

# SNOHOMISH COUNTY HOUSING AFFORDABILITY REGIONAL TASKFORCE (HART)

## Meeting 3 Draft Meeting Summary

**Thursday, June 20, 2019 ~ 4:00 p.m. to 6:00 p.m.**

City of Everett Training Room (5<sup>th</sup> floor, Wall Street Building) at 2930 Wetmore Ave.

*(Underlined Italics indicate action items/decisions; follow up items in bold italics)*

### Attendees:

<b>Task Force Members and Alternates Present and Voting</b>					
Bogen, Brian (Woodway)		Kelley, Leonard (Stanwood)		Bothell	
Ceniza, Art (Lynnwood, <i>Alt.</i> )	X	Matsumoto Wright, Kyoko (Mountlake Terrace)		Brier	
Dana, Steve (Snohomish, <i>Alt.</i> )	X	Nehring, Jon (Marysville)	X	Gold Bar	
Earling, Dave (Edmonds)		Nehring, Nate (Snohomish County)	X	Index	
Franklin, Cassie (Everett)		Rankin, Dan (Darrington)	X	Sauk-Suiattle Tribe	
Gregerson, Jennifer (Mukilteo)	X	Smith, Nicola (Lynnwood)		Stillaguamish Tribe	
Harper, Nick (Everett, <i>Alt.</i> )	X	Somers, Dave (Snohomish County)	X	Sultan	
Hartman, Matt (Granite Falls)	X	Spencer, John (Lake Stevens)		Tulalip Tribes	
Holtzclaw, Brian (Mill Creek)	X	Thomas, Geoffrey (Monroe)	X		
Hope, Shane (Edmonds, <i>Alt.</i> )	X	Tolbert, Barb (Arlington)	X		
Kartak, John (Snohomish)		Wright, Stephanie (Snohomish County)			
<i>Non-Voting Alternates also Present</i>					
Hayes, Marc (Arlington, <i>Alt.</i> )	X	Stevens-Wajda, Yorik (Snohomish County, <i>Alt.</i> )	X		
<b>Presenters</b>					
Claywell, Marnie – Parkview Services		Leonard, Duane – Housing Authority of Snohomish County (HASCO)	X	Safstrom, Fred – Housing Hope	X
Granstrand, Kristin – Mercy Housing	X	Lommers-Johnson, Ashley – Everett Housing Authority (EvHA)	X	Sebastian, Tom – Compass Health	X
Hunden, Jack – DevCo, LLC	X	Morrill, Cami – Snohomish County-Camano Association of Realtors	X	Smith, Mark – Housing Consortium of Everett and Snohomish County (HCEC)	X
<b>Staff</b>					
Jackie Anderson – Snohomish County Human Services Department (HSD)		Durham, Alessandra – Snohomish County Executive Office	X	Reed, Karen – Facilitator	X
Bang-Olsen, Kelsey – HSD	X	Ilvonen, Tina – HSD	X	Roullier, Wendy – HSD	
Brell Vujovic, Mary Jane (MJ) – HSD		Marti, Nate – HSD	X		

**Welcome:** Karen Reed opened the meeting at 4:08 p.m. Executive Somers welcomed HART members, alternates, presenters, and guests. He mentioned the Snohomish County Tomorrow meeting that he attended included a presentation from public agency staff from Charleston, South Carolina which focused on housing affordability issues in that state. We are not the only region with this issue.

**Introductions of Taskforce Members, Steering Committee, and Staff:** Attendees introduced themselves around the table and the room.

**Review of Agenda and other updates:** Karen Reed provided a brief overview of the agenda. Information in the packets not discussed today includes a summary of 2019 state legislation on housing; the AWC / MRSC Homelessness and Housing Toolkit; and the British Columbia Housing Authority's Tools for Building Community Acceptance presentation from the June 7<sup>th</sup> Affordable Housing Conference hosted by the Housing Consortium of Everett and Snohomish County.

Karen noted the major takeaway from the Meeting 2 presentations: the data we have suggests that by 2040 Snohomish County will need 198,000 additional units of housing and 67% of these will need some form of public support if we aspire to have no households with a housing cost-burden.

A few additional cities have submitted responses regarding their Housing Supply Challenges questionnaire.

**Review and Approval of Meeting Summary from Meeting 3:**

Executive Somers made a motion to approve the meeting summary for Meeting 2, Geoffrey Thomas seconded the motion; there were no additional comments and the motion passed unanimously.

**Action on Proposed Taskforce Operating Rules.** Karen Reed went over the changes in the Taskforce Operating Rules requested by the group at Meeting 1. The changes are presented in redline format.

Alessandra Durham asked if the meeting times were OK for taskforce members since there is a conflict with the Community Transit board meetings. Members responded that they could send their alternates to meetings for which they had conflicts.

Karen Reed noted that since the Tribes have not responded to invitations to attend the meeting, the members previously observed it would make sense to remove the Tribes from the Mission Statement for HART; we will place that on the Agenda for Meeting 4. In response to a question it was explained that if they do begin to participate, we could add them back into the Mission Statement. A question was asked about what efforts were made to engage the tribes. Alessandra explained emails were sent and phone calls were made with no response to either. Executive Somers asked that these outreach efforts be included in the meeting notes to explain why the decision was agreed upon to remove the tribes from the mission statement.

Mayor Tolbert made a motion to approve the changes to the Taskforce Operating Rules as presented; Shane Hope seconded the motion; there were no additional comments and the motion passed unanimously.

**Presentation Overview** – Karen Reed stated that each presenter was given four questions to answer. Ten presentations will now begin with 5 minutes allowed for each presenter. The question topics are: 1.) agency's role in addressing housing supply; 2.) most significant challenges your agency faces in developing housing; 3.) what are the 3 – 5 most important things that the County, Cities, or Tribes could do to help increase housing affordability; and 4.) offer 1 example of a successful

partnership with the County, a City, or Tribal government in support of affordable housing. Handouts of the slides and presenter responses are in the meeting packet. Presenters were asked to submit templates recording their responses to each of these 4 questions; templates received are in the meeting packets; a couple additional templates will be circulated today.

### **Supportive Housing and Homeless:**

- 1) **Tom Sebastian, Compass Health:** Compass Health's role is to ensure community members with behavioral health needs have access to affordable housing, it is important to their treatment; Compass Health's focus is on Permanent Supportive Housing (PSH).
- Challenges: navigating multiple, complex funding with different timing requirements; securing rental subsidies to make units affordable and to include operating funds for 24/7 staffing at sites; lack of funds for operations.
  - Solutions: need legislative support for funding; need to include community members to ensure their votes are heard, especially those who are chronically homeless, disabled, and those with behavioral health needs; need behavioral health providers and an increase in capacity to meet the needs of the community struggling with behavioral health issues.

Tom provided a handout about the 82-unit PSH project as an example of a successful partnership. A question was asked about the project units; Tom confirmed all 82 units will be PSH.

- 2) **Kristen Granstrand, Mercy Housing Northwest:** Mercy has 50 affordable housing developments in Washington, with nine located in Snohomish County. Mercy's niche is affordable housing with services, serving those with incomes between 30-50% of area median income (AMI). Although supportive housing isn't their focus Mercy does have some units set aside for PSH. They like to have a mix of income levels served at their projects.
- Challenges: many funding sources are required to make a project work, and there is a need for funding for on-site staff so the residents can stay stably housed.
  - A recent successful partnership is a project being developed with financial assistance from Paul Allen. The project was split between PSH units and units set-aside for households at 50% and 60% AMI. This 100-unit project in Seattle is expected to open in 2020. Mercy is very excited about this partnership.

**Q:** What can the legislature do to help provide housing for those with mental health issues?

**A:** Tom Sebastian noted that in the last two decades there has been progress in getting past the stigma of mental health. This is a health condition like any other health condition. Both operating subsidies and service subsidies are needed for this population. Kristin added there needs to be assistance to reduce transportation barriers.

### **Extremely Low Income Housing Presentations:**

- 1) **Duane Leonard, Housing Authority of Snohomish County (HASCO):** Duane noted three recent setbacks to affordable housing production in the County. A proposed project public hearing had to have police support due to opposition. In another example, a private investor bought a 120-unit property in the County, raised the rents substantially, and gave tenants a month to move out. Third, there is now a moratorium on public supportive housing in Everett. Duane said there is a major difference between market rate developers and HASCO. HASCO is there to be an asset to the community. Duane encouraged partnerships with non-profits to do more project based voucher projects. Snohomish County doesn't get its fair share of funding from the state since our projects don't score well. When he met with legislators in the County only 3 of 19 mentioned affordable housing as a priority. All 19 should have. If we want to do more projects we need a housing levy because local funds are necessary.
- Challenges: NIMBYism; lack of money

- Solutions: collaborate and cooperate; local government and housing authority need to educate local community more and reduce stigma; need more partnerships with providers and increased access to buildable lands and financing.

**2) Ashley Lommers-Johnson, Everett Housing Authority (EvHA):** EvHA serves the City of Everett and 5 miles of unincorporated Snohomish County. They own and operate approximately 1,500 units that serve 4,100 households, 3,600 of which are extremely low income making approximately \$16,000 a year. EvHA provides 3,100 housing choice vouchers. With HASCO's vouchers that is only 6,800 vouchers for the entire County. This number is relatively fixed and this is the maximum number of households we can serve at this income level.

When using federal 9% tax credits to develop housing we are not adding access to housing to a new household since each tax credit unit will also need to use a housing voucher to serve the extremely low income household living in each unit. One challenge in using the 9% tax credits is trying to serve families with kids, since we are competing with projects with one-bedroom units, and it costs more money to build two- and three-bedroom units. Investors want more units, rather than fewer. There are 4,000 homeless children in Snohomish County. There will be a crisis for these children growing up if they don't get housed.

- Concerns: There are approximately 300,000 fewer families with children nationwide being served; current system only serves the visibly homeless, but households with children are also in crisis; need to establish local/state subsidy; need local source for development funding so we can compete with others around the state for funding.

Karen provided an opportunity for questions from Duane or Ashley, but there were none.

### **Workforce Housing Presentations:**

**1) Fred Safstom from Housing Hope:** Fred's comments addressed his agency's work both in workforce and homeownership housing; his comments related to homeownership are presented in the next section of the minutes.

Workforce housing is affordable to people who are employed so that they can live near where they work. A recent congressional report concluded we are not creating enough housing for the demand nationwide: there is population growth and job growth but not housing growth. This is basic supply side economics. There is a collision course between having the land available to develop housing, and the Growth Management Act (GMA) which protects the environment by putting limits on growth areas, but we need land. The GMA was not designed for housing to be pushed out into the more rural areas. Donations of public land are permissible by state law, and could be in your toolbox to facilitate affordable housing development.

A partnership example: The HopeWorks Station project currently being developed will have homeless residents that will be learning job skills and moving into the workforce as they complete their job training programs. There was tremendous public support for this project.

**2) Jack Hunden from DevCo** DevCo is a for-profit developer for those who earn no more than 60% of AMI. They have 600 units in the pipeline.

- Challenges: demand on construction in the Puget Sound region and high construction costs, which have gone up from \$60-\$70 per rentable square foot to \$145 per rentable square foot (a good year now means only a 6-7% increase in costs). We can make these projects work with 4% bond financing. For 15 years the allocation of state Housing Finance Corporation bonds was not competitive, but this year only one-third of the applications were funded, which is another challenge. Transfer of Development Rights which DevCo

will buy allow farmers to preserve farmland and range land and increase density elsewhere.

### **Homeownership Presentations:**

- 1) **Fred Safstrom from Housing Hope:** The median home value in the County is \$470,000; so you would need 10% or \$47,000 as a down-payment. This would be hard to save at most income levels. Based on current interest rates, the monthly principal, interest, taxes and insurance payment would be about \$2,500 per month. To be able to afford that you would need to make \$100,000 a year (with the standard of 30% of your monthly income towards your mortgage payment.) This is 145% of Snohomish County's median income. The private market developers are motivated by profit and currently the highest profits are on larger, expensive homes, with less profits available on smaller, less expensive homes. So the large homes are getting built by the private market.

Housing Hope's Team Home Building program, funded by the USDA, works by having families commit to 30 hours per week of sweat equity to help build their homes. They have completed 30 homes so far: 10 in Sultan, with another 30 expected to be complete within the next 18 months. Families with a modest income can have a modest home for less than the cost of a two-bedroom apartment with this program.

- 2) **Cami Morrill from Snohomish County Camano Association of Realtors:** Cami noted the Realtors' priorities this year include increasing housing inventories and diversity of options available to purchasers, such as townhouses, condos, duplexes, and single-family units, and allowing duplexes and townhomes on single family lots.

- 3) **Parkview Services:** Although Marnie Claywell was unavailable to present, her presentation is in the meeting materials.

### **Policy Presentation:**

- 1) **Mark Smith from Housing Consortium of Everett and Snohomish County (HCESC):** The Housing Snohomish County report published March 2018 (available in the "Background" section of the binders) provides a roadmap to addressing the affordability crisis for households earning 50% AMI and below. There are four prongs to this solution: increased funding; policy adjustments; community engagement; and political will.

Increased funding could come from a property tax levy (vote of public required) – a \$0.30 levy would cost the average homeowner \$9/month and would raise \$40 million per year; the affordable housing sales tax (vote of public required) – would raise \$15 million per year; and HB1406 (sales tax rebate from the State) – would generate up to an additional \$60 million for affordable housing over 20 years, which could leverage five times that amount in additional funding.

Policy adjustments include utilizing HB1923, which allows housing planning grants of \$100,000 for jurisdictions with populations over 20,000, if you do two items on a prescribed list (reducing parking requirements, reducing or waiving impact and connection fees, prioritizing surplus land for affordable housing, inclusion of affordable housing in light rail and Swift bus station areas, review and adjust zoning). If six planning grants are awarded in the County we could use this to create a regional solution. Many of the items on the HB1923 list don't cost money and only a few of them cost revenue.

Edmonds, Everett, and Lynnwood have had set-backs due to NIMBY-ism. There needs to be a community engagement plan which provides several opportunities for input.

Karen thanked all the presenters for honing in on solutions. She reminded Taskforce members that there is a matrix in the HART materials of legislation that has recently passed. We will be moving towards voting on solutions in future meetings.

**Taskforce Roundtable:** Karen asked Taskforce members to share their perspectives and any major questions on information that has been provided in Meetings 1 through 3. Responses included:

- *Jennifer Gregerson, Mukilteo:* I am happy to be at this table. What Duane said happened recently gives me less hope but more motivation. I am the Chair of the Alliance for Housing Affordability (AHA). I want to talk about the REET funding. AHA awarded funds for Compass and Cocoon House. The County process is a behemoth, and after months of working on REET, there were several last minute changes to the REET terms. The deadline is June 30<sup>th</sup>. I wanted to make my complaint about this and want to see improvements in the process. I have already spoken with Dave Somers about this. The major challenges I see are NIMBYism and red tape.
  - Executive Somers responded that now there are only 10 days left before the deadline and the County is working to address the Mayor's concerns.
- *Dave Somers, Snohomish County Executive:* GMA poses a conflicting set of concerns. The County is working on the 2023 comprehensive plan update. The County is under pressure to push out the urban growth boundary, which will most likely result in more single family neighborhoods being developed, which is not the core of the problem. We need to look at increasing density and providing zoning for more multifamily housing. Infrastructure is a major challenge: there have been suggestions to cut mitigation fees, but that's what pays for roads.
- *Art Ceniza, Lynnwood:* Mayor Smith is in D.C. today. We are getting resident pushback in Lynnwood on affordable housing projects.
- *Brian Holtzclaw, Mill Creek:* The report that was passed out at the Snohomish County Tomorrow (SCT) meeting was a good report that all should read (Todd Rich's presentation on June 19, 2019). We aren't producing enough housing, we haven't recovered from the recession. Since 2008, there has been a 50% decrease in single family permits and an 80% increase in multi-family permits. Root Cause is a land supply issue; the symptoms are levies. Many local jurisdictions want to maintain local control. An issue for cities is that HB1923 is discretionary, not mandatory. With local control, we need to step up. He noted several King County jurisdictions have imposed housing moratoriums: this puts more pressure on other areas. The pressure moves around like when you squeeze a balloon.
- *Barbara Tolbert, Arlington:* This is why we are at this table. We need a regional plan. But this isn't just a housing problem. We need to maintain quality of life here also and address NIMBYism.
- *Nate Nehring, Snohomish County Council:* I was at last night's presentation at SCT and also liked the presentation, specifically that 25% of costs to build housing are fees. We should look for ways to reduce this. I want to be cautious of adding to the tax burden with a County-wide tax levy.
- *Shane Hope, Edmonds:* Housing is a very complex issue. Income is a real issue. People can't afford expensive housing, and more subdivisions aren't helping people. If you can't afford to live where you work then you have a long commute. This is a complex issue, including the environment and keeping land, but we can work together and find regional solutions.
- *Matt Hartman, Granite Falls:* The development moratorium we have is based on state Dept. of Ecology concerns, specifically that the capacity of the waste water treatment plant and waste water running into rivers. The Department of Ecology needs to make a decision on how the City can upgrade its wastewater treatment plant. If they can move forward with development, they will be constrained by funding; would like to make permitting easier and upzone for future growth. They are considering releasing a Request for Qualifications (RFQ) for other engineering companies to look into it.
- *Nick Harper, Everett:* The City of Everett has the largest growth responsibility and we have to rethink our definition of density and allow taller buildings. We are very committed to this. Everett has almost the same footprint as Paris, so if you think about that you realize Everett is not fully

built out. Everett has one of the lowest AMI in the county. This is a challenge for our residents, and a challenge to get market rate projects built here since the rents are so low (compared to other cities in the region). We need incentives for density.

- *Jon Nehring, Marysville:* There is a hollowed out middle class. People are working low wage jobs. There are not enough family wage jobs in North Snohomish County. The Manufacturing Industrial Center in Marysville is in the works, hoping to create 10,000 to 15,000 new jobs. Marysville has buildable land. There are differences in quality of houses based on pricing and location within Snohomish County: an upper crust house in Marysville would cost \$350,000, which would be considered affordable in Edmonds.
- *Steve Dana, Snohomish:* Our City Council is committed to re-evaluating our comprehensive plan. Years ago we designated single family areas and have continued with that plan with very little multi-family built. Last year started we thinking about land use incentives for multi-family and how this would impact the quality of life if this changes. Council has said we have an obligation to serve low income residents in our city. We have room to build. We want to create incentives to build multi-family in the city.
- *Dan Rankin, Darrington:* We think of housing affordability at a different scale. The housing crisis keeps going up. People that live and work in Darrington have trouble staying in the community. We had our first bidding war for a house recently. Over 50% of rental stock has been sold for owner-occupied housing. Darrington refers to everything past Oso as “Down Below” and says that’s where 50% of the Darrington population works. There are about 10,000 jobs coming in the commutable range. I want to prepare the community for outreach because the community wants to remain small. We are getting interest from developers who are only building one house at a time.
- *Mark Smith, Housing Consortium of Everett and Snohomish County:* I want to provide hope and mention some recent successes. There have been 47 units recently completed in Monroe (City Council and Housing Hope partnership). Claire’s Place in Everett will open in September with 65 units for chronically homeless that will be operated by Catholic Community Services (CCS). It is possible for jurisdictions to work with organizations.
- *Matt Hartman, Granite Falls:* Future Land Use Map (Comp Plan update 2023) will have different zoning allowing for much higher density. We need to find a way to make the permitting and hearing examiner processes easier to allow for the higher density which will be voted into law soon. So why not approve the upzone now?

**Balloting Exercise on HART Member Priorities for Further Exploration.** Karen noted that HART members are working towards building a 5-year action plan on housing affordability. We will send HART members an excel spreadsheet by email next week asking you to rate all the ideas we have heard in meetings or that are included in the binder materials. We want to have your ratings back by July 10, 2019 so we can collate them for presentation at Meeting 4. Every idea rated 3 or above will be discussed by work groups that staff are pulling together to do more work on your priorities. Please rate all ideas on the spreadsheet and send it back to Wendy Roullier. We will collate answers and share them at Meeting 4. We will not share individual ballot results.

Alessandra noted the website has been updated, so please check there for new information.

**Next meeting:** Thursday, July 18, 2019 at 3:00 pm – 5:00 pm at the City of Everett Training Room (5<sup>th</sup> floor, Wall Street Building) at 2930 Wetmore Ave.

The meeting adjourned at 5:55 p.m.