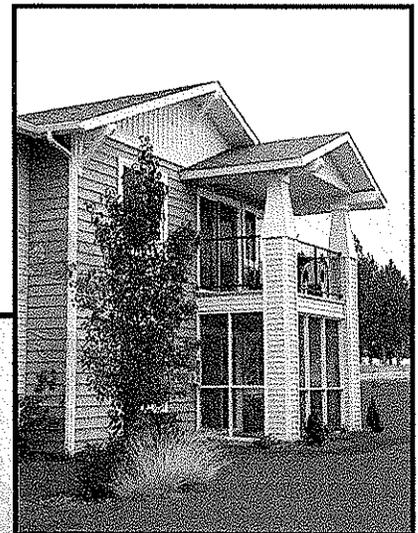


REGIONAL AFFORDABLE HOUSING

TASK FORCE REPORT

To

Mayor Verner, Mayor Munson and Commissioner Mager



December 2008

Executive Summary

To ensure the long-term availability of affordable housing (see definitions below) for our area's citizens, the City of Spokane, Spokane County and the City of Spokane Valley established a 20-member Regional Affordable Housing Task Force in May, 2008. The group was comprised of twenty key representatives from the non-profit, for profit and local government sector.

The task force identified the shortage of affordable housing as a problem that impacts not only homeless persons or those with special needs but also individuals and families who live and work throughout Spokane County. It identified efforts undertaken by local governments and other non-governmental organizations to solve the housing problem. However, more must be done and a continued Regional effort must be established to address future housing issues.

The five work items of the task force were to:

- A. Improve methods of identifying affordable housing needs by different groups.
- B. Maximize the use of current housing resources.
- C. Explore the creation of new local housing resources and other funding options.
- D. Establish regional affordable housing goals and an implementation strategy.
- E. Establish a public education program.

The task force adopted an important principle to guide the future provision of affordable housing; *Affordable housing is integrally connected to our community's economy and quality of life.*

The task force recommends that the City of Spokane, Spokane County, and the City of Spokane Valley adopt the following action steps:

- Develop mechanisms to track the needs and gaps in housing for a number of area populations, including but not limited to homeless persons and families, persons with disabilities, single wage earners, first-time homebuyers, and low-income seniors.
- Maximize and strategically use existing resources by establishing coordinated, consolidated planning, application, and award processes for federal, state and local funding programs that are administered by local jurisdictions.
- Explore/create new resources and funding mechanisms, such as implementing incentives for affordable housing development; researching community land trusts and employer-assisted housing; and considering other programs, such as the Federal Housing Administration's loan programs and rural housing programs; and exploring the creation of new funds, such as a local housing levy;
Create a joint inventory of publicly owned property and evaluate those suitable for development of affordable housing or potential land exchange; and
Establish rehabilitation standards that are consistent County-wide which are less stringent than current building codes, to encourage more rehabilitation of existing residential units.

- Establish and fund a Regional Resource Center for Affordable Housing that will serve as a clearinghouse for information on gaps and needs, resources, planning efforts, and best practices across the nation;
Adopt a regional, Kootenai County/Spokane County approach to the coordination of transportation, housing and economic development; and
Coordinate legislative agendas, as it relates to housing (State and Federal).
- Develop and implement an outreach and education program to expand awareness of the community benefit of affordable housing. One of the outcomes will be that affordable housing will become a legislative priority for local governments, the business community and non-profits.

The mantra now and in the future - Communication, Coordination, Collaboration and Consolidation.

Guiding Principles Driving the Affordable Housing Task Force

- Affordable Housing is integrally connected to our community's economy and quality of life.
- Regulatory relief is needed to make housing more affordable. When regulations on the housing industry are reasonable, the cost of housing goes down.
- Affordable housing can be developed while preserving the quality and character of adjacent residential districts and ensuring that infill development strengthens the surrounding neighborhoods.
- Quality, affordable housing is a key element of a strong and secure Spokane.
- There is an inadequate supply of quality, affordable housing to provide residents a choice in housing size, location and price. Current housing growth does not keep up with the projected population increase nor does it attract new businesses to the area.
- The Spokane region is fortunate that housing prices are generally more affordable than those in many Western cities. However, there are still many residents of the community, who cannot find good housing that is affordable to them.

Work Item Recommendations and Strategies

A. Improve methods of identifying affordable housing needs by different groups.

The Task Force focused on how the community can assess the needs of population subgroups, for the purpose of determining which housing gaps are widening, and which are narrowing. The goal is to direct resources where the need is the greatest, and to identify barriers to serving certain types of households. This could include residency screening standards both in the private (including private nonprofit housing providers) and public sectors. It could also include zoning-related standards.

Both the City of Spokane and Spokane County will update their Consolidated Community Development and Housing Plans over the next 18 months. Input regarding housing needs will be solicited for those plans.

Prototype Households for Tracking Access to Affordable Housing

The Task Force created a list of household types for which trend data would be helpful in assessing need. It also identified potential sources of data, which should be collected in a systematic manner for the entire County. The following list of household types and potential data sources (in bullets) was developed:

- Homeless individuals - Homeless Point in Time Report: City and County, Homeless Management Information Systems (HMIS).

- Homeless families with children - Homeless Point in Time Report: City and County, HMIS.
- Convicted individuals, released from prison - Department of Corrections, County Sheriff, HMIS.
- Disabled persons (physical and mental) - Coalition of Responsible Disabled (CORD), American Community Survey.
- Single persons, minimum wage earners - Employment Security Department.
- Single wage earner households with children - Employment Security Department, American Community Survey.
- Dual wage earners at or close to minimum wage - Employment Security Department.
- Three person households at 60% AMI - Employment Security Department.
- First time homebuyers - Spokane Association of REALTORS, Center for Real Estate Research as WSU.
- Typical homebuyers - Spokane Association of REALTORS, Center for Real Estate Research as WSU.
- Low income seniors - Aging and Long Term Care of Washington, Aging Services of Washington, waiting lists of existing low income senior projects.
- Seniors at 60% AMI (w/asset test) - Aging and Long Term Care of Washington, Aging Services of Washington.
- College students living outside of student housing - Local college admissions offices.
- Children at 18 years old coming out of foster care – DSHS, VOA.
- Homeless youth below the age of 18 – VOA, HMIS.
- Persons living in substandard housing - City and County Consolidated Plans.

Recommendation:

The Regional Affordable Housing Task Force recommends the development of a data series tracking the proposed prototype households. Institutions, such as local universities, will be asked to take on the task of developing tracking mechanisms to gather annual information in a way that will identify trends in the housing needs of each household type. A source of funding for this research will likely be needed.

B. Maximize the use of current housing resources

The jurisdictions of the City of Spokane, Spokane County and the City of Spokane Valley along with other municipal jurisdictions within Spokane County, have a variety of housing resources to assist them in addressing the housing needs of our low and moderate income citizens. The majority come from state and federal grants and loans, as well as state authorized real estate filing fees that accumulate into local funding pools. In addition, the federal government provides numerous direct grants, loans and mortgage insurance to assist in the financing of affordable housing in Spokane. These options must be coordinated and efficient to maximize their effectiveness in the provision of affordable housing.

Several funding sources have been initially identified as possible candidates for improved collaboration in their planning and implementation. The three largest jurisdictions have access to federal HOME funds as well as state-authorized funding options to assist in the development and support of low and moderate income multi-family rental units.

As an initial effort to improve efficiency and effectiveness, the task force recommends that the three jurisdictions of City of Spokane, Spokane County and the City of Spokane Valley establish a common application for federal and local funding programs, streamline the application process to include a single point of entry for submitting applications and evaluate funding requests jointly. This will require the respective jurisdictions to review and compare their current application and compare their current application and review process. Additionally, they will need to develop a common application timeframe that recognizes the needs of the applicants relative to other funding sources outside our local jurisdictions. This will necessitate considering both the hard costs of project developments as well as the cost of maintaining and operating them.

Recommendations:

That the Community Development staff of the Jurisdictions along with the staff of the Spokane Low Income Housing Consortium design a process to consider and coordinate all local, affordable housing resources.

That the conversation be expanded to include the State of Washington in the winter of 2008-2009 with an implementation goal of the fall/winter of 2009.

C. Explore the creation of new local housing resources and other funding options

In the past, Spokane County has depended heavily on low income housing tax credits and Washington State financing programs to develop affordable housing. With the recent downturn in the financial market, tax credit resources are limited and cannot be depended upon for the immediate future's financing of affordable housing.

Recommendations:

- Spokane's non-profit and private housing developers must become more knowledgeable and consider other housing resources (i.e. FHA's loan programs, USDA-RD affordable housing programs for rural community housing, additional State and Federal programs and the recently established National Housing Trust Fund).
- As the current economy recovers, the creation of a local housing levy or other renewable local funding pool should be explored.

D. Establish regional affordable housing goals and an implementation strategy:

In order to optimize available resources to solve existing housing problems, prepare for projected growth and enhance our quality of life, the committee makes the following recommendations:

1. That Spokane County Governmental jurisdictions develop and adopt a wide variety of incentives [see attached list] including land use, regulatory and monetary, and other incentives—to encourage private and public developers to reach a target of 10% of all new and redeveloped affordable housing.
2. That local jurisdictions establish and fund a single Regional Resource Center for Affordable Housing. Such a center will act as a clearing house for a variety of information including the need for affordable housing, best practices, available resources, and regional planning efforts.
3. That communities in Spokane and Kootenai counties adopt a regional approach coordinating transportation, housing and economic development issues.
4. That public and private agencies in Spokane County develop a coordinated legislative agenda regarding affordable housing (State & Federal).
5. That local jurisdictions create a joint inventory of publicly owned property and evaluate those suitable for development of affordable housing or potential land exchange.
6. That jurisdictions, along with HUD, host a forum focused on gaining an understanding of all resources currently available, but not often considered for the financing of affordable housing. Forum topics will include resources, best practices, community land banks and incentives.
7. That local jurisdictions establish rehabilitation standards that are consistent County-wide and less stringent than current building codes, to encourage increased rehabilitation of existing residential units.

E. Establish a public education program

We recommend that public and private agencies in the Spokane community fund and implement a community wide educational program designed to raise public awareness of the role housing plays in community vitality and the current affordable housing challenges in our county.

Strategies:

- Establish an educational committee to prepare education materials.
- Collaborate with other housing advocacy groups; local, regional and state.
- Conduct outreach to media, boards, committees, communities and neighborhoods.
- Provide information via a website and resource center.
- Collect testimonials from individuals and families in the various need categories, in order to “put a face” to the need, beyond raw statistics.

Affordable Housing Definitions

Homeownership: Total housing payment (PITI) is no more than 33% of income for a household earning 80% or less of Area Median Income (AMI).

Rental: Rent plus utilities is no more than 30% of income for a family earning 50% or less of Area Median Income.

FY 2008 Income Limits Summary

Spokane, WA MSA										
FY 2008 Income Limit Area	Median Income	FY 2008 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Spokane, WA MSA	\$56,700	<u>Extremely Low (30%) Income Limits</u>	\$12,100	\$13,850	\$15,550	\$17,300	\$18,700	\$20,050	\$21,450	\$22,850
		<u>Very Low (50%) Income Limits</u>	\$20,150	\$23,050	\$25,900	\$28,800	\$31,100	\$33,400	\$35,700	\$38,000
		<u>Low (80%) Income Limits</u>	\$32,250	\$36,900	\$41,500	\$46,100	\$49,800	\$53,500	\$57,150	\$60,850

NOTE: Spokane, WA MSA contains Spokane County, WA.

Attachments:

- Task Force members
- Incentives for Affordable Housing
- Landlord Incentives and Protections-Encourage landlords to Rent to Recovering Substance Abusers
- Minutes to meetings

Incentives for Affordable Housing

Legal Basis: House bill 2984 passed by the legislature in 2006 (now RCW 36.70A.540) allows cities and counties to “enact or expand affordable housing incentive programs providing for the development of low-income housing units through development regulations.” The guidelines for income eligibility for affordable units are the same as those identified as the “Definition” in the Task Force Report. Affordability restrictions on units can be enforced through covenants or other recorded documents and stay in force for 50 years.

The following is a generic list of potential development incentives that can be tied to affordable housing production. Each of these could have variations based on the needs of the local jurisdiction.

- **Density Bonus:** Allows the developer to build more units than would be allowed by the underlying zoning. An example would be to allow one additional unit for each affordable unit provided in a project up to a 20% increase over the underlying zoning.
- **Flexible Development Standards:** Offers reductions in set backs, lot coverage, lot size, building height and/or building bulk to developers of affordable units.
- **Parking reductions:** Allows a developer to create fewer parking spaces if affordable units are included. This incentive may be most applicable to projects close to employment and transit centers or those serving special needs populations.
- **Fee waivers or exemptions:** This incentive would reduce or eliminate fees for affordable units.
- **Fees paid at closing:** This incentive would allow payment of fees for affordable units at closing rather than at the permit stage. For homeownership projects, this frees up the working capital of the developer and allows the fees to be paid by the buyer.
- **Expedited permitting:** This incentive would put projects with affordable housing at the “top of the pile” for review and approval processes. It will reduce holding and overhead costs for the developer.
- **Property tax exemption:** Expanded 12-year property tax abatement is already in place for multi-family projects that include affordable units in designated target areas in the City of Spokane. This incentive could be expanded to other areas in the region.
- **Transfer of Development Rights:** Preserves critical rural and farmland by allowing transfer of development rights to more developed areas. Inclusion of a portion of affordable housing units could be required by the receiver of transferred rights.
- **Tax Increment Financing:** Programs such as the Local Infrastructure Financing Tool recently approved on a demonstration basis could require the inclusion of a portion of affordable housing units.