



Shoreline Housing Toolkit Workshop

Shoreline Planning Commission

November 5, 2020



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October 15, 2020

Introduction

The City of Shoreline is developing a **Housing Action Plan** with support from the Washington State Department of Commerce. Washington State House Bill 1923 enacted one-time planning grants for cities to complete specific actions to support housing affordability. Shoreline received a grant to develop a Housing Action Plan, one of the eligible options under the grant program.

The Housing Action Plan will provide city-led actions and initiatives to encourage **sufficient affordable and market rate housing** at prices accessible to all of Shoreline's households, now and in the future. The Plan's content will be informed by two products – the **Housing Needs Assessment** and the **Housing Toolkit**. The Housing Needs Assessment provides the quantitative data and analysis required to understand Shoreline's housing needs. The Housing Toolkit will assess Shoreline's existing strategies relative to its needs and identify appropriate options to address those needs.

The purpose of this document is to provide **an initial range of options** that may be appropriate for Shoreline's Housing Toolkit. This includes **both new tools and potential revisions to existing tools**. The final set of tools will be refined based on feedback from the community, housing and human services stakeholders, and City leadership. Ongoing outreach and analysis will provide additional input on Shoreline's greatest displacement risk factors.

Project Objectives

This project is **comprehensive in scope** and seeks to address housing issues impacting the full range of Shoreline's residents and workers.

What's in a housing toolkit?

The final housing toolkit may include:

- > Strategies to ensure the market provides **enough housing to meet demand** through land use and development standards
- > Changes to zoning regulations to allow **more types and sizes of housing**, such as groups of cottages
- > Strategies to provide **more dedicated affordable housing**, including refining existing incentive programs and partnering with external organizations
- > Strategies to **avoid displacement**

How can we select tools?

Cities have limited resources, and Shoreline may not be able to implement every useful tool. Stakeholders have identified **several principles** to help guide decisions about housing:

- > **Equity.** Redressing the historical harms that have been perpetuated against people of color through systemic racism
- > **Balance.** Promoting a greater diversity of housing opportunities, particularly for low- and middle-income households.
- > **Stability.** Fostering strong multi-generational neighborhoods through affordable homeownership, access to employment, and community resources
- > **Representation.** Listening to the people experiencing housing challenges in Shoreline

Equity and Housing

Why is equity important for the Housing Action Plan?

Historically, people of color have faced explicit legally- and socially-sanctioned discrimination in housing. While the Federal Housing Administration expanded access to mortgages for white families in the mid 20th century, non-white households were restricted from lending, regardless of economic circumstance. In addition, loans were restricted in neighborhoods with higher populations of people of color. These practices, among many other discriminatory practices, have had a profound impact on community segregation and racial disparities in generational wealth building.

In addition, historic zoning practices have limited access to housing in the most desirable communities by only permitting large lot single family housing development. These practices have encouraged income segregation, and limited access to opportunity for lower income households. Prioritizing public resources to address long-standing disparities is important to ensure all of Shoreline's residents can enjoy the same high quality of life.

How can we advance equity with this plan?

Expanding access to affordable housing and quality neighborhoods is a critical equity goal. The Housing Action Plan intends to advance equity by identifying opportunities to:

- > Expand and diversify the housing supply, particularly in places with access to good schools, employment, transportation and amenities
- > Encourage production of dedicated affordable housing, particularly to serve households with the lowest income levels
- > Combat displacement and ensure Shoreline is a welcoming community for all
- > Meaningfully engage voices from historically disenfranchised groups, and incorporate their priorities in the plan

Gentrification & Displacement Risk

The City of Portland developed a systematic approach to measuring gentrification and displacement risk. Essentially, they use US Census American Community Survey data to determine the presence of vulnerable populations, the occurrence of demographic change, and the relative condition of the housing market across the city, which they then combine into a single gentrification typology that breaks down as follows.

Typology	Vulnerable Population?	Demographic Change?	Housing Market Condition
Susceptible	Yes	No	Adjacent
Early: Type 1	Yes	No	Accelerating
Early: Type 2	Yes	Yes	Adjacent
Dynamic	Yes	Yes	Accelerating
Late: Type 1	Yes	Yes	Appreciated
Late: Type 2	Used to be in 2013	Yes	Accelerating
Continued Loss	Used to be in 2013	Increased share of white people and adults with a bachelor's degree	Appreciated

Gentrification & Displacement Risk

Vulnerable Population

This is calculated with two methodologies. An area is vulnerable if either meets vulnerable criteria.

- > The variables are Renter occupied households, Households below 80% of AMI, Percent people of color, and share with a 4-year degree
 - > Method 1 compares tracts to citywide averages, each indicator gets a 1 or 0 value, and they're summed. 3 or 4 is vulnerable.
 - > Method 2 breaks all tracts into quintiles (0-4) for each variable and then multiplying them together, 10 or higher is vulnerable

Demographic Change

This is a binary variable based on the following:

- > Either three or four of the following are true:
 - > The share of homeowners increased or decreased slower than the citywide average
 - > The white population share increased or decreased slower than the citywide average
 - > The share of adults with a four-year degree increased faster than the citywide average
 - > Median household income increased faster than the citywide average
- > Or both the following (of the 4 above) are true:
 - > The white population share increased or decreased slower than the citywide average
 - > The share of adults with a four-year degree increased faster than the citywide average

Housing Market Condition

This variable has three possible outcomes based on for sale and rental data, with the most severe outcome chosen (two parallel calculations, and then choose the strongest).

Adjacent tracts

- > Had low or moderate 2017 home values/rents
- > Experienced low or moderate 2008–2017 appreciation (or 2012–2017 rental appreciation)
- > Touched the boundary of at least one tract with a high 2017 value and/or high 2008–2017 appreciation (or 2012–2017 rental appreciation)

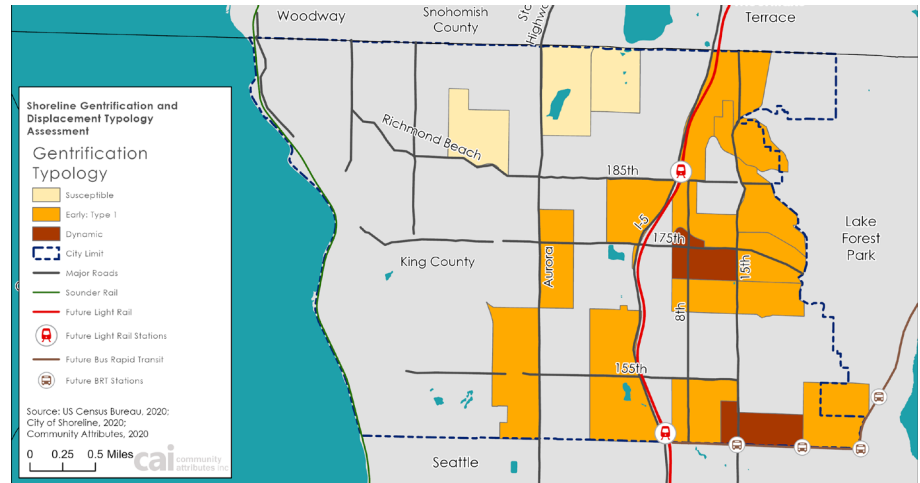
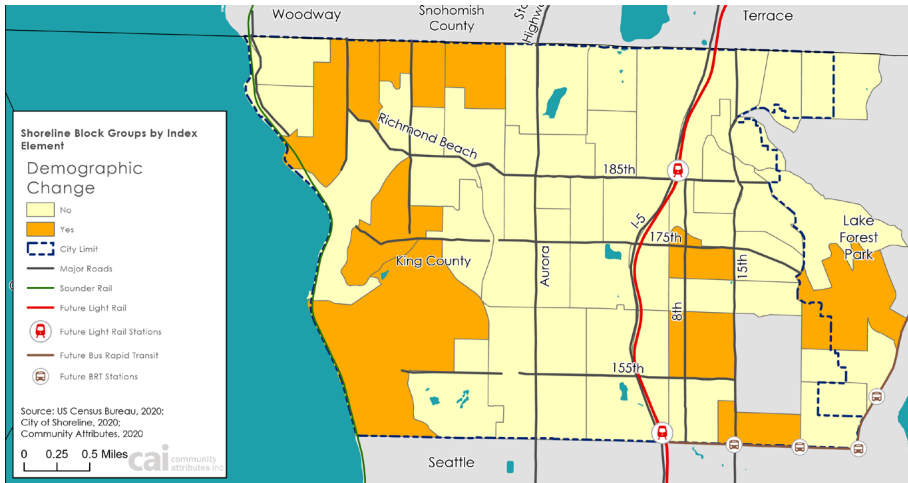
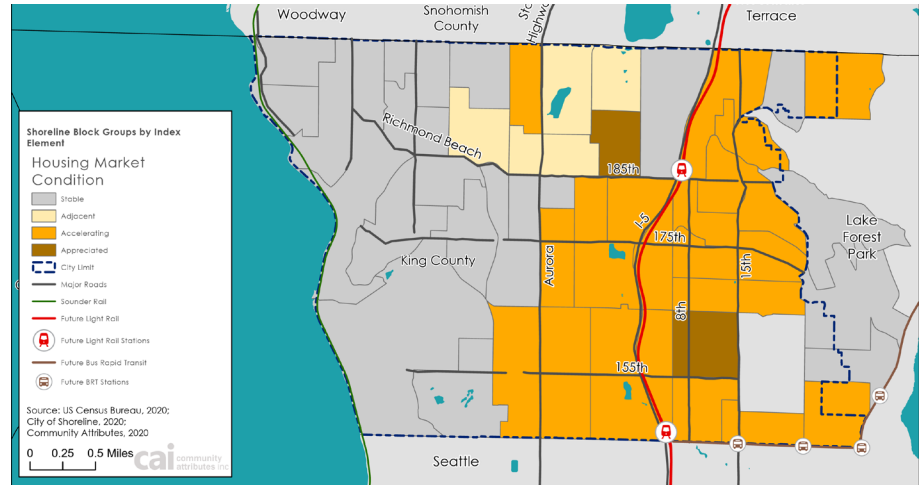
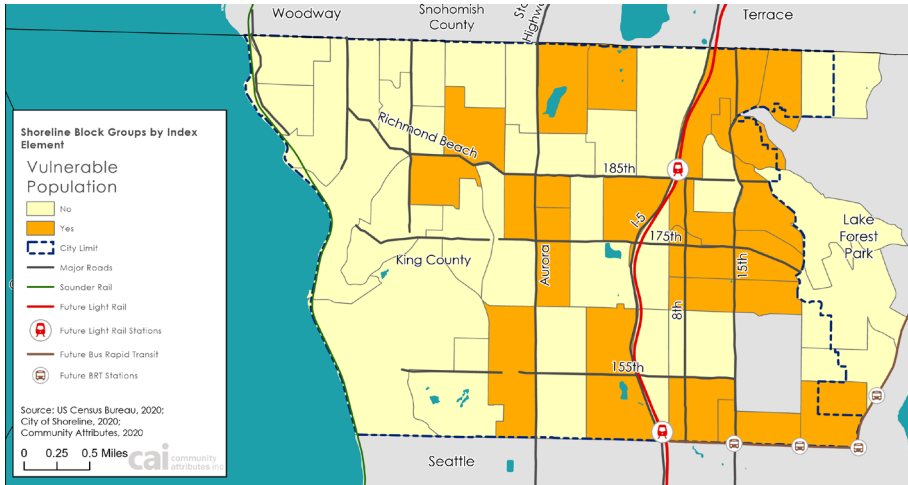
Accelerating tracts

- > Had low or moderate 2017 home values/rents
- > Experienced high 2008–2017 appreciation (or 2012–2017 rental appreciation)

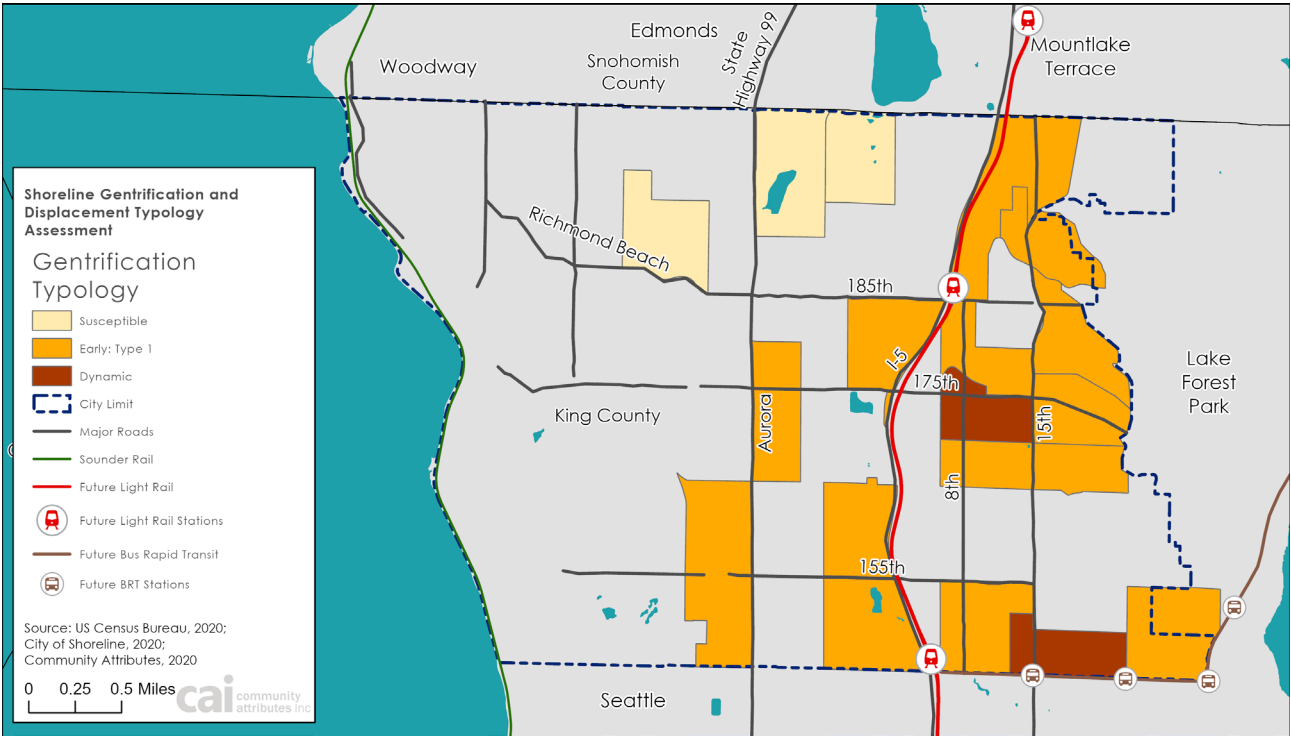
Appreciated tracts

- > Had low or moderate 2000 home values/rents
- > Had high 2017 home values/rents
- > Experienced high 2000–2017 appreciation

Gentrification & Displacement Risk



Gentrification & Displacement Risk



	Number of Block Groups	Population	Households	Household Income Below 80% AMI	Cost Burdened Renter Households
Susceptible	3	4,815	2,370	2,917	1,153
Early: Type 1	13	15,787	6,183	4,428	1,474
Early: Type 2	0	0	0	0	0
Dynamic	2	2,309	814	786	280
Late: Type 1	0	0	0	0	0
Late: Type 2	0	0	0	0	0
Continued Loss	0	0	0	0	0
Total	18	22,911	9,367	8,131	2,907



Existing Tools

And Recommended Improvements

Introduction: Existing Tools

This section explains and offers potential improvements for housing tools that currently exist in Shoreline. These are:

- > Accessory Dwelling Units
- > Deep Green Incentive Program
- > Density Bonuses
- > Development Agreements
- > Inclusionary Zoning
- > Multifamily Tax Exemption (MFTE)
- > Permit Fee Waivers for Affordable Housing
- > Parking Reductions
- > Planned Action EIS
- > Sales and Use Tax Credit
- > Surplus Land and Property for Affordable Housing

Accessory Dwelling Units

Definition

Accessory Dwelling Units (ADUs) are small units that are either attached or detached from a single family residence. ADUs are permitted outright in all of Shoreline's residential zones. One attached or detached ADU is permitted per single family home. ADUs cannot be larger than 50% of the primary home's area.

Goals Addressed

- > Increase housing supply
- > Increase housing variety
 - > Small households
 - > Senior housing
- > Increase affordable housing supply
 - > Low-moderate income
- > Minimize displacement
 - > Homeowner stability (*Generating rental income to support a family, accommodating extended families*)

Potential Improvements

Ease Parking Requirements: Easing or eliminating parking requirements, particularly in areas with access to transit, can make ADUs more affordable to build and increase the number of lots that can physically accommodate them.

Eliminate Owner-Occupancy Requirement: Eliminating this requirement can improve access to financing and resale values. It is also more equitable, as occupancy requirements do not apply to other types of housing.

Density Flexibility: Allow both one attached and detached unit per home and/or allow flexibility for larger lots, such as by offering FAR and/or lot coverage incentives.

"Pre-Approved" Designs: Work with architects to develop several pre-approved designs, incorporating community feedback. These plans can be provided to homeowners for free, significantly reducing costs.

Educational Materials: Work with homeowners to expand awareness of options for ADUs, including basement and garage conversions.

Accessory Dwelling Units

Inspirations

ADUs can take many forms, and can be designed for neighborhood compatibility. Many cannot be easily identified from the street, such as basement suites and converted garages.



Seattle backyard detached ADU. (Photo Credit: Sightline Institute)



Seattle garage conversion to attached ADU. (Photo Credit: Sightline Institute)



Oregon mother-in-law home (Photo Credit: Sightline Institute)

Deep Green Incentive Program

Definition

The Deep Green Incentive Program (DGIP) is a program that provides fee waivers, density bonuses, and lighter parking requirements in exchange for building projects that meet green building standards such as LEED platinum and Emerald Star among others.

Goals Addressed

- > Increase housing supply
- > Encourage green building programs

Potential Improvements

Reduce Minimum Lot Size: Reducing the minimum lot size could allow cottage housing, small lot single family, or other middle housing projects to benefit from the program, increasing overall supply.

Adjust Parking Incentive: Currently, DGIP projects must apply for reduced parking requirements. Developing clear performance criteria for parking reductions, or eliminating parking requirements may help encourage program participation while advancing sustainability goals. Criteria can incorporate location, such as access to transit.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Density Bonuses

Definition

The city offers a bonus of up to 50% over base zoning if additional units are dedicated as affordable to households earning less than 80% of Area Median Income (AMI). It does not apply to single family projects on lots that can only accommodate one unit and is only relevant in residential zones where density limits apply.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Moderate income households

Potential Improvements

Model and Test Market Feasibility: Conduct pro forma analysis to test if the program offers sufficient incentive. Model the impact of adjusting the affordability requirement, both in terms of income level and share of bonus units.

Clarify Code Departures: Buildable density can be constrained by other factors such as minimum lot and height requirements. The city should clarify if departures to these requirements are possible.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Permit Combination with MFTE: Allowing density bonuses on MFTE projects would make the program more attractive. The city could potentially use added benefit to require deeper levels of affordability.

Development Agreements

Definition

Development agreements are voluntary, negotiated contracts between the City and developer establishing standards and public benefits the development will provide. The City requires development agreements for density bonuses in the MUR-70 zone. Shoreline's code identifies elements of development agreements and criteria for their approval. Potential elements are varied, and include affordable housing.

Goals Addressed

- > Increase affordable housing supply
 - > Low income
 - > Moderate income
- > Minimize displacement

Implementation Considerations

Encourage Deeper Housing Affordability: The City can evaluate opportunities to offer incentives for developers providing affordable units for households below 30% AMI.

Prioritize Anti-Displacement Goals: As anti-displacement priorities are identified through continued outreach and research, the City can identify opportunities to adjust required elements to prioritize displacement prevention strategies. In addition to deeper affordability options, this could include easing requirements for projects that provide cultural or other affordable commercial space for nonprofit groups.

Inclusionary Zoning

Definition

Inclusionary zoning programs require developers to either provide affordable units within a development or provide an in-lieu fee.

Shoreline has mandatory inclusionary zoning in its MUR-70 and MUR-45 zones, and a voluntary program in the MUR-35 zone. These align with light rail station areas. Under the program, 20% of rental units must be affordable to households earning 70-80% AMI, or 10% to 60-70% AMI. (Higher income segments are for 2+ bedroom units) Developers may increase heights in the MUR-70 zone with deeper affordability and a development agreement.

The City charges an in-lieu fee for any fractional units calculated. For example, if the formula calculates that 5.6 affordable units are provided, the project must include 5 affordable units and provide an equivalent fee for 0.6 affordable units.

These projects also benefit from several incentives:

- > No density limits
- > 12-year multifamily tax exemption
- > Reduced permit fees
- > Reduced impact fees

Goals Addressed

- > Increase affordable housing supply
 - > Low-moderate income

Potential Improvements

Track and Adjust. Monitor participation over time and adjust incentives if needed as market conditions change.

Add Home Ownership. Perform a market analysis and develop program requirements for home ownership developments.

Encourage Larger Units. Along with analysis to develop a home ownership program, test alternate program requirements to encourage large affordable units.

Multifamily Tax Exemption

Definition

Shoreline offers a 12-year MFTE for developments with four or more units in nine neighborhoods. The program is only available for rented units, but applies to both new construction and rehabilitated properties. To be eligible, applicants must rent 20% of the project's units to income-qualified households in perpetuity.

Rehabilitation projects must add at least four additional residential units to be eligible for the program, unless the project has been vacant for at least 12 consecutive months. The property must also fail to comply at least one state or local building or housing code. The exemption only applies to value added through rehabilitation.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low-moderate income
- > Increase variety of housing types

Potential Improvements

Address market variations within Shoreline. In Shoreline, participation has been strong in some areas and nonexistent in others. Because income limits are set at the County level, affordable rents are close to the market rate in Shoreline. The City may test the impact of requiring deeper affordability in its most popular neighborhoods.

The City may also consider adding a 12-year exemption at 100% of AMI to encourage multifamily development in areas that have not experienced as much development.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Permit Fee Waivers for Affordable Housing

Definition

Developers may apply to have permitting fees waived for projects serving renters at or below 60% AMI anywhere in Shoreline. Savings vary depending on the project, and the planning director has discretion over the exact amount.

To date, only one project has applied for this opportunity. The program has a lower income threshold than the City's other affordable programs, and the fee waiver may not provide sufficient incentive for developers to pursue the deeper income level. There may be a lack of awareness about this tool as well.

Goals Addressed

- > Increase affordable housing supply
 - > Low income

Potential Improvements

Model and Test Market Feasibility: Conduct pro forma analysis to test if the program offers sufficient incentive. Model the impact of adjusting the affordability requirement, both in terms of income level and share of bonus units.

Market the Program: The city should provide promotional materials clearly explaining the program's value to developers. These materials should demonstrate how all of Shoreline's incentives can work together.

Parking Reductions

Definition

Parking, particularly underground and structured parking, is expensive to build. This in turn impacts housing costs. If a developer can only afford surface parking, the size of the building may be limited by the number of units that can be physically “parked” due to parking requirements. Regardless of requirements, developers may choose to provide additional parking if they feel the market requires it.

Shoreline provides the opportunity to apply for parking reductions in several cases. Projects that are eligible for multiple cases may not combine the reductions.

- > Affordable housing projects serving households below 60% AMI: up to 50% reduction
- > Multifamily within ¼ mile of a light rail station: up to 25% reduction
- > Providing certain other public benefits: up to 25% reduction

Shoreline has granted reductions ranging from 2% to 23% to 8 developments since 2015.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply

Potential Improvements

Increase Certainty. Establish clear criteria for estimating a potential parking reduction.

Revisit Parking Demand. Complete a parking demand study or build on the October 2019 Public Works study to evaluate reducing or eliminating parking requirements outright, particularly in station areas and for affordable housing projects.

Unbundle Parking from Rent. Currently, parking must be included in the cost of rent, which means that the cost of parking is passed to all renters. Allowing parking spots to be rented can support lower rents, and potentially accommodate more flexible shared parking arrangements.

Planned Action EIS

Definition

In a Planned Action EIS, the city completes an Environmental Impact Statement for a subarea before development takes place. Once complete, any new development does not have to go through SEPA provided it is consistent with the subarea plan. Eliminating the site-specific SEPA review process provides more certainty to the developer and streamlines the application process.

Shoreline has completed planned actions for:

- > Town Center
- > Aurora Square (Shoreline Place)
- > 185th Street Station Subarea
- > 145th Street Station Subarea

Goals Addressed

- > Increase housing supply
- > Increase housing variety

Potential Improvements

Keep Up to Date. Revisit documents regularly and revise as necessary.

Consider New Opportunities. Evaluate opportunities to complete planned actions for new subareas.

Sales and Use Tax Credit

Definition

In 2019, Washington House Bill 1406 established a revenue sharing program that allows cities like Shoreline to impose a 0.0073% sales and use tax, credited against the state sales tax for housing investments. These funds can be used for acquiring, rehabilitating, or constructing affordable or supportive housing; toward operation and maintenance costs for new affordable or supportive housing; or for direct tenant rental assistance.

Shoreline passed an ordinance to participate in this program in late 2019. (SMC 3.17) The fund is estimated to provide up to \$85,929 per year for up to 20 years. 2020 revenues will be reduced due to COVID-19 impacts.

Goals Addressed

- > Increase affordable housing supply
- > Minimize displacement
- > Preserve existing housing

Potential Improvements

Make a Plan. Establish priorities for the Fund's use and how projects will be selected. Consider pooling funds with other jurisdictions or public housing authorities

Surplus Land and Property for Affordable Housing

Definition

The City is allowed to lease or sell underutilized land it already owns to developers for affordable housing. Under RCW 39.33.015, public agencies may sell land at a discount if it is to be used for housing people at or below 80% of AMI.

The City provided two nonprofits land to develop a 100-unit supportive housing project at Aurora and 198th St in 2019.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low income
 - > Moderate income
- > Adaptive Reuse

Potential Improvements

Inventory. The city should take inventory of potentially available land across all city departments and identify opportunities for affordable housing partnerships. This inventory should include partners like the school district.

Consider adaptive reuse. The city's developable land portfolio may include some buildings that are structurally sound but currently vacant. These may be appropriate for reuse as housing.

Work with third parties. The city should build on their 198th St project and proactively seek to partner with third parties. For example, Sound Transit will have excess land after light rail construction that must be developed as affordable housing. The city should coordinate with them and be open to land swaps or developing a multiparcel site together.

Pair development with public amenities. The city should leverage development opportunities to incorporate public facilities into new developments. For example, libraries and fire stations have been included in apartment/office redevelopments in other places.

Deeper affordability. The city should consider prioritizing affordable housing projects serving households below 50% AMI.

A black and white photograph of a residential street. In the foreground, a concrete sidewalk curves from the bottom center towards the right. To the left of the sidewalk is a grassy area with a tall, thin lamp post. In the background, several houses are visible, some with solar panels on their roofs. Large trees are scattered throughout the scene, and the sky is filled with clouds. The text "New Tools" is overlaid in the center of the image in a large, bold, blue font with a white outline.

New Tools

New Tools

The following sections explain tools that may be relevant to Shoreline's housing needs and goals. These are:

Zoning and Regulatory Tools

- > Cottage Housing
- > "Missing Middle"-Friendly Zoning
- > Small Lot Single Family
- > Tiny Houses
- > Density Bonus Exception

Funding Tools

- > Local Affordable Housing Levy
- > Real Estate Excise Tax 2 (REET 2)

Tools to Minimize Displacement

- > Down Payment Assistance
- > Homeowner Stability Program
- > Partner with Affordable Housing Providers
- > Support Community Land Trusts

Other Tools

- > Housing Incentive Market Program

New Zoning and Regulatory Tools

Cottage Housing

Definition

Cottage housing developments include a cluster of small detached homes with shared open space. Cottages may be rented or sold as separate condominiums. They are compatible with lower-density residential neighborhoods. They may be attractive to seniors looking for a smaller, lower-maintenance single family home.

Goals Addressed

- > Increasing housing supply
- > Increasing housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > There is an opportunity to leverage experience from the City's previous cottage housing pilot project
- > If the process is overly burdensome, such as requiring a conditional use permit, development may be limited.
- > Requires flexibility in density limits in lowest-density neighborhoods. Consider regulating based on maximum combined floor area ratio or other form-based standards rather than number of units.



Cottage cluster. (Photo Credit: Sightline Institute)

Density Bonus on Large Single-Family Lots

Definition

A density bonus amendment has been proposed that would permit adding an additional, separate living unit (not an ADU) to qualifying lots in residential zones R-4 through R-48. The new unit would need to be smaller and less intrusive than the existing one. Height would be limited to 20 feet at the rooftop and two parking spots would be required per house. Houses within a half-mile of transit or that offer at least two level 2 electric vehicle chargers per new unit would qualify for a 50% parking reduction.

Goals Addressed

- > Increasing housing supply
- > Increasing housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > Consider eliminating parking requirements in station areas
- > Potential setbacks and other requirements will need to be flexible enough to allow a meaningful number of new units to be created.



ADU approximating the proposed new houses. (Photo Credit: Sightline Institute)

“Missing Middle”-Friendly Zoning

Definition

Most of Shoreline’s area is zoned for residential development, with development regulated in terms of units per acre, minimum lot sizes, maximum height and maximum building coverage. The City also regulates the building footprint with minimum setbacks on all sides in all residential zones.

Depending on the design and bulk, development types like duplexes, townhouses, and even small apartment buildings can be compatible with single family neighborhoods. This is common in older neighborhoods, and is commonly called the “missing middle”.

In Shoreline, apartments are allowed outright in high density (R18-48 and TC-4) zones, and as a conditional use in medium density (R8-12) zones. Townhouses and duplexes are permitted in all zones, though they must comply with all dimensional and density standards in low density (R4-6) zones.

Shoreline may wish to consider accommodating greater flexibility on density requirements and housing types, and regulating these neighborhoods based on more

flexible measures like floor area ratio. This may help prevent oversized single family homes while also accommodating more smaller, more affordable units within the neighborhood context. This can also allow flexibility for situations like permitting existing large homes to be divided into separate units.

Goals Addressed

- > Increase housing supply
- > Increase housing diversity

Implementation Considerations

- > These changes can be controversial, and require robust public engagement
- > Establishing FAR requirements can be challenging, and requires careful testing and consideration

“Missing Middle”-Friendly Zoning

Inspirations

Older, desirable neighborhoods often feature intermingled “missing middle” housing like duplexes and small apartments. These are often no larger than modern single family homes. Incorporating more flexible zoning regulations focused on form, rather than just density and use, can encourage more varied neighborhoods.



Duplex (Photo Credit: Sightline Institute)



Grandfatered multifamily homes in Portland (Photo Credit: Sightline Institute)



Anacortes duplex (Photo Credit: Sightline Institute)

Small Lot Single Family

Definition

Small lot single family is a compact version of single family detached that has lower lot sizes and typically less square footage. They are part of a middle ground between townhouses and traditional single family. Their form is essentially similar to single family houses, and so they would fit in easily in Shoreline's postwar single family neighborhoods.

Goals Addressed

- > Increase housing supply
- > Increase housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > Developing appropriate design standards can help support compatibility with existing neighborhoods.

- > If the process is overly burdensome, such as requiring a conditional use permit, development will be limited.
- > Requires flexibility in density limits in lowest-density neighborhoods. Consider regulating based on a development's combined floor area ratio or other form-based standards rather than number of units.
- > Lower minimum lot size to make small redevelopments feasible – encourage distributed small projects rather than few large ones to minimize neighborhood disruption



Four of eight small lot single family homes in Seattle. (Photo Credit: Google Street View)

Tiny Houses

Definition

Tiny houses are very small houses, typically ranging from 100 to 800 square feet. They are single detached units that may be built as permanent structures or integrated into trailers. Construction costs are lower than traditional housing, and their small size may be attractive to seniors looking to downsize. They can be either rented or sold. Tiny houses can be accessory dwellings, or developed as clusters. In this manner, they are related to ADUs and cottage housing. There are also parallels to mobile homes, as tiny homes can be mobile.

Goals Addressed

- > Increasing housing supply
- > Increasing housing variety
 - > Senior housing
 - > Small households
- > Affordable home ownership

Implementation Considerations

- > Higher density limits may be appropriate as units are more expensive on a cost per square foot basis. Regulating based on overall FAR, as discussed in “Missing Middle Friendly Zoning” may be beneficial.
- > If the process is overly burdensome, such as requiring a conditional use permit, development will be limited.
- > Ambiguity about whether a tiny house is a permanent structure, RV, or temporary structure can limit acceptance and create challenges for the code.
- > The City will need to develop its own inspection standards, as there are no state standards yet.



Tiny house cluster. (Photo Credit: Sightline Institute)

New Funding Tools

Local Affordable Housing Levy

Definition

Voters can authorize a levy of up to \$.50 per \$1,000 of assessed value for 10 years to finance affordable housing households at or under 50% AMI. Financing can cover construction, owner-occupied home repair, and foreclosure prevention programs. The city must declare an affordable housing emergency and create an affordable housing finance plan.

Goals Addressed

- > Increase affordable housing supply
 - > Low income
- > Minimize displacement
- > Homeowner stability

Implementation Considerations

Pair with other programs: Levy funds can enhance the impact of other programs, adding more units and deepening affordability. The city should study the possibility of giving some levy monies to MFTE projects in exchange for a portion of their affordable units deepening from workforce housing to the very low income 30-50% AMI level.

Work with third parties: The city should work with developers and other public agencies to use their resources most efficiently. For example, nonprofit developers could leverage levy funds in their capital stacks to produce more units per public dollar. Specifically combining levy dollars and public land with nonprofit developers could lead to more deeply affordable housing production.

Market home repair and foreclosure prevention programs: Home repair and foreclosure prevention programs are potentially cost-effective means of preventing displacement. The city should market these programs to lower income homeowners, especially those who live in light rail station areas.

Real Estate Excise Tax 2 (REET 2)

Definition

Real Estate Excise Tax 2 (REET 2) is an additional .25% tax that Shoreline could impose on home sales. Funds can be used for capital projects identified in the city's facilities plan element. A quarter of that money may go towards affordable housing until January 1st, 2026.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low-moderate income

Implementation Considerations

Pair with other programs: REET 2 funds can enhance the impact of other programs in the same manner as an affordable housing levy. The city should study the possibility of giving some REET 2 monies to MFTE projects in exchange for a portion of their affordable units deepening from workforce housing to the very low income 30-50% AMI level.

Work with third parties: The city should work with developers and other public agencies to use their resources most efficiently. For example, nonprofit developers could leverage REET 2 funds in their capital stacks to produce more units per public dollar.

New Tools to Minimize Displacement

Down Payment Assistance

Definition

The Washington State Housing Finance Commission offers down payment assistance for income qualified people. The assistance typically involves a loan covering a portion of the down payment that is repaid when the house is next sold. Recipients are required to take a homebuyer education class in addition to meeting income requirements to qualify.

Seattle, Bellingham, and Tacoma have all established their own programs to supplement WSHFC assistance. There are also nonprofit organizations supporting low income first time homebuyers in King County, including Habitat for Humanity, HomeSight, and Parkview Services.

Goals Addressed

- > Affordable homeownership

Implementation Considerations

Expand Awareness. The city can provide information on these programs to homeowners, especially low-income residents and potential first-time homebuyers.

Homeowner Stability Program

Definition

The city could minimize displacement with a series of homeowner-directed policies including:

Foreclosure intervention counseling- Foreclosure intervention counselors serve as intermediaries between struggling homeowners and financial institutions to facilitate refinanced loans, budgeting assistance, or repairing credit scores. Affordable housing funds can support these efforts, and community land trusts could buy foreclosed properties to keep residents in place.

Home rehabilitation assistance – City money, such as funds from the Sales and Use Tax, would be provided to low-income homeowners for critical repairs and potentially efficiency upgrades to keep homes habitable.

Mobile Home Relocation Assistance- The state Department of Commerce offers a program that provides financial resources to assist displaced residents, particularly low income persons.

Goals Addressed

- > Minimize displacement

Implementation Considerations

Market the policies: The city can provide information on these programs to homeowners, especially low-income and elderly residents.

Partner with Affordable Housing Providers

Definition

The City may establish relationships with local affordable housing providers, including King County Housing Authority, Compass Housing Alliance, and Catholic Housing Services. These providers have additional knowledge and resources not available to the City. They are the best positioned to serve extremely low-income households, including people experiencing homelessness and people with disabilities.

Partnerships can advance many goals:

- > Identifying affordable properties at risk of conversion and coordinating options to acquire and preserve or relocate residents
- > Developing effective housing programs
- > Public-private partnerships to build housing on public property or with other public resources
- > Connecting residents with resources for affordable home ownership or home rehabilitation
- > Identifying opportunities for the City to support providers' projects

Goals Addressed

- > Increasing affordable housing supply
 - > Very low income
- > Minimizing displacement
 - > Preserve existing affordable housing
 - > Homeowner stability
 - > Supporting first-time homebuyers

Implementation Considerations

Requires staff time to maintain ongoing relationships

Support Community Land Trusts

Definition

Community Land Trust (CLTs) offer a form of affordable home ownership. The land trust buys land, builds or renovates housing, and then sells the structures while leasing the land. The houses are sold with deed restrictions, which combined with the commonly held land allow for residents to build equity while keeping costs affordable. CLTs are a way of offering homeownership to low and lower-middle income people and can offer long term stability and the opportunity to use equity to move up the housing ladder.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
 - > Low income earners
 - > Moderate income earners
- > Affordable home ownership
- > Minimize displacement

Implementation Considerations

Facilitate CLT growth and development. The city should consider eliminating permit fees or allowing other subsidies like reduced parking requirements or density bonuses to promote CLT growth.

Consider public land sale. CLTs could be a good partner for affordable housing development should the city choose to sell or lease surplus land. CLTs may also be good stewards of land repossessed by the city for tax delinquency or any parcels currently in a city-run land bank.

Other New Tools

Housing Incentive Marketing Program

Definition

Shoreline already has several affordable housing programs and has the potential to add more, making a potentially confusing development environment. Shoreline could create a website where developers and residents could easily view and understand the city's affordable housing policy landscape and how it effects different areas. The website can both help people understand policy and present a positive vision for what the programs are meant to achieve. This should include practical, simple demonstrations of how multiple programs can layer to benefit a typical development.

The City should also consider other opportunities to reach out to the development community to expand awareness about these programs and generate feedback for improvement.

Goals Addressed

- > Increase housing supply
- > Increase affordable housing supply
- > Affordable homeownership
- > Minimize displacement

Implementation Considerations

Quality user interface is critical: The website layout should be clear to interpret and attractive to view.