**MIDDLE HOUSING**

 **STAFF REPORT TEMPLATE**

**TO:** [Jurisdiction] City Council

 [Jurisdiction] Planning Commission

**FROM:** [Staff]

**SUBJECT** Washington State Department ofCommerceMiddle Housing Grant - Middle Housing Analysis

**DATE:** [DATE, 2023]

**EXHIBIT LIST**

1. Middle Housing Comprehensive Plan Analysis
2. Middle Housing Zoning Analysis and Proposed Code Amendments
3. Analysis to Programs to Encourage Middle Housing - (e.g. fee structures, charges, permitting processes and other incentives)
4. Public Information/Public Informational Materials

**BACKGROUND**

In 2021 the State of Washington Legislature passed, and the Governor signed into law, House Bill 1220 amending certain Growth Management Act (“GMA”) housing provisions, including Housing Element requirements.

Included in the HB 1220 amendments were:

* The GMA Housing goal (RCW 36.70A.020 (4)) was amended to be more affirmative, striking the work “Encourage” and replacing it with “Plan for and accommodate…” as follows,

 “(4) Housing. ~~Encourage the availability of~~ Plan for and accommodate housing affordable ~~housing~~ to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.”

* Additional Housing Element requirements were added including, but not limited to:
* Projected housing needs for all economic segments of the population, specifically adding units for moderate, low, very low and extremely low income households as well as emergency housing, emergency shelters and permanent supportive housing.
* Adequate provisions for existing and projected housing needs for all economic segments of the population, including assessing zoning regulations to allow and encourage housing to meet the projected housing needs in each income level.
* Include provisions for sufficient capacity of housing, including consideration of duplexes, triplexes, and townhomes within the urban growth area boundary
* Identify local policies and regulations resulting in racially disparate impacts, displacement and exclusion, including zoning that may have a discriminatory effect, disinvestment and infrastructure availability.
* Identify and implement policies that begin to undo racially disparate impacts, displacement and exclusion.
* Identify areas that may be at higher risk of displacement from market forces that occur with changes to zoning development regulations and capital investments and establishes anti-displacement policies.

Following the passage of HB 1220, [Engrossed Substitute Senate Bill (ESSB) 5693](https://lawfilesext.leg.wa.gov/biennium/2021-22/Pdf/Bills/Session%20Laws/Senate/5693-S.SL.pdf?q=20220421095900), the 2022 supplemental operating budget was passed. Section 189 of [ESSB 5693](https://lawfilesext.leg.wa.gov/biennium/2021-22/Pdf/Bills/Session%20Laws/Senate/5693-S.SL.pdf?q=20220421095900) directed the Washington State Department of Commerce to develop a grant program to support the adoption of ordinances authorizing middle housing types, along with conducting a racial equity analysis. For the purposes of the grant, middle housing types include duplexes, triplexes, fourplexes, fiveplexes, sixplexes, townhouses, courtyard apartments, cottage housing and stacked flats.

ESSB 5693 grant funding was made available to 82 cities and towns in the central Puget Sound region (“Region”), which consists of King, Snohomish, Pierce and Kitsap counties. Specifically, ESSB 5693 offered grant funding for local government analysis and study of middle housing policy and regulatory amendments needed to allow middle housing on at least 30 percent of lots currently zoned as single family residential. ESSB 5693 also provided funding for local jurisdictions to conduct a racial equity analysis and establish anti-displacement policies.

For the middle housing grant, ESSB 5693 identified specific tasks that could be implemented including:

1. Analyzing comprehensive plan policies and municipal code to determine the extent of amendments required to meet the goal of authorizing middle housing types on at least 30 percent of lots currently zoned as single family residential;
2. Preparing informational material for the public;
3. Conducting outreach, including with the assistance of community-based organizations, to inform and solicit feedback from a representative group of renters and owner-occupied households in residential neighborhoods, and from for-profit and nonprofit residential developers;
4. Drafting proposed amendments to zoning ordinances for consideration by the city planning commission and city council;
5. Holding city planning commission public hearings;
6. Publicizing and presenting the city planning commission's recommendations to the city council; and
7. Holding city council public hearings on the planning commission's recommendations.

ESSB 5693 also had a racial equity analysis requirement that stated,

“Before updating their zoning ordinances, a city must use a racial equity analysis and establish antidisplacement policies as required under RCW 36.70A.070(2)(e) through (h) to ensure there will be no net displacement of very low, low, or moderate-income households, as defined in RCW 43.63A.510, or individuals from racial, ethnic, and religious communities which have been subject to discriminatory housing policies in the past.”

The City of \_\_\_\_\_\_\_\_\_\_\_ (“City”) applied for and received $xxx,xxx.00 in ESSB 5693 grant funds. Work conducted under the grant must be completed by June 30, 2023. The middle housing grant does not require adoption or public hearings on middle housing (or racial equity analysis) amendments. The City’s middle housing grant component focused on deliverables related to ESSB 5693 parts (i), (ii), (iii) and (iv) identified above. [**NOTE:** Specific the relevant Middle Housing deliverables that apply to your grant agreement].

During the City’s implementation of the middle housing grant, the Washington State legislature passed and the Governor signed into law Engrossed Second Substitute House Bill (E2SHB) 1110. E2SHB 1110 was signed into law in May 2023.

E2SHB 1110 established requirements for certain jurisdictions to allow for middle housing types in areas predominantly zoned for residential uses. The deadline for cities in the central Puget Sound region (King, Kitsap, Pierce, and Snohomish counties) to comply with applicable requirements of E2SHB 1110 is six months following December 31, 2024. While not specifically its original purpose, the middle housing grant will help support the work needed for the City to comply with E2SHB 1110.

This staff report summarizes the middle housing grant work and related findings. The racial equity work is summarized under a separate staff report.

**FINDINGS**

1. In \_\_\_\_\_\_\_\_\_\_, 2022, the City of \_\_\_\_\_\_\_\_\_\_ was awarded an ESSB 5693 Middle Housing Grant from the Washington State Department of Commerce in the amount of $\_\_\_\_\_\_\_\_\_\_, **[ADD THE FOLLOWING STATEMENT, IF APPLICABLE]** which is the maximum amount a city the size (population) of \_\_\_\_\_\_\_\_\_can receive.

**[ADD,** **IF APPLICABLE**: For those local governments that sub-contracted with Community Based Organizations] In addition, the City received $\_\_\_\_\_\_\_\_\_\_ specifically for the purpose of sub-contracting with Community Based Organizations (CBO’s) to conduct public outreach to inform and solicit feedback from a representative group of renters and owner-occupied households in residential neighborhoods, and from for-profit and nonprofit residential developers.

1. The City’s grant agreement with the Washington State Department of Commerce provides for the City’s review and study of authorizing middle housing in single family zones (and also the preparation of a racial equity analysis). Grant funding does not require that the City adopt a middle housing ordinance, but lays the groundwork for future work on these topics as part of the City’s required 2024 GMA Periodic Update to be completed by December 31, 2024, as well as for implementation of E2SHB 1110 to be implemented within six months after December 31, 2024.
2. [**IF APPLICABLE**: For those local governments that adopted a Housing Action Plan (HAP)]

The work done under the Commerce Middle Housing grant builds on the City’s Housing Action Plan (HAP) work completed in 202**X**. The Middle Housing Grant allows the City to more closely study strategies identified in the HAP. The HAP identified strategies related to:

[Identify HAP Strategies, as applicable (i.e. to expand the housing supply, to include duplexes and/or other middle housing types in single family residential zones where they are not currently allowed etc.)]

1. On October 23, 2020, the Puget Sound Regional Council (PSRC) adopted VISION 2050. VISION 2050 is the Puget Sound region’s (”Region”) four county (King, Pierce, Snohomish and Kitsap) growth plan and strategy. VISION 2050 includes the multi-county planning policies (“MPP’s”) required by the GMA. VISION 2050 also identifies actions and strategies to guide how and where the Region will grow through 2050. VISION 2050 informs updates to countywide planning policies and local comprehensive plans prepared and adopted by cities and counties. [VISION 2050 | Puget Sound Regional Council (psrc.org)](https://www.psrc.org/planning-2050/vision-2050)
2. Compared to prior PSRC regional growth documents (e.g. VISION 2040), VISION 2050 places even greater emphasis on several subject areas, including but not limited to, affordable housing. VISION 2050’s housing policies respond to the urgency of changing demographics and the need to increase and diversify the region’s housing supply. VISION 2050 also identifies coordinated strategies, policies, and actions to ensure that the region’s housing needs are met.
3. Examples of VISION 2050’s multi-county planning policies (MPP’s) and local actions that address expansion of housing types include:

**MPP’s VISION 2050 Page 88**

MPP-H-2 Provide a range of housing types and choices to meet the housing needs of all income levels and demographic groups within the region.

MPP-H-6 Develop and provide a range of housing choices for workers at all income levels throughout the region that is accessible to job centers and attainable to workers at anticipated wages.

MPP-H-7 Expand the supply and range of housing at densities to maximize the benefits of transit investments, including affordable units, in growth centers and station areas throughout the region

MPP-H-9 Expand housing capacity for moderate density housing to bridge the gap between single-family and more intensive multifamily development and provide opportunities for more affordable ownership and rental housing that allows more people to live in neighborhoods across the region.

**Local Actions VISION 2050, Page 89**

H-Action-7

Housing Choice: Counties and cities will update regulations and strategies to reduce barriers to the development and preservation of moderate density housing to address the need for housing between single-family and more intensive multifamily development, consistent with the Regional Growth Strategy.

1. In February 2022, the PSRC adopted the “Regional Housing Strategy”. The Regional Housing Strategy ensures that all people have a range of safe and affordable housing choices in order to create a healthy and prosperous future for the region. The Regional Housing Strategy is intended to support the GMA and VISION 2050. [Regional Housing Strategy | Puget Sound Regional Council (psrc.org)](https://www.psrc.org/our-work/regional-housing-strategy)
2. More specifically, the PSRC Regional Housing Strategy identifies three areas of action: Supply, Subsidy and Stability. With regards to Supply, the Regional Housing Strategy calls for the following actions related to middle housing:
* **Encourage more middle density housing to provide greater housing choice for people at all stages of life**. This includes increasing zoning that allows for moderate density “missing middle” housing to increase opportunities for townhomes and multiple units in neighborhoods with infrastructure, services, and amenities
* **Encourage more housing choices within single-family zones to provide greater housing choice and less costly ownership options throughout the region**. This includesreforming single-family zoning to increase opportunities for small lots, zero-lot line, accessory dwelling units, cottage homes, and up to six units per lot that serve a wider range of households, including singles, couples, seniors, and smaller families.

In discussing these and other strategies, the PSRC Regional Housing Strategy notes the critical role that every resident and every community plays in addressing the collective responsibility of providing housing. It adds that the complexity of addressing the full range of housing needs and challenges requires a coordinated regional-local approach and will require action from cities, counties, residents, businesses and other agencies and stakeholders to work together to meet the needs.

1. Countywide Planning Policies (“CPP’s”) are a GMA requirement adopted at the county level. The CPP’s address specific topics identified in the GMA and must be consistent with the MPP’s. CPP’s are intended to ensure comprehensive plan consistency across jurisdictions within the county.

The most recent version of the [Insert County Name] County CPP’s was adopted on [Insert Date of most recent CPP amendments].

1. Following the direction of the PSRC MPP’s, the [Insert County Name] County CPP’s place emphasis on providing housing to address all needs. CPP policies focusing on middle housing include the following:

**SELECT THE COUNTY THAT APPLIES TO THE JURISDICTION**

|  |  |  |
| --- | --- | --- |
| **King County CPP’s** | **Pierce County CPP Update****DRAFT AS OF 8/24/2022** | **Snohomish County CPP’s** |
| **H-12** Identify sufficient capacity of land for housing including, but not limited to income-restricted housing; housing for moderate-, low-, very low-, and extremely low-income households; manufactured housing; multifamily housing; group homes; foster care facilities; emergency housing; emergency shelters; permanent supportive housing; and within an urban growth area boundary, duplexes, triplexes, and townhomes. | **5.2** Jurisdictions should promote the use of reasonable measures and innovativetechniques (e.g., clustering, accessory dwelling units, cottage housing, small lots, planned urban developments, and mixed use) to stimulate new higher density affordable and moderate-income housing stock on residentially-zoned vacant and underutilized parcels.* + Establish a framework for mitigating and adapting to climate change;
	+ Address and maintain quality of life; and

Enhance the built environment and human health. | **HO-1** The county and cities shall make provisions in their comprehensive plans to accommodate existing and projected housing needs, consistent with the Regional Growth Strategy and Snohomish County Growth Targets. Plans must include a specific assessment of housing needs by economic segment, as described in the housing report prescribed in CPP HO-5. Those provisions should consider the following strategies: a.……f. Support the creation of additional housing options in single-family neighborhoods to provide for more diverse housing types and choices to meet the various needs of all economic segments of the population.  |
| **H-18** Adopt inclusive planning tools and policies whose purpose is to increase the ability of all residents in jurisdictions throughout the county to live in the neighborhood of their choice, reduce disparities in access to opportunity areas, and meet the needs of the region’s current and future residents by: 1. a) …
2. b) Expanding capacity for moderate-density housing throughout the jurisdiction, especially in areas currently zoned for lower density single-family detached housing in the Urban Growth Area, and capacity for high-density housing, where appropriate, consistent with the Regional Growth Strategy;
3. c) Evaluating the feasibility of, and implementing, where appropriate, inclusionary and incentive zoning to provide affordable housing; and
4. d) Providing access to housing types that serve a range of household sizes, types, and incomes, including 2+ bedroom homes for families with children and/or adult roommates and accessory dwelling units, efficiency studios, and/or congregate residences for single adults.
 |  | **HO-4** The county and cities should implement policies that allow for the development of moderate density housing to help meet future housing needs, diversify the housing stock, and provide more affordable home ownership and rental opportunities. This approach should include code updates to ensure that zoning designations and allowed densities, housing capacity, and other restrictions do not preclude development of moderate density housing. |

1. The City analyzed its comprehensive plan policies and zoning code to determine the extent of amendments required to meet the goal of authorizing middle housing types on at least 30 percent of lots currently zoned as single family residential.

The City has **X** zoning districts that are primarily zoned single family residential. These zoning districts were evaluated for opportunities to allow middle housing. These zoning districts and the comprehensive plan designations they implement are as follows:

|  |
| --- |
| **Comprehensive Plan Land Use Designations** **and Zoning Districts Studied Under the Middle Housing Grant** |
| **Comprehensive Plan Designation** | **Zoning District** |
| Identify Comprehensive Plan Map Designation | Identify ImplementingSingle Family Zone |
| Identify Comprehensive Plan Map Designation | Identify ImplementingSingle Family Zone |
| Continue Listing, As Needed | Continue Listing, As Needed |

1. The Middle Housing grant deliverables generally focus on the following items: **[SELECT the following which are applicable to your grant’s middle housing related deliverables.]**
2. Analyzing comprehensive plan policies authorizing middle housing types on at least 30 percent of lots currently zoned as single family residential.
3. Identify development regulations to determine the extent of the amendments needed to authorize middle housing types on at least 30 percent of lots currently zoned as single family residential. This includes preparing a draft ordinance or identifying necessary amendments in some other format.
4. Review of policies and programs such as fee structures, charges, permitting processes and incentives that could be implemented to further support middle housing.
5. Conducting public outreach and prepare informational material for the public.
6. **Comprehensive Plan Land Use Designations and Policies**

With respect to comprehensive plan land use designations and policies, the following summarizes plan amendments that have been identified to allow middle housing types on at least 30 percent of the lots zoned single family residential. A more detailed discussion of the proposed amendments may be found in **Exhibit 1**

[Summarize Comprehensive Plan amendments identified to allow middle housing types on at least 30 percent of the lots zoned single family residential including, but not limited to:

* Comprehensive Plan Map land use map designations evaluated
* Preliminary identification of policy changes]
1. **Zoning Code Amendments**

With respect to zoning, the following summarizes zoning code amendments that have been identified to allow middle housing types on at least 30 percent of the lots zoned single family residential.

[Summarize zoning code amendments identified to allow middle housing types on at least 30 percent of the lots zoned single family residential including but not limited to:

* Zoning districts evaluated
* How the 30 percent was calculated
* Preliminary identification of zoning code amendments]

The specific code amendments may be found in **Exhibit 2**.

1. **Review of Current Programs to Facilitate Middle Housing**

In addition to amendments to comprehensive plan policies and zoning code amendments, the City also evaluated changes to other regulations, fee structures, charges, permitting processes and other program incentives that could be implemented to further support the development of middle housing.

The following summarizes additional amendments to regulations, fee structures, charges, permitting processes and implementation of other incentives to facilitate middle housing:

[Summarize findings involving changes to other regulations, fee structures, charges, permitting processes and program incentives that could facilitate the development of middle housing]

A more detailed discussion of these additional regulation and program changes to facilitate middle housing is included in **Exhibit 3.**

1. **Public Involvement and Informational Materials**

In identifying middle housing related amendments to the comprehensive plan and development regulations, the City conducted public outreach and prepared informational materials.

In summary, the following outreach techniques were utilized to inform the public and gather insight and comments on middle housing.

[Summarize/itemize the type of public involvement events (e.g. how many public meetings) and public information methods, materials and techniques used to inform the public about middle housing options and solicit feedback.]

In conducting the public outreach, the City prepared a variety of middle housing related public information materials that was provided in the following formats:

[List public information formats used (i.e. information on the City’s website, newsletter announcements, mailings, surveys, public meeting handouts, posters).

Specific public informational materials used by the City are included with **Exhibit 4**.

1. [**IF APPLICABLE**: For those local governments that sub-contracted with Community Based Organizations (CBO’s)] The Commerce Middle Housing Grant included $\_\_\_\_\_\_\_\_\_\_ to enable the City to sub-contract with Community Based Organizations (CBO’s) to assist the City in informing and soliciting feedback from a representative group of renters and owner-occupied households in residential neighborhoods, and from for-profit and nonprofit residential developers.

The City sub-contracted with the following CBO’s as part of the Middle Housing Grant:

1. List CBO’s

2. …

CBO activities and findings (e.g. public outreach, public meetings, comments received from CBO members/participants etc.) included:

1. Briefly List/Summarize CBO Activities and summarize and Findings

2. …

3. …

It is estimated that contracting with CBO’s resulted in participation by XX individuals associated with CBO’s.

**NEXT STEPS - MIDDLE HOUSING**

The Middle Housing work done under the grant is intended to inform and support the City’s 2024 GMA Periodic Review Update work. RCW 36.70A.130(5)(a) requires King, Kitsap, Pierce, and Snohomish counties and the cities to review and, if needed, revise their comprehensive plans and development regulations on or before December 31, 2024.

During the time of the City’s implementation of the middle housing grant, the Washington State legislature passed and the Governor signed into law Engrossed Second Substitute House Bill (E2SHB) 1110. E2SHB 1110 established requirements for certain jurisdictions to allow for middle housing types in areas predominantly zoned for residential uses. The deadline for cities in the central Puget Sound region (King, Kitsap, Pierce, and Snohomish counties) to comply with applicable requirements of E2SHB 1110 is six months after December 31, 2024.

With regards to the middle housing work specifically, the next steps will include:

* Continued community engagement as part of the GMA periodic update process, to include amendments to the housing element. This will include continued evaluation of existing policies and regulations to identify necessary amendments to the housing element, including those related to middle housing.
* Review of existing comprehensive plan policies and development regulations and identification of amendments needed to implement E2SHB 1110 by the mid-2025 deadline to address E2SHB 1110 requirements, to include community engagement.