

**CITY OF ISSAQUAH
PLANNING POLICY COMMISSION
MINUTES**

August 28, 2014

City Hall South
Council Chambers

135 E. Sunset Way
Issaquah, WA 98027

PPC MEMBERS PRESENT

Joan Probala, Chair
Bill Ramos
Carl Swedberg
Justin Walsh
Susan Kolwitz, Alt.
Paul Weller, Alt.

STAFF/OTHERS PRESENT

Trish Heinonen, Policy Planning Manager
Christen Leeson, Senior Planner
Arthur Sullivan, Program Manager, ARCH
Mike Stanger, Associate Planner, ARCH

CALL TO ORDER/APPROVAL OF MINUTES

PROBALA, Chair, called the meeting to order at 6:32 PM.

MOVED BY WALSH, SECONDED BY SWEDBERG, that minutes of the PPC meeting on August 14, 2014, be approved as presented. MOTION CARRIED UNANIMOUSLY.

HOUSING 101

Arthur Sullivan, ARCH Program Manager, made a presentation on Housing, including what ARCH (A Regional Coalition for Housing) is and its function; background materials on key housing issues in the Issaquah community; GMA (Growth Management Act) provisions related to housing; and the East King County Needs Analysis (Exhibit A). He gave more details about why the Needs Analysis was implemented and how the analysis is organized (Parts I, II, and III).

He also described the countywide policies that are also part of the planning framework for the Housing Element. He gave background data contained in the report and encouraged Commissioners to ask questions about the data that is most surprising to them or otherwise stands out during the presentation. He continued his presentation with information on affordability guidelines (2013) for very low-, low-, and moderate-income households and the distribution of households in each of those categories.

WALSH asked does this data take into account the homeless population. Sullivan replied theoretically, yes; the data should include the homeless, because it includes all populations. He continued his presentation with data on the jobs-housing ratio from the present to the future, including 2006 actual data, 2031 targets, and 2031 totals, in King County, Seattle, East King County, and Issaquah (page 1-11, Chart 5).

WELLER said it appears that Issaquah is planning for more jobs than housing, and asked is there a reason. Sullivan said the state informs each community of its housing targets through the GMA process. The focus for growth has been around centers and less so for sub-regions, he continued. The cities slated for growth entered into a process to divide up the expected growth. The results are reflected here in terms of Issaquah's housing targets. Heinonen added the Central Issaquah Plan (CIP) contains plans for a lot of housing to try to address the City's job-housing imbalance, and gave examples of how the CIP addresses the imbalance. Sullivan continued with a chart showing 2013 sample salaries for King County, using examples of jobs such as medical assistant,

retail sales, beginning teachers, and so on. He continued with data on the supply of affordable housing in East King County, and the housing cost burden on residents making less than \$15 and less than \$20 per hour. He continued his presentation with the Issaquah Business Community Survey Finding Report from 2012, including the results of the survey and demographics of people in the Issaquah community. He noted that Issaquah's demographics have changed over the years and it is now more typical of East King County communities in terms of population age, household types, and home ownership rate. In Issaquah, 64 percent of households are one- and two-person households, he noted, and the percentage of seniors over age 75 and seniors who rent in Issaquah is larger than typical for King County. He noted the City has a relatively high amount of senior-focused housing.

He continued his presentation on the cost burden of housing, noting that "cost burdened" is defined nationally as spending more than 30 percent of income for housing, and "severely cost-burdened" is more than 50 percent. He continued that in King County, about one-half of renters and one-third of homeowners are severely cost burdened, and the numbers are going up in both categories, both in Issaquah and on the Eastside generally. He noted that Issaquah used to be a town of relatively moderate rents, and now is one of the higher-rent cities in East King County. He noted that, not surprisingly, cost-burdened residents tend to be mostly low- and very low-income households, and either younger (age 15 to 24) or older (age 65 or older) in terms of demographics. He continued his remarks about homelessness, including how the homeless are taken into account in this analysis and the services available to help them.

WALSH referred to a reference in the analysis that "Nationally, up to half of homeless women with children may have experienced domestic violence prior to becoming homeless." He asked whether this analysis took into account any statistics in the last six months to a year on the impact of a recent Seattle job assistance ordinance and its impact on homelessness. Sullivan said he doesn't have the answer to that question, and will follow up. He referred to Lifewire Eastside Domestic Violence Program, one of several homeless programs in King County, and said he does know that they have been working on the issue of domestic violence and its impact on homelessness. He continued his presentation with information on housing supply, particularly rental housing, and noted that rents in East King County are relatively high compared to the rest of King County. He referred to the rental housing affordability chart in Appendix M.

PROBALA asked has the recent downturn in the economy been taken into consideration. She said it is her understanding that people who experienced the loss of homes, short sales, and so on as a result of the economy have entered the rental market, allowing rents to be raised. WALSH said the graph on page A-35 shows the percentage change in vacancy rates and average rates since 1990. Sullivan also referred to the graphs on I-18. He said he has heard that assertion before, but isn't sure whether it is a strong factor in rising rents. Other factors could be more important, he continued, like a recovering economy, growth in employment, changing demographics, and so on.

He continued his presentation on housing supply, noting that the overall trend is that the jurisdictions in King County have enough housing capacity, generally speaking. Even though the number has dropped from previous years, he continued, King County is still above 60 percent home ownership. He spoke of the trend in cities like Bellevue, Redmond, and Issaquah toward planning for future growth in their city centers and downtowns. He said one concern is that these plans are for mixed-use growth, and it is uncertain whether or not the housing that is intended to be built will actually work as envisioned. Land is not being reserved in the long term strictly for housing, he continued, and there are no guarantees that the balance being sought will happen. He continued his remarks on affordable housing, referring to Appendix S, which shows that Issaquah

is at 62 percent of its goal of having 24 percent of housing affordable to low-income populations and 17-18 percent affordable to moderate-income populations.

WALSH said in looking at S-1, it appears the City is failing in having the market create housing for low-income populations, and noted that cities like Kirkland and Bothell are having more success. Sullivan replied that Bothell is in the part of the county where rents have traditionally been low. He continued that both Bothell and Kirkland's statistics reflect recent developments for student housing. WALSH asked can the market be manipulated to create more affordable housing. Sullivan replied land-use regulations alone rarely work. What does appear to work is a layering of strategies and approaches that create more housing that is affordable to low- and moderate-income populations. He gave examples, noting that some of the strategies are included in the Housing Element to be discussed next, and referred to the part of the presentation on cost-burdened populations. As incomes go up, he noted, a higher proportion of households pay far less than 30 or even 20 percent of their income for housing. So stress on the system definitely falls on those in the lower half of the income range rather than the upper half.

He continued his presentation on the Housing Element and the Comprehensive Plan, noting that the intention is to provide tools for jurisdictions to generate housing diversity; some possible incentives for affordable housing; the option of direct support for affordable housing; and special housing needs.

KOLWITZ asked what does "incentivize" mean in this context. Sullivan gave examples of incentives that can be offered to developers, including waiving impact fees for developments that include affordable units. Other options include relaxing property taxes for a given period of time in exchange for the creation of affordable units, and rezoning changes.

WELLER said in S-1 on page A-40, it appears that land use incentives from 1993 to 2012 resulted in the creation of only 10 affordable housing units among all East King County cities. So why aren't those incentives being increased, he asked. Sullivan said to do so is a choice made by each jurisdiction. WALSH asked for details about the actions Kirkland has taken, which appear to have resulted in the successful creation of affordable housing according to the chart. Sullivan replied Kirkland-Redmond began its program in 1996, when it stipulated a provision that 10 percent of its new downtown housing developments must be affordable. Nothing happened for about ten years, he continued, but it is happening now. Some urban centers are just ahead of their time, he continued, and must wait for the market to catch up. He said both Kirkland and Redmond raised the maximum heights of allowable development, which also helped. He referred to other tools, specifically tax exemption programs that are used in California and elsewhere in conjunction with land use changes. Layering the strategies, including establishing a housing trust fund, using direct assistance, entering into private and federal loan programs, and embarking on public-private partnerships rather than relying on just one or two strategies seems to make a big difference, he noted.

PROBALA said affordable housing can't be built without incentives, and continued she doesn't think it is particularly valuable to set aside two or three housing units in a big development to meet an affordable housing quota; a lot more capacity than that is needed. She said she has heard a concern that rents for the higher-rent units in a building that also has lower-rent options end up being raised in order to pay for the lower-rent units. Sullivan said he has heard that also but isn't sure #doesn't believe this is accurate. He said rents tend to be set at whatever the market will pay, and having affordable-housing units in a building doesn't mean that the owner can just transfer those costs to other units in the building.

PROBALA thanked the ARCH team for an outstanding, informative presentation.

COMPREHENSIVE PLAN PERIODIC UPDATE: Housing Element

Leeson made staff's presentation of the Housing Element, Exhibit B. Sullivan commented on the organization of the element, noting that it follows a common, logical progression of topics (quality of housing, supply, affordability, and special needs). He continued that having a section on safety is unique to Issaquah. PROBALA asked who authored this draft. Leeson said the four of us (Sullivan, Stanger, Heinonen, and Leeson) were the primary authors; it was a group effort. Sullivan said the Puget Sound Regional Council (PSRC) and the state entities that review the Housing Element of jurisdictions' comprehensive plans issue guidelines about what should be addressed, which the team followed.

Leeson described the Housing Element introduction, vision, goals, policies, and GMA requirements. She proceeded with Goals A through K. Commissioner comments are summarized below.

Goal A: Housing and Neighborhood Character. Heinonen noted one piece we realized we inadvertently left out is monitoring; the City has a monitoring policy for affordable housing, which will be added to Goal A.

PROBALA asked how can neighborhoods redevelop under the CIP and still keep the "distinct characteristics" of those neighborhoods. Leeson said the CIP applies only to the central City, which currently lacks neighborhoods that contain much housing. ~~The e~~Central City Issaquah is kind of a "blank slate," she noted. Heinonen said areas that have distinct characteristics, such as Olde Town, have design standards just for those areas. PROBALA noted some areas in central Issaquah consider themselves neighborhoods. Sullivan noted some areas of the City are planned for growth and change as they are redeveloped. We can take another look at the language being used here and add a recognition that some areas will be redeveloped, he noted.

SWEDBERG asked how does this apply to urban villages; they aren't specifically mentioned. Leeson replied urban villages have their own regulations, but they have to comply with the Comprehensive Plan ~~elements~~visions. SWEDBERG said that isn't mentioned here. Heinonen said in recent years the City Council asked staff not to call out urban villages separately from the rest of the City in favor of having a unified city. So unless there is a clear reason to do it, staff has avoided calling out the villages separately. SWEDBERG said it doesn't make a lot of sense to refer to neighborhoods like Olde Town, Squak Mountain, and Overdale specifically, but not the Highlands, which has been around awhile and is not a new development. PROBALA asked what is the "distinct character" of Overdale. ~~Leeson~~Heinonen said Overdale is an older, traditional plat that is heavily treed and features a lot of open space. WALSH suggested adding "urban villages" to A-1 ("Maintain the distinct characteristics and scale of existing traditional, suburban, mixed use, and urban village neighborhoods..."), which might allow (a) to be eliminated. Leeson made a note of it.

Leeson continued with policies A-2 to A-8. PROBALA noted that several of her real estate clients want to move into one-floor condo units, which are scarce in Issaquah. Some people, particularly seniors, want to avoid having townhomes on several floors or stairwells that require them to climb stairs, she noted. Sullivan said that could be noted under Goal D, Special Needs Housing. Leeson made a note of it.

KOLWITZ said by all these policies encouraging higher-density housing, are we discouraging the development of single-family housing in Issaquah. Heinonen replied no, having a wide variety of housing options for our citizenry is addressed directly in the wording of the goal ("Achieve a variety

of neighborhoods, housing types, and densities...”). KOLWITZ noted the policies for that goal, however, mostly refer to townhomes, high-density housing, row housing, and so on. She said her concern is that the goal makes it sound as though the City will never have another neighborhood like South Cove. Sullivan said the Housing Element speaks to what the City will encourage in the future, and some would say that more dense housing options are a good thing. This doesn’t look at just existing housing, but the balance of existing housing and also what will be built to accommodate growth, he continued. KOLWITZ said the fact that there are bidding wars going on for single-family houses in some neighborhoods tells us something about what people want. Sullivan said it is true that some neighborhoods have a shortage of single-family houses, but this element is trying to achieve a balance between what already exists and what has yet to be built.

WELLER suggested adding language to A-6 that would emphasize the connection of housing to the street. He gave examples where the housing has no frontage or connection to the street. Heinonen said that might be more of a design standards issue. WELLER suggested rewording the policy to “Promote various positive attributes of mixed use housing, such as focal places (private or public), connections to/entrances on the street, pedestrian and bike paths...”).

Leeson continued with A-9 to A-13. On A-10, WALSH suggested adding “and conservation” to the reference to sustainability measures.

Goal B: Housing Supply and Affordability. PROBALA asked whether any timetables for achieving the targets in this goal were discussed. Sullivan said every five years, monitoring and analysis are done to assess the overall affordability of a community’s housing and to assess the success of any strategies and incentives that have been used. PROBALA asked so is the strategic plan in addition to this Housing Element. Sullivan replied yes; the strategic plan is done every five years. PROBALA said she has a problem with all the references here to “support,” “encourage,” and “promote,” and asked what is the City actually doing about its housing supply problems. Sullivan said that is what the strategic plan is intended to do. He continued that the housing supply is largely market-driven; government doesn’t build the vast majority of the housing supply. ARCH tells its members to assess all the tools jurisdictions have to achieve their goals, and if they aren’t using them, to examine why not and what might work. Leeson referred to the implementation section of the element as the portion that will address action to achieve the goals. She noted that the strategy plan is not mentioned here, and made a note to add it. She continued with B-1 through B-6.

Goal C: Affordable Housing. Leeson read C-1 through C-9. WALSH suggested adding “MFTE (multifamily tax exemption) and local/regional funds” to C-2, and a reference to “regional and national” to C-5.

PROBALA asked what is meant by “the longest term possible” in C-7. Sullivan replied that time framework can be for the life of the building in the case of rentals, but is subject to financing law in the case of home ownership.

SWEDBERG asked what does “reasonable” mean in C-9 (“Ensure that regulations and permit processing requirements are reasonable.”). What seems reasonable to a developer might not be reasonable to a neighborhood, he continued, and “reasonable” seems like a fuzzy term to be using. Leeson said in this case, reasonable means “efficiently” and not taking more time than is necessary. SWEDBERG said that isn’t stated here. KOLWITZ said the difficulty is that to take away any ambiguity and substitute a clearly defined term like “60 days” is just not possible here. WALSH suggested using the terms “efficient” and “streamlined.” Leeson said the state does have maximum permit issuance requirements, and the City always tries to do better than those maximums. Sullivan suggested a reference to “will meet or exceed state requirements.”

SWEDBERG said he's not sure what the right answer is, but some of the suggestions made would be an improvement. Leeson made a note of it.

Goal D: Special Needs Housing. Heinonen suggested adding the comments made earlier by PROBALA about addressing the lack of one-level condo options in the City.

Goal E: Housing Safety. PROBALA asked about the new development going in where Lombardi's restaurant was, which is in a flood plain. Leeson said the new development plans met all development, building, and design standards. Heinonen noted the design includes a provision for any flood waters to flow into the parking structure rather than housing.

Goal F: Regional Resources. WALSH suggested a change to "local and regional" in F-2 to be sure we are not closing off opportunities for local dollars.

Sullivan concluded the discussion with a description of the process, specifically to come back to the Commission with a strategy plan for the next three to five years that is intended to start implementing these policies. The idea is to prioritize the actions in the plan, which will give the City a road map of how to achieve the goals we have discussed tonight, and which will become the City's work plan with respect to housing.

Heinonen noted two letters supporting ARCH were received and forwarded to the Commission prior to tonight's meeting.

COMPREHENSIVE PLAN PERIODIC UPDATE: Human Services Element

Heinonen made staff's presentation. She noted that RAMOS is also a member of the Human Services Commission, and that the Human Services Commission has provided its input and comments into the draft being presented tonight. She gave some background on the Human Services Element and went over the introduction, vision, GMA requirements, goals, and policies as listed in Exhibit C. Heinonen proceeded with Goals A through K. Commissioner comments are summarized below.

Goal A: Basic Human Needs. Heinonen noted that the Human Services Commission changed the Discussion on Goal A to delete a reference to Habitat for Humanity. RAMOS confirmed that the Human Services Commission did not think it necessary to call out that organization specifically. WALSH suggested adding "mental health" to the goal and also creating a new item (f) in A-1 that addresses mental health.

Goal B: Sustaining Services. PROBALA said B-2 talks about supporting job training programs, but doesn't specifically mention helping non-native English speakers with learning English, which they will need in order to get a good job. Heinonen noted non-native English speakers are addressed in Goal I, Diverse Populations/Language Barriers. PROBALA said that reference does not directly answer my concern about the need to learn English to secure good employment. Heinonen said staff will make a note of it in Goal B and see how that could be incorporated.

Goal C: Quality of Life Enhancements. WALSH suggested adding a new (f) to Goal C, "Facilitate communications access and language training for our non-native English speaking population."

Goal D: Public Transportation. No comments.

Goal E: Affordable Housing. No comments.

Goal F: Shelters. No comments.

Goal G: Financial Goals—Funding. SWEDBERG asked how is the funding distributed now. Heinonen explained that the Council determines how much to dedicate to Human Services from the City's budget at the end of each budget cycle. Sometimes a per-capita figure is used, she continued. RAMOS gave his perspective of how the Council has determined the amount of funding over the past several years. He explained that the Human Services Commission would like to see a funding mechanism that would ensure an increase that keeps pace with increases in population. He also explained the two-year cycle for soliciting and evaluating applications for various grants, noting that the Commission is in the process now of evaluating more than \$400,000 in grant requests from a budget of \$288,000.

Goal H: Aging in Place. KOLWITZ asked what is the biggest barrier to people, particularly seniors, being able to stay in their own homes. Heinonen replied challenges include access to transportation, especially the ability to get to medical services, and assistance with meals. Sometimes just a daily check on them is all that is required, to make sure they are taking their medication, have not fallen, and so on. So it is a collection of services that are needed so people can continue to live in their own homes, she stated. WALSH said the policy as stated in the draft only meets half of the goal; aging in place should be more than just delivering meals to homes, and should encourage continued integration into the community through social interaction. Heinonen agreed, and referred to Issaquah's active Senior Center. She made a note of WALSH's suggestion in the draft.

Goal I: Diverse Population/Language Barriers. Heinonen noted PROBALA's earlier comment about language training for job readiness can be added to I-1. WALSH referred to a recent voting rights lawsuit in Yakima (Montes vs. City of Yakima). He said this is an important decision with implications for jurisdictions in terms of identifying gaps in services and special needs of non-native English speaking populations, ensuring equal access to amenities, and so on. He said jurisdictions will likely be given a relatively short time frame to make changes that support accessibility of services, and the City should be sure it isn't blind-sided. He suggested adding a new I-2 to address equal access to amenities, and provided staff with a copy of the ruling. Heinonen made a note of it and said she would forward a link to the ruling to the other Commissioners.

Goal J: Utility Assistance. No comments.

Goal K: Provision of Services/Regional Approach. No comments.

OTHER BUSINESS/ANNOUNCEMENTS/ADJOURN

Heinonen noted the Land Use Element is scheduled for its final review at the PPC meeting on September 11, and the Transportation Element is scheduled for discussion at the PPC meeting on September 25.

With no further business to conduct, PROBALA adjourned the meeting at 8:50 PM.

Respectfully submitted,

Susan Lowe
Recording Secretary