

Housing Affordability Response Team (HART) Draft Agenda

Thursday, March 16, 2017 from 1:00 PM - 4:00 PM | By phone: (360) 407-3780; Code 565340

Triangle Associates – 811 First Ave. Suite 255, Seattle WA 98104 (see directions on back)

HART's Website for Materials: https://www.ezview.wa.gov/site/alias_1961/37020/default.aspx

Time	Agenda Item	Materials
1:00 PM 10"	Welcome <ul style="list-style-type: none"> Review agenda and materials 	
1:10 PM 10"	Public Comments Part I <ul style="list-style-type: none"> Verbal public comments (5 minutes) Summary of written public comments (5 minutes) 	
1:20 PM 5"	3/7 HART Meeting Summary <ul style="list-style-type: none"> Suggest edits before posting to HART's website 	-Draft 3/7 HART meeting summary -Draft HART Land Use Recommendations
1:25 PM 5"	Updated HART Charter <ul style="list-style-type: none"> Revised roles & responsibilities New draft problem statement 	-Updated HART Charter
1:30 PM 15"	Meeting Topic: Finance and Funding <ul style="list-style-type: none"> Receive a brief presentation on finance and funding tools related to affordable housing (Paul Purcell, Beacon Development Group) 	Overview of Funding and Finance Tools/Policies (hard copy @ meeting)
1:45 PM 30"	Initial Brainstorm: Finance and Funding Recommendations <ul style="list-style-type: none"> <i>Key question for discussion: What statewide finance and funding policies/tools can responsibly increase the supply of housing at all economic levels?</i> 	-Finance and Funding Worksheet
2:15 PM 10"	Break	
2:25 PM 10"	Past Finance and Funding Recommendations <ul style="list-style-type: none"> Discuss recommendations related to funding and finance from the 2006 Growth Management Housing Task Force Report <i>Key question for discussion: Which parts of these past recommendations are still relevant today?</i> 	-Past Finance and Funding Recommendations -Other 2006 ideas
2:35 PM 10"	Current Finance and Funding Bills <ul style="list-style-type: none"> Review 2017 WA State Legislature bills associated with finance and funding. <i>Key question for discussion: Which of these bills have policies/ideas that HART would like to recommend to the Affordable Housing Advisory Board (AHAB)?</i> 	-Summary of 2017 Bills
2:45 PM 10"	Research Topics <ul style="list-style-type: none"> Identify topics that require further research by AHAB or other workgroups. 	
2:55 PM 30"	Recommendations <ul style="list-style-type: none"> Consolidate recommendations for HART to vote on during Meeting #5 	
3:25 PM 10"	Survey <ul style="list-style-type: none"> Review draft HART survey Identify other "interested parties" to receive the survey 	
3:35 PM 15"	Reference Materials for the Next Meeting <ul style="list-style-type: none"> Suggest reference materials for the next meeting topic: "Construction, Infrastructure, and Planning Tools" 	
3:50 PM 5"	Public Comments Part II <ul style="list-style-type: none"> Verbal comments 	
3:55 PM 5"	Good of the Order <ul style="list-style-type: none"> Next HART meeting: 3/22 from 1-4 PM - Department of Commerce, Olympia 	
4:00 PM	Adjourn	



Our main office is situated in Seattle's historic Colman Building. This 6-story building can be found in the Waterfront District of Downtown Seattle, next to the Financial District and Pioneer Square.

On Street Parking: From 8 am to 8 pm, you can park in designated areas for up to 2 hours for \$4.00/hr. Curbside pay stations accept cards and coins. *If you need to load or unload a vehicle, we suggest using the loading zone on Post Avenue behind the building.*

Off Street Parking: The 1st & Columbia Parking Garage (721 1st Ave.) offers parking for \$3.00/hr. This is the best deal in the immediate neighborhood. For more information visit the [Downtown Seattle Parking page](#).

Driving north to Seattle via I-5:

1. Follow signs for I-5 North to Seattle.
2. Take exit 164A for Dearborn St. toward James St./Madison St.
3. Keep left to continue toward James St.
4. Keep right and follow signs for James St.
5. Use the left 2 lanes to turn left onto James St.
6. Turn right at the 3rd cross street onto 4th Ave.
7. Turn left onto Columbia St.
8. Turn right onto 1st Ave.
9. Triangle's office, in the Colman Building, will be on the left.

Driving south to Seattle via I-5:

1. Follow signs for I-5 South to Seattle.
2. Use the right lane to take exit 165A toward James St.
3. Use the right lane to merge onto 6th Ave.
4. Turn right onto James St.
5. Turn right at the 2nd cross street onto 4th Ave.
6. Turn left onto Columbia St.
7. Turn right onto 1st Ave.
8. Triangle's office, in the Colman Building, will be on the left.

DIRECTIONS TO:

811 First Avenue, Suite 255 | Seattle, WA
98104 Phone: (206) 583-0655 | Fax: (206)
382-0669 www.TriangleAssociates.com



Colman Building at the corner of 1st Ave. and Marion St.

Driving south to Seattle via I-405/SR520*:

1. Take exit 14 for 520 West towards Seattle.
2. Follow signs for I-5 South to Portland.
3. Take exit 165A toward James St.
4. Use the right lane to merge onto 6th Ave.
5. Turn right onto James St.
6. Turn right at the 2nd cross street onto 4th Ave.
7. Turn left onto Columbia St.
8. Turn right onto 1st Ave.
9. Triangle's office, in the Colman Building, will be on the left.

*State Route 520 includes an automatic electronic tolling fee; for details visit:
www.wsdot.wa.gov/Tolling/520/.

Driving west to Seattle via I-90:

1. Follow signs for I-90 West to Seattle
2. Look for the I-405 interchange at exit 10. Take exit 2C to I-5 North, Vancouver.
3. Stay in the far right lane to take exit 165A toward James St.
4. At the intersection of James St. and 7th Ave., turn left and go under the I-5 overpass.
5. Travel downhill for 6 blocks (5 traffic lights and 1 stop sign) to Yesler Way.
6. At the intersection of James St. and Yesler Way turn right.
7. Go 1/2 a block to the next traffic light, the intersection of Yesler Way and First Ave., turn right.
8. In 2 blocks, on the left is the 1st & Columbia Parking Garage. Triangle's office, in the Colman Building, will be on the left in less than a block.



ON THE BUS: Via Community Transit, King County Metro, or Sound Transit

You can travel from Snohomish County to Downtown Seattle via COMMUNITY TRANSIT bus routes. For more information visit: www.commtrans.org/schedules/.

METRO TRANSIT bus routes are provided by King County. For boarding locations, fares, routes, and schedules, visit: <http://metro.kingcounty.gov/>.

SOUND TRANSIT provides Express Bus routes serving the regional area. For boarding locations, fares, routes, and schedules, visit: <http://www.soundtransit.org/Schedules/ST-Express-Bus>.



BY FERRY: via Washington State Ferries or King County Water Taxis

The Washington State Department of Transportation provides ferry services to automobiles, motorcycles, bicyclists, and pedestrians in at several locations. For information on schedules, rates, and routes, visit: <http://www.wsdot.com/ferries/schedule/Default.aspx>.

FLYING: via Seattle-Tacoma International Airport (SeaTac)

Several transportation options are available from SeaTac including: taxis, rental cars, buses, and light rail.

We suggest using the Link Light Rail for a quick, convenient commute into downtown Seattle.



Via Link Light Rail: visit www.SoundTransit.org for details on schedules and fares

The adult one-way fare varies depending on the stop, from \$2.25-3.00. Trains run daily 6AM to 12AM between Angle Lake Station and University of Washington. To reach our office, take either the southbound or northbound train and get off at the Pioneer Square stop. See the WALKING section from here.



Via Sounder Train: visit www.SoundTransit.org for details on schedules and fares

Sounder North (Everett to Seattle): Commuter trains run **south** to Seattle from 5:45AM to 7:15AM. They run **north** to Everett from 4:05PM to 5:35PM.

Sounder South (Lakewood to Seattle): Commuter trains run **north** to Seattle from 4:41AM to 10:18AM. They run **south** to Lakewood from 2:32PM to 6:20PM (6:15AM to 6:50AM Seattle to Tacoma).



WALKING

From the ferry: From the terminal, take the Marion St. pedestrian bridge. Walk East along the promenade to 1st Ave. Turn right on 1st Ave., and head south until you see the front doors of the Colman Building on the right.

From Light Rail: From the Pioneer Square stop, walk northwest along 3rd Ave. Turn left at Columbia St and head downhill for 2 blocks. Cross 1st Ave., then turn right. The Colman Building will be on your left.

From Sounder Trains: From King Street Station, head west on Jackson St. Cross 1st Ave. and turn right. Walk north 5 blocks and cross Columbia St. The Colman Building will be on your left.

BY BICYCLE: All mass transit providers (buses, ferries, and trains) give riders bicycle storage options. To learn about Seattle bicycling options, visit: www.seattle.gov/transportation/bikeprogram.htm

Draft Housing Affordability Response Team (HART) Meeting Notes: Meeting #1

March 7, 2017 from 3:00 – 5:00 pm

Hilltop Regional Health Center, Community Room, Tacoma, WA

Attending:

Committee Members: Peter Orser (Chair), Tony To, Tess Colby, Svenja Guddell, Paul Trautman, Rachel Myers, Bryce Yaden, Jeanette McKague, Nick Harper, and Mark McCaskill.

Guests: Faith Pettis (subject matter expert), Teresa Slusher (AHAB and DSHS), Robin Koskey (King County Housing Office), Roger Valdez (Smart Growth Seattle), Jennifer Butler (Zillow)

Commerce Staff: Anne Fritzel, Emily Grossman, Diane Klontz, Sophie Glass (Facilitator, Triangle Associates)

Opening Remarks from Jim Baumgart, Governor's Office:

Mr. Baumgart thanked HART members for their commitment of time to attend this meeting and provided a brief overview of the housing situation today:

- Washington State has a growing economy and a growing population.
- Last year, Washington saw a 1.72 percent growth rate in population.
- Washington's population grew by 122,000 from residents coming from other states.
- Last year, Washington's economy grew by 87,000 jobs.
- However, last year only 34,000 units of housing were built in WA, far fewer than the number of households that came to Washington State.
- Half of that housing construction was multifamily, and seventy percent of that construction went into five counties: King, Pierce, Snohomish, Clark, and Thurston.

Mr. Baumgart commented that, barring external influences, "the affordable housing situation we have today is not going to get better." The Governor's office wants to start the process to examine drivers for producing affordable housing for rental or for sale. By June, HART will lay out a path on what to do. The Governor's office knows that HART won't get to a full strategy, but the Governor hopes HART will be able to identify promising ideas and potential barriers.

Opening remarks from Brian Bonlender, Director of Commerce:

Director Bonlender thanked HART for taking the time to attend these meetings and explained that the Department of Commerce is responsible for strengthening economic development in the state. The Department of Commerce addresses housing programs, infrastructure programs, economic development, energy, and growth management. Commerce performed an internal exercise, asking what we can do as a department, and within each unit to address the challenge of affordable housing in our state. The Department of Commerce hopes to use the ideas generated in its internal process, and those generated through the HART process to lay that path to address the problem of housing affordability.

Mr. Bonlender also commented that the work HART is faced with takes a lot of trust and it will take a lot of innovation and skill to solve the problem. HART includes members representing

very diverse viewpoints. He added that “We have to figure out where we can comfortably address the clear and present danger to our economy due to the lack of affordable housing.”

Discussion: In a question and answer session, HART members asked for more clarification about their scope of work. Below is additional guidance the group received from leaders.

- Provide an initial assessment of the true drivers of the lack of affordable housing, and start to lay out a path to address the issue, with both short term and long term tasks.
- Identify approaches that we, as a state, can use to address the problem with future research, investment, and negotiation, and identify areas that need more study.
- The Governor is not looking for very detailed suggestions, nor an exhaustive list, but is looking for big ideas that we can move forward with later.
- Responsibly increase the supply of housing while recognizing our values of clean air, clean water, etc.
- Looking at housing for all income levels is key, plus special considerations for housing affordable to the lowest incomes.
- Identify barriers to increasing the supply of housing at all economic levels.
- Recommendations should be scalable, or at least to apply to different locations.
- This workgroup should keep the current session in mind so we are not recommending things that are already happening in terms of general principles because bills change.
- As we move forward, identify the things that would have fiscal impact on the state.

HART Charter

The facilitator went over the goals and mechanisms stated in the charter. All solutions must be relevant at the state level, and must increase the supply of housing. There were questions about the meaning of “statewide”, it means “state level issues that the state can take action on, while acknowledging local issues”. The committee had some conversation about policies that affect people all over the state. These may be statewide options that local governments can opt in to or opt out of. There were a few details discussed relating to the charter:

- Attendees are expected to attend meetings, or can send alternates, with the expectation that both participants will share information.
- HART will make recommendations by voting during the fifth meeting. HART will order the recommendations based on level of support. It was noted that HART will not use a consensus-based process.
- Direct media inquiries to Penny Thomas, Department of Commerce media lead.
- HART member recommended broadening the participation for the stakeholder survey. Commerce staff will send the survey out to HART members and place a link on the website so that a broader group may participate in the survey.
- A HART member suggested to include infrastructure in the 2nd and 3rd HART meetings.
- There was a question about defining affordable housing and the housing crisis. After some discussion, it was agreed that committee staff would develop a problem statement about the shortage of affordable housing, and definition of affordability for the project web site.

Land Use Discussion: Part I

Chair Orser explained that during each HART meeting, HART members are expected to review the previous recommendations related to the meeting topic and come prepared with ideas. HART members will jointly decide which previous recommendations are relevant today and what new ideas are needed.

Planning Tools: #1 Provide incentives for local governments to simplify and standardize local development standards and regulations.

Recommendation from HART: carry forward.

Planning Tools #4: Allow cities to use the 10-year tax abatement for infill on smaller lots and lot size averaging.

Recommendation from HART: carry forward and redraft so it addresses tax abatement but does not specifically address smaller lots, and lot size averaging. Bryce will look how we could consider tax abatement as an incentive tool.

Planning Tools #6 Provide information on best practices for design standards and review process on Commerce Affordable by Design web site.

Recommendation from HART: carry forward, but change it to “provide information on design review best practices”.

Planning Tools #7: Provide education for the development community, elected officials, planners and the public on these tools.

Recommendations from HART: carry forward and provide education on housing tools, how finance, marketing, regulations, community entitlements work – aimed at both for community members and developers. The committee reached agreement on the need for education, but needs additional work on who would offer the education and whom it would be offered to.

Land Capacity Analysis – Continue the Buildable Land program, and think about adjustments to the program.

Recommendations from HART – Carry forward. The expectation is that by having a better understanding of how to assess the buildability land will help us know our capacity for absorbing population growth. Committee members asked for a primer on buildable lands for meeting #4. Provide some key questions we should be pondering. Include the citation RCW 36.70A.115 and RCW 36.70A.215.

2013/2014 idea: Latecomer agreements should be mandatory for all infrastructure investments, including roads and utility districts (expanding the requirement for construction of water and sewer facilities to other infrastructure for a twenty-year period per [HB 1717](#)).

HART Recommendations: Carry forward.

Discussion: There should be a mechanism for sharing the cost of infrastructure¹ that does not deter supply. We need an infrastructure financing tool that does not put the burden on the first developer, while respecting the general principle that growth should pay for growth.

2013/2014 AHAB idea: Cities should be required under the GMA to accommodate growth targets. Cities have to do their part to up-zone within their borders and reform their development regulations to achieve minimum net urban densities and accommodate new growth. In the absence of finding real incentives for cities to meet their housing and growth targets under GMA, cities should be required to accept their share of the region's housing needs.

HART Recommendation: Carry forward, there should be a way to find real incentives for cities to meet their housing and growth targets under GMA. Cities should be required to accept their share of the region's housing needs.

Discussion: The social phenomenon of Not in My Backyard (NIMBY) is a significant deterrent to development. Also, targets may have been made in a different time, and the targets may need to change. Another item related to targets is displacement; how to we meet targets and accommodate growth without displacing the people who were living there through "gentrification". Displacement can be defined and studied, for example, the commuting patterns of low income individuals.

Next Steps

HART's next meeting topic is on finance and funding. HART members are encouraged to send background information on these topics to help with meeting preparation. Also, if there are certain experts who can provide specific information, not already represented on the committee, HART members should send their contact information to

Anne.Fritzel@commerce.wa.gov.

Public Comment

There were questions about the openness of the meeting, and the selection of the committee members. Members were selected to represent a broad variety of housing expertise and geographic diversity, and selected a reasonable cross section of opinions and interests.

Another commenter asked for more analysis of the cost of market rate versus subsidized housing under the current system. A member of the public also expressed concern about financial interests of some of the people at the table.

¹ There was a request for staff to look into the definition of infrastructure. In HB 1717, Section 2(3) provides definitions that the latecomer fee would apply to water or sewer facilities only. RCW 43.155.020 provides a much broader definition of a "public works project" for the Public Works Board, including street, and stormwater systems. Under the Housing Finance commission definitions HB 1324 would add new definitions to the Housing Finance Commission including "infrastructure project" means a project of a local government for the planning, acquisition, construction, repair, reconstruction, replacement, rehabilitation, or improvement of infrastructure including streets and roads, bridges, water systems, storm and sanitary sewage systems, solid waste facilities, including recycling facilities, and other municipal projects, facilities, and utilities.

Previous Land Use Recommendations	Source	Status	HART's Recommendation	Revised Language for Voting (if needed)	Areas for Further Research
<i>Provide incentives for local governments to simplify and standardize local development standards and regulations.</i>	2006 GMA Report	Not implemented	Carry forward for voting	N/A	
<i>Allow cities to use the 10-year tax abatement for infill on smaller lots and lot size averaging.</i>	2006 GMA Report	Not implemented	Carry forward for voting with revisions	Allow cities to use the 10-year tax abatement for infill	
<i>Provide information on best practices for design standards and review process on Commerce Affordable by Design web site</i>	2006 GMA Report	Not implemented	Carry forward for voting with revisions	Provide information on design review best practices	
<i>Provide education for the development community, elected officials, planners and the public on these tools</i>	2006 GMA Report	Not implemented	Carry forward for voting with revisions	Provide education on housing tools, how finance, marketing, regulations, community entitlements work – aimed at community members and developers.	Who would offer the education and whom it would be offered to?
<i>Land Capacity Analysis – Continue the Buildable Land program, and think about adjustments to the program</i>	2006 GMA Report	Not implemented	Carry forward for voting	N/A	Are buildable lands reports being submitted? Are they substantively complete/meaningful? What is working and not working?
<i>Latecomer agreements should be mandatory for all infrastructure investments, including roads and utility districts (expanding the requirement for construction of water and sewer facilities to other infrastructure for a twenty-year period per HB 1717).</i>	2013/2014 Update to 2006 report	Not implemented	Carry forward for voting	N/A	How can the state develop a mechanism for sharing the cost of infrastructure that does not deter supply, nor overly burden the first developer?
<i>Cities should be required under the GMA to accommodate growth targets. Cities have to do their part to up-zone within their borders and reform their development regulations to achieve minimum net urban densities and accommodate new growth. In the absence of finding real incentives for cities to meet their housing and growth targets under GMA, cities should be required to accept their share of the region's</i>	2013/2014 Update to 2006 report	Not implemented	Carry forward for voting	N/A	How can the state address the "NIMBY" barriers to development? Do growth targets need to change? How are growth targets related to gentrification and displacement?



Draft Housing Affordability Response Team (HART) Committee Charter

Draft v. 3-13-17

Background

On January 16th, 2017 Washington State Governor Inslee sent a letter to the Affordable Housing Advisory Board (AHAB) requesting that a work group be formed to address the following issues:

- Examine root causes affecting the lack of affordable housing in Washington.
- Examine how zoning and planning, permitting, development and financing, and construction processes can be improved to open increased opportunities for additional housing.
- Define where barriers exist and provide recommendations on how to remove barriers.
- Explore other areas of consideration that provide further insight.

As a result of this letter, AHAB formed the Housing Affordability Response Team (HART). The Governor requested an initial letter of findings and recommendations from AHAB by June 1st, 2017.

Problem Statement

The population of Washington State is outpacing housing production. As a result, rental and purchase housing is unaffordable or unavailable for many income segments.

Purpose Statement

Based off the Governor's letter, the HART Executive Committee developed this purpose statement:

HART will lay the technical groundwork for future legislative and regulatory proposals that will responsibly increase the supply of housing at every economic level.

Areas for Consideration and Non-Consideration

HART will address the following issues insofar as they affect housing supply across Washington State:

- **Land use** (e.g. permitting, zoning, land use regulations, the Housing Element of the Growth Management Act, buildable lands, etc.);
- **Finance and funding** (e.g. *high-level* recommendations on statewide financing tools, the relationship between funding supportive services and the supply of housing, etc.)
- **Construction** (e.g. construction regulations, stormwater regulations, etc.)
- **Other** (e.g. prevailing wages, environmental reviews, etc.)

While recognizing the interdependence of many housing-related issues, given the short timeframe of this assignment, HART will not focus on the following:

- **Local government issues** (e.g. local rezoning in specific jurisdictions)
- **Federal government issues** (e.g. Housing and Urban Development (HUD) support)

- **Political Strategies** (e.g. *how* to advance certain recommendations through the legislature)

To prepare to discuss these issues, HART members will have access to an EZ View website with relevant documents and reports. In addition, subject matter experts will attend some of HART's meetings to provide additional insight.

Outcomes

Using the 2006 Affordable Housing Task Force work as a starting point, HART will develop the following deliverables for AHAB's review:

- Recommendations for an initial letter to the Governor on June 1st 2017, which may include legislative recommendations for the 2018 state legislative session.
- Areas needing more study in the coming months
- Areas for additional outreach and education efforts to a broader audience.

Roles and Responsibilities

Below are the roles and responsibilities associated with HART:

- The Affordable Housing Advisory Board (AHAB) advises the Department of Commerce on housing and housing-related issues. HART is a workgroup of AHAB, and AHAB will approve HART's recommendations.
- The HART Executive Committee will make all final decisions regarding meeting content, objectives, and goals for HART. See Attachment A for a list of Executive Committee members.
- The HART Chair will be Peter Orser from the Runstad Center for Real Estate Studies. The Chair will work with the Executive Committee to set meeting agendas and help run the meetings.
- The HART Core Team will be comprised of a range of stakeholders from the housing sector. The Core Team will develop recommendations and areas for further research for AHAB's consideration. Core Team member responsibilities include:
 - Attending all the meetings if possible.
 - Assigning an alternate if unable to attend all meetings. only if they are unable to attend a meeting.
 - Making a commitment to between-meeting work, which may include editing draft documents, conducting research, sending reference materials etc.
 - Voting on recommendations to AHAB during the fifth HART meeting.

See Attachment A for a list of HART Core Team members.

- HART alternates will be assigned to represent HART Core Team members who cannot be in attendance. HART alternates are welcome to attend all HART meetings, but alternates will be asked to sit in the public gallery if their primary Core Team members are in

attendance. Alternates can only vote on final HART recommendations if their primary Core Team members are absent.

- Subject matter experts will be invited to HART meetings on an as-needed basis to provide information to inform HART's recommendations and identification of areas for further research. Subject matter experts are allowed to sit at the table and provide their ideas during meetings. However, subject matter experts will not be allowed to vote on HART's recommendations during the 5th meeting.
- Members of the public are welcome to attend HART meetings. There will be two opportunities for public comments, once at the beginning of the meeting, and once at the end of the meeting. Members of the public will be asked to sit in a public gallery section to observe meetings. Members of the public will not be allowed to vote on HART's recommendations during the 5th meeting. Members of the public can also submit written comments that will be summarized at the start of each HART meeting. See details in the "Stakeholder and Public Engagement" section below.
- A notetaker will be provided by the Washington Department of Commerce.
- A neutral¹ facilitator will be Sophie Glass from Triangle Associates. The facilitator will:
 - Help create equitable meeting environments by addressing power dynamics and other factors that might prevent all members from speaking up and being heard.
 - Encourage committee members to move towards their meeting objectives by asking questions and reframing issues.
 - Provide summaries of the wall charts and list of outcomes and next steps from each meeting.
 - Support the Department of Commerce in developing the initial letter to the Governor, as well as the final report.

HART members may provide any feedback about the facilitator to the Department of Commerce or directly to the facilitator.

Discussion Guidelines

The HART Executive Committee and Core Team will adhere to the following discussion guidelines:

- Listen when others are speaking.
- Seek to understand before seeking to be understood.
- Let the facilitator know if you feel like another participant is behaving disrespectfully or preventing you from speaking up.
- Focus on constructive problem-solving, not personalities.
- It's okay to disagree.

Making Recommendations

¹ In this context, the term "neutral" means that the facilitator does not have a stake in the *outcomes* of this committee and is focused on ensuring a *fair process*.

All members of HART will be involved with making recommendations. There are several decision-making methods that will be discussed at the first HART meeting. HART Core Team members (or their alternates) will be involved with making recommendations for AHAB to consider. At the end of each of the first four meetings, HART members will propose recommendations that they will vote on during their fifth meeting. These recommendations may be new or build off of the 2006 recommendations. While developing potential recommendations, HART members will identify any subject areas that require further study before bringing the recommendation to a vote.

During HART's fifth meeting, HART Core Team members (or their alternates if needed) will vote on recommendations to provide to AHAB. The facilitator will record the percentage of those voting "yes" or "no" and those abstaining. HART will submit to AHAB lists of recommendations that are grouped by category and ranked in order of support. For the record, any individual may request to have their name identified associated with their vote or provide a written statement of support or opposition to be included as an appendix to HART's recommendations to AHAB.

Meetings

- The HART Executive Committee will meet in person at the start of the HART process and then meet as necessary to guide the process.
- The HART Core Team will meet five times between March and ~~April~~ May 2017.
- HART Core Team members will be invited to observe a special AHAB meeting in May 2017.
- Agendas and materials will be sent to HART members ~~five (5) calendar days~~ in advance of meetings.
- The facilitator will review the Department of Commerce's short summaries of each meeting; HART members will review these summaries at their subsequent meetings.

Stakeholder and Public Engagement

To reach a wider range of stakeholders beyond HART's membership alone, HART will conduct the following outreach to stakeholders across Washington State:

- Disseminate a survey to planning directors and other interested parties across Washington State to solicit recommendations on how to "responsibly increase the supply of housing at every economic level." Survey questions will be grouped according to subject areas. *Timing: Between the ~~1st~~-2nd and 4th HART meetings.*
- Interview a few key stakeholders to "ground truth" some of HART's preliminary recommendations, and to seek expert guidance on areas of uncertainty. *Timing: Between the 4th and 5th HART meetings.*

If any stakeholder or member of the public would like to provide comments or feedback on the HART process, they may do so by contacting Anne Fritzel with the WA Department of Commerce (anne.fritzel@commerce.wa.gov or 360.725.3064).

Media

If approached by a media outlet, HART members will speak on behalf of themselves and not on behalf of HART as a whole. HART members will refer detailed media inquiries to Penny Thomas with the Department of Commerce (Penny.Thomas@commerce.wa.gov or 206.256.6101).

Open Public Meetings

As a subcommittee of an appointed board, HART meetings are subject to the Open Public Meetings Act. This means that all discussion involving a quorum of members must take place within the context of an open public meeting. Emails to all members of the committee are considered a meeting. HART's agendas and materials will be available via HART's website: https://www.ezview.wa.gov/site/alias_1961/37020/default.aspx.

-For more information on Open Public Meetings please refer to <http://mrsc.org/Home/Explore-Topics/Legal/Open-Government/Open-Public-Meetings-Act.aspx> and/or this 27-minute video on the Open Public Meetings Act: <https://youtu.be/2YzyuOWmPrU>.

Attachment A: HART Core Team Members

Name	Affiliation
Peter Orser (HART Chair)*	Runstad Center for Real Estate Studies
M.A. Leonard (AHAB Chair)*	Enterprise
Chris Pegg*	SW Washington Housing Developer
Paul Trautman*	City of Spokane
Bryce Yaden (<i>Chris Wierzbicki, alternate</i>)	Futurewise
Steve Walker (<i>Carl Shroeder, alternate</i>)	Association of Washington Cities
Jeanette McKague	Washington Association of Realtors
Kim Herman (<i>Rich Swicker, alternate</i>)	Housing Finance Commission
Mike Ennis	Association of Washington Businesses
Paul Purcell	Beacon Development Group
Rachel Myers	Housing Alliance
Shannon Affholter (<i>Nick Harper, alternate</i>)	Master Builders
Svenja Gudell	Zillow, Chief Economist
Tony To	Homesite
Tess Colby	Washington State Association of Counties
Mark McCaskill	Commerce, Growth Management Services Managing Director

Department of Commerce Staff:

Diane Klontz	Assistant Director for Community Services and Housing*
Anne Fritzel (HART Coordinator)*	Growth Management
Emily Grossman (AHAB Staff)*	Housing Policy

* HART EXECUTIVE COMMITTEE MEMBERS

Finance and Funding Recommendations	Source	Status	HART's Recommendation (carry forward/revise/eliminate)	Revised Language for Voting (if needed)	Areas for Further Research
<i>In reviewing local government applications for state grants and loans (e.g. PTWF, TIB, CERB, Job Development Fund), the State of Washington should award bonus points to applications that clearly address state housing goals</i>	2006 GMA Report	Not implemented	Please come prepared to the 3/16 meeting to discuss this recommendation. See reference materials in your meeting packet for more information.		
<i>Provide a partial property tax exemption for affordable rental or for sale units for households at 50% of median income or less (per RCW 84.36.560)</i>	2006 GMA Report	Not implemented	See above.		
<i>Eliminate the "replacement rule" that requires counties and cities to pay from public funds for low income housing impact fee exemptions (RCW 82.02.060(2))</i>	2006 GMA Report	Partially implemented	See above.		
<i>Authorize a voter-approved local option regular property tax using the unused portion of the state regular property tax levy within a specified county or city. The funding may be used for purposes for which GMA impact fees are currently imposed, such as firefighting facilities, roads and parks. This funding source would replace GMA impact fees in counties and cities where it is levied.</i>	2006 GMA Report	Not implemented	See above.		
<i>Allow cities to retain the state’s 20% of the taxes collected during the abatement period (on the incremental increase in value of land and non-housing improvements) for use with ADU and flex-lot programs</i>	2006 GMA Report	Not implemented	See above.		
<i>Update Washington State’s tax increment financing legislation so that it is more effective. Amend the existing LIFT program to award bonus points to projects that meet the criteria in RCW 39.89</i>	2006 GMA Report	Not implemented	See above.		
<i>Create a Growth Management Infrastructure Account to fund projects in which the proponents will clearly address state housing goals (as listed above).</i>	2006 GMA Report	Not implemented	See above.		
<i>Reallocate a portion of the state sales tax on construction activity to local jurisdictions (where collected) to use for infrastructure projects that increase capacity necessary to accommodate growth and provide affordable housing opportunities. Reallocation could be based on: -Anything above the rolling 10-year average of collections; -Collections above the projected revenues in the revenue forecast; or -A fixed fraction/share that captures a rise in revenue.</i>	2006 GMA Report	Not implemented	See above.		
Your idea here - please come prepared	2017 HART				
Your idea here - please come prepared	2017 HART				
Your idea here - please come prepared	2017 HART				

Draft Growth Management Act (GMA) 2006 Taskforce Recommendations re: Funding & Finance

Draft v. 3-13-17

Below are the nine recommendations from the 2006 Growth Management Act (GMA) Taskforce related to finance and funding. Washington State Department of Commerce staff members have provided additional comments to help Housing Affordability Response Team (HART) members answer the following questions:

- Which of the recommendations listed below are still relevant today?
- What revisions are needed to these recommendations to make them relevant and useful today?
- Which of the recommendations listed below should be carried forward for HART voting?

A. RECOMMENDATION: REPROGRAM EXISTING GRANT AND LOAN FUNDS

1. In reviewing local government applications for state grants and loans (e.g. PTWF, TIB, CERB, Job Development Fund), the State of Washington should award bonus points to applications that clearly address state housing goals (as listed above).¹

Staff Comment: Further research is needed to identify appropriate grant programs and how application processes can be adjusted to consider state housing goals. Some programs may require legislative change, and some may be at agency discretion.

B. RECOMMENDATION: AUTHORIZE CHANGES TO LOCAL TAXES AND FEES

2. Provide a partial property tax exemption for affordable rental or for sale units for households at 50% of median income or less (per RCW 84.36.560).²

Staff Comment: The proposal would be similar to RCW 84.36.560 which address very low-income households. There are many property tax exemptions currently existing in RCW 84.36 lists exemptions which include:

- RCW 84.36.030 property used for character building
- RCW 84.36.040 Libraries, homes for the sick or infirm, childcare
- RCW 84.36.041 Nonprofit homes for the aging
- RCW 84.36.042 Homes for persons with development disabilities
- RCW 84.36.043 Homes for low-income, homeless, or domestic violence
- RCW 84.36.046 Nonprofit cancer clinic or center
- RCW 84.36.049 Nonprofit homeownership development
- RCW 84.36.350 Property owned and used for sheltered workshops for the handicapped

3. Eliminate the "replacement rule" that requires counties and cities to pay from public funds for low income housing impact fee exemptions (RCW 82.02.060(2)).³

¹ This was listed as number 12 in the 2006 Funding Committee strategies

² This was listed as number 11 in the 2006 Funding Committee strategies

³ This was listed as number 8 in the 2006 Funding Committee strategies

Staff Comment: In 2012 (RCW 82.02.060(3)). Gave local governments the option to grant a partial exemption of up to 80 percent of impact fees (however, the remaining portion must be paid from other public funds).

4. **Authorize a voter-approved local option regular property tax using the unused portion of the state regular property tax levy within a specified county or city. The funding may be used for purposes for which GMA impact fees are currently imposed, such as firefighting facilities, roads and parks. This funding source would replace GMA impact fees in counties and cities where it is levied.**⁴

Staff Comment: This would be able to fund road and park components of infrastructure that could support affordable housing.

5. **Allow cities to use the 10-year tax abatement for infill on smaller lots – lot size averaging.**

Staff Comment: 2SSB 6330 enacted in 2014, promotes affordable housing in unincorporated areas of rural counties within urban growth areas by allowing rural counties to offer a property tax exemption for multi-family housing projects within unincorporated UGAs. The property tax exemption expires January 1, 2020.

6. **Allow cities to retain the state's 20% of the taxes collected during the abatement period (on the incremental increase in value of land and non-housing improvements) for use with ADU and flex-lot programs.**⁵

7. **Update Washington State's tax increment financing legislation so that it is more effective. Amend the existing LIFT program to award bonus points to projects that meet the criteria in RCW 39.89.**

Staff Comment: The applicable RCWs are as follows:

- RCW 39.89 - Community Revitalization Financing (CRF) - Authorizes counties, cities, towns, and port districts to create tax increment areas within their boundaries where community revitalization projects and programs are financed by diverting a portion of the regular property taxes imposed by local governments within the tax increment area.
- RCW 39.102 - Local Infrastructure Financing Tool Program (LIFT) - Provides funding for local infrastructure using sales tax, property tax, and selected other excise tax increases generated by an economic development project as part of a revenue development area designated by the sponsoring local government. RCW 39.102 was amended in 2009 (Laws of 2009, ch. 267 (ESSB 5901)) with the following effects:
 - Expanded limitations on the local sales and use tax rate set by sponsoring and cosponsoring local governments.
 - Set a September 1, 2009 deadline for certain sponsoring local governments to select a local sales and use tax rate.

⁴ This was listed as number 7 in the 2006 Funding Committee strategies

⁵ This idea was discussed by the 2006 AHAB effort, but was not forwarded.

- Eliminated requirements for "base year and annual" measurement year calculations of state and local excise tax revenues.
- Required that before imposing the local sales and use tax, a sponsoring local government must estimate that certain revenues will equal or exceed the amount awarded to the project by the Community Economic Revitalization Board.
- Made various technical changes and adds reporting and notice requirements. From *AWC 2009 Legislative Bulletin*.
- RCW 39.104 - Local Revitalization Financing (LRF) - Participating local governments, such as cities, counties, and port districts, may create revitalization areas, and may use certain tax revenues which increase within the area to finance local public improvements. The following sources of revenues are used for the payment of bonds which are issued to finance improvements: increased local sales/use tax revenues and property tax revenues generated from within the revitalization area; additional funds from other local public sources; and a local sales/use tax that is credited against the state tax.

Staff Comment: Washington State does not have the tools for tax increment financing found in other states. However, other tools could be useful.

C. RECOMMENDATION: INCREASE THE AVAILABILITY OF INFRASTRUCTURE TO SUPPORT HOUSING DEVELOPMENT

- 8. Create a Growth Management Infrastructure Account to fund projects in which the proponents will clearly address state housing goals (as listed above).⁶**

Staff Comments: This account could in the Public Works Board portfolio and would likely require legislative authorization. In 2006, it was proposed that the GMIA be funded through a variety of sources, including reallocation of a portion of the existing State Real Estate Excise Tax (REET), the state sales tax on construction or the state capital budget.

- 9. Reallocate a portion of the state sales tax on construction activity to local jurisdictions (where collected) to use for infrastructure projects that increase capacity necessary to accommodate growth and provide affordable housing opportunities. Reallocation could be based on:**

- **Anything above the rolling 10-year average of collections;**
- **Collections above the projected revenues in the revenue forecast; or**
- **A fixed fraction/share that captures a rise in revenue.⁷**

Staff Comment: See materials related to state sales tax on construction. This would be collected locally, and may be redistributed by the state back to the local area to use for infrastructure projects. [Dept of Revenue Web Page on Construction Taxes](#).

⁶ This was listed as number 2 in the 2006 Funding Committee strategies

⁷ This was listed as number 3 in the 2006 Funding Committee strategies

Draft Growth Management Act (GMA) 2006 Taskforce Strategies that Were Discussed but Not Recommended

Draft v. 3-13-17

Below are ideas generated by the Growth Management Act (GMA) Taskforce in 2006. These ideas were not included in the taskforce's final report. In 2017, Department of Commerce staff members provided additional comments below. In reviewing this document, the Housing Affordability Response Team (HART) members should think about the following questions:

- *Do any of these ideas from 2006 have relevancy today?*
 - *If so, which ideas should HART discuss further?*
 - *And of these ideas, which should HART vote on during its 5th meeting?*
1. Use one dollar of the unused state regular property tax levy to fund school capital costs statewide. Eliminate Growth management impact fees for schools.
Staff Comment: The McCleary decision fundamentally changed the way schools are funded statewide.
 2. Decrease school bond voting requirements to 50 percent plus one.
Staff Comment: The McCleary decision fundamentally changed the way schools are to be funded statewide.
 3. Increase rewards for more housing production or more affordable housing production, such as bonus points for state grants and loans. Where possible, target state and federal funds where they will benefit housing opportunities. Include any or all of the following criteria for bonus points or eligibility for these funds (including brownfield redevelopment funding):
 - Housing affordability requirement – must demonstrate a clear public benefit for housing affordability
 - Urban centers and densification in urban areas
 - Balancing jobs and housing growth
 - Rural state highways
 4. Provide funding for land trusts or land banks to purchase land for affordable housing.
 5. Provide incentives such as state funds for development to help share the risk for building innovative housing types.
 6. Allocate more of the state's revenues to supporting infrastructure for growth. For example, allow the Public Works Trust Fund to be used for projects that accommodate new housing growth, not just those that retain and rehabilitate infrastructure for existing developments to maintain levels of service (requires statutory change).

7. Create a one percent for affordable housing fund - assess a one percent fee on all state and local capital projects to assist in the construction of low- and moderate-income housing.
 - Require measures for long-term affordability of state investment.
 - Explore the need to amend the constitutional limits that restrict use of state resources to assist middle-income homebuyers such as firefighters, bank tellers, secretaries, and other service workers (amend Gift of Public Funds provision).
 - Increase funding for the Housing Trust Fund.
 - When state assistance is used for home-ownership purposes, the state and owner should share equity increases.
8. Change or eliminate impact fees; provide local government with more broad-based funding sources such as REET.
9. Improve the impact fee assessment process and calculation – assess impact fees at the time of occupancy instead of assessing them up front.
10. Make impact fees roughly proportional to the impact to individual houses (reversal of *Drebick* decision).
11. Require jurisdictions experiencing growth to impose impact fees.
12. Require cities to pay for infrastructure for affordable housing projects that meet affordability goals rather than the developer having to use affordable housing project funds for infrastructure.
13. Tie infrastructure funding more closely to the severity of need and planning – e.g. fund street repair for the streets in the worst condition or that are undergoing planned redevelopment and revitalization. (When programming local capital improvements)
14. Create a statewide requirement for a set-aside with the 10-year tax exemption for affordable housing.
15. Broaden access to bond markets and other markets for housing infrastructure.
16. Require a business coming into a community to pay for infrastructure.
17. Allocate the gas tax to cities to reflect the growing burden of urbanization the cities have taken on - revisit why counties get/have control of using gas taxes when most of the urbanization is in cities.

18. Create the option for the state to utilize unused regular property tax levy (“assessment gap” between one percent limit on increases and constitutional cap of \$3.60 for every \$1000 of assessed value) to capitalize a fund for infrastructure.
19. Impose an excess income and salaries tax.
20. Pass two constitutional amendments:
 - 1) Waive the one subject rule legislation to eliminate any tax proposal that includes a replacement tax.
 - 2) Eliminate and create replacement taxes:
 - Waive the state sales tax on new construction materials for affordable housing.
 - Create a scaled business tax reduction for assistance with housing – not just ownership.
 - Allow local governments to utilize unused regular property tax levy (gap between 101 percent and inflation) to increase property taxes dedicated for infrastructure.
 - Consider allocating things like the state’s sales tax collected on new construction to pay for infrastructure in the communities from which it came. Could supplement impact fees.
 - Allow counties and cities with moratoria to use the sales tax on gas for infrastructure.
 - Allow counties and cities to impose user fees or tolls for infrastructure.
 - Allow counties and cities to impose street utility taxes
21. Make the Real Estate Excise Tax (REET) “two” assessment available for housing.
 - Expand authority to use the .08 sales tax rebate to the nine other counties to fund infrastructure within urban growth areas.
 - Provide for a local option REET with the same uses for the first and second quarters.
 - Replace impact fees with REET “three”.
 - Expand multi-family ten-year tax exemption to all cities in the Buildable Lands counties for low-income or market rate housing at the jurisdiction’s discretion.
 - Pass the streamlined sales tax quickly so communities won’t have to chase sales taxes.
 - Have a fair share housing excise tax to provide incentives to local governments and offset impact fees in areas providing low-to-moderate income housing, perhaps in combination with an increase in the affordable housing recording fees.
 - Provide a tax incentive to build condominiums at a reasonable price (condominium insurance issue).

2017 Legislation Related To Affordable Housing Development: Funding and Finance

Draft v. 3-13-17

Below are eight bills that have been proposed during the 2017 Washington State Legislative Session¹ that are related to finance and funding for affordable housing. This document is intended to help Housing Affordability Response Team (HART) members answer the following question:

- *Which of these bills have policies/ideas that HART would like to recommend to the Affordable Housing Advisory Board (AHAB)?*

Infrastructure Financing

HB 1324/SB 5088: Creates a new program within the Housing Finance Commission to provide financing for local infrastructure projects through the issuance of bonds or loans. *(As of March 13, 2017, bill appears to be dead)*

Provision of Affordable Housing

SHB 1532/SB 5143: Concerning the exemption of property taxes for nonprofit homeownership development. Clarifies the property tax exemption for nonprofit homeownership development by specifying that land that is to be leased for 99 years or life to a low-income household is included in the exemption. Specifies that the lease of the exempted land to a low-income household terminates the property tax exemption. *(Both bills passed into the opposite house as of March 13, 2017)*

HB 1616 : Clarifying the type of land eligible for purchase to include improved land under the affordable housing land acquisition revolving loan fund program. . *(Passed house, now in senate as of March 13, 2017)*

HB 1752: Supporting the development of affordable housing in urban areas by:

- Creating the Affordable Housing Land Bank (Land Bank) within the Department of Commerce to hold and lease publically owned land for the construction and development of affordable housing within certain urban development areas.
- Requiring certain governmental entities to remit 20 percent of public lands sales to provide funding for the Housing Trust Fund.
- Allowing governmental entities to transfer or lease property within an urban development area into the Land Bank to obtain an exemption from the 20 percent remittance of a land sale. *(As of March 13, 2017, bill appears to be dead)*

HB 1797: Encouraging affordable housing development and preservation by:

- Allowing cities to apply for a one-time remittance of 4.37 percent of the state sales and use tax on public purchases for affordable housing development or public infrastructure to support such development.

¹ As of 2/22/2017, For information on the status and current versions of individual bills, go to <http://apps.leg.wa.gov/billinfo/>

- Allowing the governing body of a county with a population over 1.5 million and the cities within such county to authorize the existing 0.1 percent local sales and use tax used for mental health services and affordable housing.
- Allowing revenue from the local real estate excise tax (REET II) to be used for affordable housing development through 2022, so long as other local capital projects have adequate funding.
(As of March 13, 2017, bill appears to be dead)

SB 5482: Relating to the preservation and creation of affordable housing. Two percent of the proceeds of the real estate excise tax currently allocated to the Public Works Assistance Account would be re-allocated to the Housing Trust Fund. (As of March 13, 2017, bill appears to be dead)

SB 5615: Create a pilot program to authorize counties to allow new manufactured housing communities outside of urban growth areas. (As of March 13, 2017, bill appears to be dead)

Tax Incentives

HB 2051: Increasing affordable housing opportunities in targeted areas. Eliminates the requirement for the multi-family tax abatement program that qualifying new development or rehabilitation be in an urban growth area. (As of March 13, 2017, bill appears to be dead)