respond to homeless-related calls for service. The program’s main purpose is to connect people to services and resources.

The city’s homeless outreach program is part of Redmond’s broader effort – the THRIVE program. THRIVE strengthens the community through innovative programs that provide safety, stability, opportunity, and hope for anyone in need or crisis. THRIVE includes programs such as a mental health professional who deploys alongside Redmond police, a homelessness response program that helps those who are unhoused and housing insecure, Community Court which is an alternative court for individuals who have committed low level offenses (e.g. shoplifting), a Mobile Integrated Health program providing resources that reduce the need for calling 911, as well as funding support to local non-profit partners who provide a range of supportive services to the community.

Mount Vernon’s Problem Eliminations & Reduction Team (PERT)

is a mayor-initiated program made up of staff from code enforcement, police, sanitation, parks, fire, library, development services, and legal. Unlike some other programs, the team is not an external outreach group; but rather works together internally to address homelessness issues in the community that affect all departments. The group constructed a workplan including budget and staff time estimates, progress notes, and measurements or deliverables.

Snohomish County’s Homeless & Direct Outreach team

is a partnership between the county’s Department of Human Services and the Sheriff’s Office’s Office of Neighborhoods. The team is led by a sergeant with the Sheriff’s Office and includes embedded social workers employed by the Department of Human Services. Together, this team assists people with behavioral health challenges who are experiencing homelessness, by connecting them with services and providing housing support as they leave inpatient treatment services.

Behavioral health and public safety experts are beginning to recognize that the traditional criminal justice system is not properly equipped to successfully address many of the issues facing people experiencing homelessness. Although somewhat new, in many cases programs like these are more successful at connecting individuals to appropriate services and promoting better outcomes.

Resources

www.etsreach.org

www.mountvernonwa.gov



Innovative collaboration

Many irons in the fire: A focus on Spokane and Tacoma

Tackling the housing and homelessness crisis in Spokane and Tacoma means getting everyone to work together—and tackling the issue from many fronts simultaneously.

Spokane

In December 2021, as protesters camped in tents outside city hall to draw attention to the fact that the city’s primary shelters routinely were filled to capacity, Spokane’s council made headlines by approving an innovative “hoteling plan” requisitioning up to 40 motel beds nightly to house the overflow. By the end of the month, amid an “arctic blast” that brought snow and freezing temperatures for nearly two weeks, the city was in the spotlight again when it opened its convention center as a round-the-clock emergency warming center, providing beds for up to 343 each night and serving more than 9,000 hot meals at a cost of \$400,000 (not including an estimated \$90,000 in damages to the facility as a result of vandalism, which became fodder for local TV news coverage). After that event passed, the quest

to construct a new low-barrier homeless shelter—included in the city’s 2022 budget, with a \$4.6 million earmark—never seemed more urgent.

During an after-action review with those who provided services during the crisis alongside a review of data from previous surveys, a surprise finding was that a large demographic group coming to the warming center was over the age of 55—a group that doesn’t have a clear exit path through the system and faces a shortage of long-term care options. So far, initiatives that have borne fruit include providing more hotel rooms as safe havens for victims of domestic violence; the development of an emergency sheltering plan with “flex capacity” to expand when needed; a partnership with Habitat for Humanity to restore and eliminate “zombie homes,” abandoned houses occupied by squatters; and a centralized diversion fund that has housed 14 individuals in three months’ time for under \$20,000 just by helping with expenses like moving costs.

Then there’s the city’s work with the United Way Spokane, which uses a “Built for Zero” model to target a specific subset of the city’s homeless population and dedicate resources to that population until virtually every individual in that cohort has been housed. In 2017, the nonprofit launched a 100-day challenge to house 100 youth and young adults between the ages of 12 and 24 in the city that has evolved into the Anchor Communities Initiative, a partnership between the city, the United Way, and A Way Home Washington (a statewide initiative supporting at-risk youth that identify as LGBTQ+) seeking to effectively end youth homelessness in Spokane. Creating a “by name list” of every person between the ages of 12 and 24 experiencing homelessness in Spokane County, and dedicating resources to each individual on that list, the collaborative cut the number of cases from 44 to 19 from September 2020 through June 2021.

“You have to look at the whole ecosystem and you have to be prepared to move several levers at the same time.”

Eric Finch, the City of Spokane’s interim director of Neighborhood Housing and Human Services.

Tacoma

Affordability and lack of housing in the face of Covid-19 are the most serious housing issues that the City of Tacoma faces. The pandemic has exacerbated every issue concerning housing, from capacity in homeless shelters to rising rents and home prices. The city is seeing it play out in a lack of permanent supportive housing and the fact that people who work in Tacoma can't necessarily afford to live here—schoolteachers, food servers, even some of the city's police and firefighters.

To address, the city is implementing their affordable housing action strategy, which focuses on four areas:

1. Creating new affordable housing
2. Keeping existing housing affordable and in good repair
3. Helping community members stay in housing (with initiatives like tenant protections) and
4. Reducing barriers to housing.

In action, this strategy translates to adopting the city's Housing Trust Fund, purchasing a hotel to provide permanent supportive housing, and completing a disparities study on BIPOC home ownership. Tacoma has also implemented the state's first Guaranteed Income Program, as well as rental assistance to ensure that community members can maintain their current residence.

Of these efforts, the city expects the Housing Trust Fund to have the biggest impact with over \$2 million already set aside to help build affordable housing in the community. The city also highlights the work of area nonprofits who provide low-income housing, like the Tacoma Housing Authority, and the YWCA which completed a permanent supportive housing project across from their shelter.

Speaking of community partners, Tacoma also helped establish South Sound Housing Affordability Partners, a coalition of governments that work together to access the tools and expertise they need to keep housing attainable for residents. When housing is not affordable in Tacoma, people move to Lakewood or Bonney Lake, and when it's not affordable in those communities, they move further out. The coalition of governments is a great opportunity to leverage our collective voices at the state and federal level for more tools to be successful in affordable housing.

"If we engage the community, we can come up with the best solutions to tackle our most prominent issues."

Tacoma Mayor Victoria Woodards



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