

Joint PPC, EV & HS Commissions
1-26-17

CITY OF ISSAQUAH
Joint Meeting on Housing Strategy
PLANNING POLICY, ECONOMIC VITALITY
& HUMAN SERVICES COMMISSIONS
MINUTES

January 26, 2017

City Hall South
Council Chambers

135 E. Sunset Way
Issaquah, WA 98027

PPC MEMBERS PRESENT

Larisa Kolcz
Joy Lewis
Joan Probala
Troy Rahmig
Jon Stob

HUMAN SERVICES MEMBERS PRESENT

Loretta Jancoski
Elizabeth Maupin
Christine Weber
Derek Franklin
Ana Jimenez-Inman

ECONOMIC VITALITY MEMBERS PRESENT

Derek Doke
Ethan Stiles
Kristi Tripple
Karl Leigh

STAFF/OTHERS PRESENT

Jen Davis Hayes, Economic Dev. Manager
Trish Heinonen, Long-Range Planning Manager
Christen Leeson, Senior Planner
Andrew Sullivan, ARCH
Martha Sassorossi, Human Svcs./Sust.Coord.
Keith Niven, Econ. & Develop. Svcs. Director

CALL TO ORDER

Heinonen called the meeting to order at 6:00 PM. She welcomed participants and noted this is the third joint meeting on the City's Housing Strategy effort. She described the activities planned for tonight's meeting, and showed a schematic of the four steps leading to a housing strategy decision by the Council in October 2017.

MISSION STATEMENT

Davis Hayes continued staff's presentation. She referred to the December joint meeting where the Commission first considered potential mission statements, and thanked the small group that worked on the drafts that are being presented tonight (page 9 of 41). She asked participants for their comments on the two proposed mission statements.

FAUL asked clarifying questions about how much detail and definitions of terms should be included in the mission statement. Davis Hayes said although it is important to have a good sense of what the words in the statement mean, the mission statement is a broad overview, and details can be added in the strategies that support it.

PROBALA questioned what "housing... enhances the environment" means in the second option.

RAHMIG said he favors the first option, as the second option has perhaps too much detail and is not as accessible as the first.

WEBER said the second option "speaks to her" more strongly and includes more things that need attention.

Joint PPC, EV & HS Commissions
1-26-17

LEWIS suggested changing “maintains” to “embraces” as a more dynamic word choice in the first option. Others agreed.

It was the general consensus of the participants to select the first statement as the housing strategy mission statement: *“Encourage housing that embraces the City’s character and environment while providing a diversity of choices to meet the needs of people who choose to live, work, and play in Issaquah.”*

JIMENEZ-INMAN asked whether this will be available for viewing by the public on the City’s website. Davis Hayes replied yes, as well as the joint committee’s agendas, minutes, and other information. JIMENEZ-INMAN asked whether it will be available in languages other than English. Davis Hayes replied she is not aware of any activity to accomplish that, but if there is a need to reach out to specific non-English-speaking groups, to contact staff directly.

PROBLEM SOLVING STATEMENTS

Davis Hayes continued staff’s presentation on the purpose of the problem statements included in the agenda packet, and explained how they will be used to create strategies and actions. She said staff would like to hear participants’ responses to these questions about the problem statements:

- Do the statements capture the “why” of the Housing Strategy?
- Does the data support the statement?
- Which data points are best to illustrate the problem statements?
- Is anything missing?

PROBLEM STATEMENT: Overall housing affordability in Issaquah (and region) has decreased for households at all levels. (Page 14)

KOLCZ suggested defining “MFI” in the charts that follow the problem statement.

Referring to the chart on page 15, FAUL suggested using data that is more macro than King County or East King County; and to consider more comparable demographics when talking about what is affordable. STILES said the data is trying to show that affordability of housing has decreased over time in Issaquah; that is also a regional trend but it is outside the scope of our problem. JIMENEZ-INMAN suggested using Renton or other Eastside cities.

Sullivan said the secondary message in the chart on page 15 is that relative to countywide averages, housing costs are higher in Issaquah, and have been historically higher. This shows Issaquah relative to a countywide average, he continued. The Eastside generally is more closely associated with what is happening in Issaquah. MAUPIN said Seattle has greater density, so how different would the data look without Seattle. Sullivan said Seattle would be comparable to East King County or maybe a bit below, so they would be relatively close. Davis Hayes said it sounds like this chart needs some work. PROBALA added this is a snapshot, and if we are not comfortable with what it shows, maybe we could find a city or two that are comparable to Issaquah and use that data in a chart. STOB said the story here seems to be that the gap between what is considered affordable and the comparative housing prices is growing over time, especially for groups of lower-income populations. Sullivan asked do you mean a chart that would show what someone in Issaquah could afford in terms of ownership, similar to the rental affordability chart. STOB said yes.

DOKE asked is there any value in showing the cost for mortgage interest rates in looking at affordability. Davis Hayes showed where interest rates are reflected in the chart. Sullivan said perhaps we can work on the chart on page 17 and make that information expressed more clearly.

Joint PPC, EV & HS Commissions
1-26-17

FAUL said the chart on page 18 needs to show cost-of-living adjustments in household incomes over time.

PROBALA noted this data is three years old, from a 2014 study, and asked whether more current data is available. Davis Hayes explained the sources of the data, and said even when the data is two or three years old, it still shows trends. PROBALA said she was thinking that current information would be valuable when you take this out to the public for their reactions. JIMENEZ-INMAN suggested adding the source of information on the bottom of the charts.

On page 19, STILES suggested simplifying the information in the chart, making it clear the growth in the size of houses coming onto the market in recent years, particularly in the number of bedrooms.

LEWIS said data that shows who was occupying housing in the past vs. who is occupying it now would be helpful. In other words, more demographic information about who is living in the City, she added.

PROBLEM STATEMENT: Individuals and families cannot afford to choose to work and live in Issaquah. (Page 20)

LEIGH said the problem statement seems too broad. It sounds as though nobody can afford to live in Issaquah, but all of here at this table presumably are, so the wording is kind of misleading.

MAUPIN said maybe only a small share of people can both live and work in the City. FAUL agreed, and spoke of the difficulty of finding a job in Issaquah that pays enough to be able to buy a house here. So a secondary problem is ensuring that the City can offer employment that allows residents to be able to afford to work and live in Issaquah. Davis Hayes said yes, we do have information on where people are commuting from, and referred to the chart on page 21 that shows the number of people coming into the City to work and going out of the City to work each day. JIMENEZ-INMAN said that information would be more valuable if it also included data about “out of how many.” DOKE and FAUL asked clarifying questions about the data in the chart. Davis Hayes said it sounds like this chart needs more work, and said staff will make adjustments and resend it for participants’ review.

Housing types not meeting diversity of demand. (Page 25)

LEIGH said the chart with income levels (page 18) needs to be displayed side-by-side with the chart on page 26.

WEBER noted there is no mention here of housing for people with disabilities.

STILES said it would be interesting to see data on the people who do work in Issaquah; specifically what kinds of households they are and how that lines up with the information in these charts.

FAUL said senior housing is also missing. The Commissioners discussed specific senior housing projects and complexes in the City. MAUPIN said it would be interesting to see how senior housing costs match up with senior incomes. Sullivan said he has additional data on senior housing for all cities in King County that he can bring to the next meeting. RAHMIG added demand also needs to be part of that information.

JIMENEZ-INMAN suggested more labels on the chart on page 26 to show how the data relates.

Joint PPC, EV & HS Commissions
1-26-17

RAHMIG said the idea of a specific “character” of housing has come up in previous discussions, and said he doesn’t know whether it is possible to put some data together on that, or to come up with a way to address it in a problem statement, but it is an often-heard comment.

Davis Hayes said staff will take comments and suggestions made tonight, update the problem statements and supporting data, and resend to participants.

FOCUS GROUP AND COMMISSION ‘HOMEWORK’ FINDINGS

Heinonen reviewed highlights from recently held focus groups (pages 27-30). She noted that the answers participants gave from their “homework” assignment will be used to help craft the information staff will use in taking this information out to the public. She asked for any additional comments participants would like to give.

STILES said in the values piece, he would suggest adding wording about “in harmony with nature...” because its natural surroundings are a big part of what makes Issaquah different from other cities.

TRIPPLE asked for more information about the reference to “increase in smaller units” on page 27. Heinonen said that refers to the desire to get back to making smaller, more cottage-type places to live as well as four-bedroom homes.

FAUL said he has some comments to add and will send them directly to staff. Heinonen invited anyone who has not yet had an opportunity to provide their comments to staff to do so.

STRATEGIES AND ACTIONS FOR ISSAQUAH

Heinonen noted these potential actions are not a recommendation and are being presented for discussion only. She continued they are only a small part of the overall strategy, and said our discussion tonight will focus on how you think these fit into the overall discussions the joint committee has had so far. MAUPIN asked about the timing of addressing affordable housing as part of the Council’s overall concerns about housing generally. Heinonen replied Council has indicated it would like affordable housing to be part of the housing component of the analysis being done for the moratorium, and has indicated they would like to see it implemented first, so that is why we are giving it priority.

Sullivan noted another consideration is that there may be things going on in your community that make the timing particularly important; in other words, if we don’t do something now, the opportunity will be lost. He gave examples, and said that’s something to keep in mind. MAUPIN noted the City also has a limited supply of buildable land. Sullivan agreed.

Heinonen referred to the six categories of possible actions, listed in the chart on page 41 (Accessory Dwelling Units citywide; land acquisition; transit oriented development; inclusionary zoning and bonus density; proposing a housing levy; and lobbying at the state level.

Accessory Dwelling Units (ADUs).

MAUPIN said ADUs seem to make sense, and perhaps we should look at where they have worked well and where they haven’t. She noted the vertical slope of some of the land in the City might make it problematic to add ADUs to some properties. Staff noted the City has about 30 permitted ADUs now. FAUL said he’s not sure he is in favor of this strategy as it could add more vehicles to a neighborhood that was designed and built to accommodate a certain number of cars. He gave examples of neighborhoods where the infrastructure could not support additional vehicles, and said

Joint PPC, EV & HS Commissions
1-26-17

he wasn't sure that people would be in favor of seeing the kinds of changes in their neighborhoods that adding ADUs could bring.

TRIPPLE asked whether the micro-units of 200-350 square feet being built elsewhere are allowable under Issaquah's code. Niven said the City has had no requests to build micro-units here because there is more profit margin in building larger, more expensive houses. Sullivan said there is probably nothing in the City's code that precludes building micro-units, and referred to the developments in Kirkland and Redmond that just happened naturally through market forces.

STOB said he likes the cottage housing concept, and thinks it would be in line with the character issue that residents often mention. He continued another trend is tiny homes, and said there might be an opportunity for a small experimental site in the City that could accommodate tiny homes. FAUL mentioned cooperative housing as another option for future alternative housing, where residents are shareholders and own part of the property, but share kitchens and community spaces.

LEIGH asked does housing with ADUs show up in the housing inventory as one unit. Leeson replied yes. LEIGH said that does skew the data somewhat.

Land acquisition.

MAUPIN said the cost of property in the City is so high that it may be necessary for the City to purchase the land to ensure affordable housing is built. PROBALA said developers pay not just for the land, but for impact fees and other costs as well.

KOLCZ gave an example from areas in California where housing is very expensive and where cities assist residents with down payments as a separate loan that they don't have to pay back. LEIGH noted the Economic Vitality Commission discussed the advisability of the City essentially becoming a developer at its last meeting. Sullivan gave examples of how this has worked in other locations. He said in some cases, the city hasn't actually built the development, but has set the parameters for the kind of housing it would contain, whether it would have mixed-use, and so on. This also gets to item 5 in the list, which addresses if the City had more money to spend on affordable housing, how should it be used. STILES said that approach would seem to work only where developers wouldn't have access to purchasing the property. The City wouldn't want to compete with other developers for acquiring the land, for example. Sullivan gave examples of where the development community has been happy to have a city act as a catalyst by purchasing the property and taking that initiative.

Transit oriented development.

Heinonen explained how the City embarking on a public-private partnership for transit-oriented development (TOD) on a small pilot-project basis could work. Davis Hayes gave examples of TOD development elsewhere in the region and gave details about an opportunity to participate through a King County program. Sullivan added more details about examples in Kirkland, Redmond, and Overlake. He said the purpose of TOD is to be proactive in securing mixtures of affordable housing for its residents, using transit facilities as a focal point.

WEBER noted locating affordable housing next to transit facilities is especially important for people with disabilities. FAUL said it is also ideal for seniors who may have limited driving options. MAUPIN said in the earlier discussion about ADUs, a comment was made that adding ADUs could add more cars where it could be a problem. She added senior-occupied housing, including ADUs, does not always add more vehicles, and pointed out the advantages of spreading out senior housing throughout a campus of dwellings.

Joint PPC, EV & HS Commissions
1-26-17

Inclusionary zoning and bonus density.

Heinonen noted inclusionary zoning would require a percentage of a new development to be affordable housing, which has been proposed for the urban core. The bonus density is a requirement for affordable housing to be built in exchange for allowing a building height to be higher than would otherwise be allowable. There was general agreement that these were two activities worth pursuing.

PROBALA said the City has to be careful when requiring developers to put in affordable housing because it discourages development. DOKE noted waiving impact fees could also be used to incentivize affordable housing. Heinonen noted the City already waives impact fees for affordable housing portions of development projects. Sullivan added by state law, municipalities can exempt only the affordable housing portion of projects from impact fees.

Propose Housing Levy.

Sullivan explained what the City is currently doing to help fund housing, and said this option gets at what should be done with public monies if the City used a levy to generate more funds. Currently the City uses the general fund for this purpose.

Niven added looking at the option for strategies in this table, it's clear that we can't expect all of these actions to come from developers' pockets. If the City wants more affordable housing, the community will have to pay for it. The option of a housing levy would essentially be a new tax. He continued we are just looking at possibilities at this point, and trying to find a balanced approach on how to get more affordable housing in our community.

FAUL said if the City wants affordable housing, could the City become a shareholder in a unit and take a portion of the profit when it is sold. Sullivan said yes, that can be done by putting a covenant on the property. Another option is to give money to a developer and do a land trust, as was done with the City's partnership with Habitat for Humanity in the Highlands.

JANCOSKI asked does the City work with faith-based groups. Sullivan replied yes, and gave examples including Hope Link and churches.

DOKE asked does the City have any incentives to current apartment owners to keep them, and noted an earlier comment was made that many affordable properties are being torn down and replaced with higher cost housing. Sullivan gave examples of how other cities have used public dollars to purchase properties of older housing stock, usually at existing market rates, and used it as a way to upgrade a neighborhood while maintaining affordable housing options for the community.

JIMENEZ-INMAN asked how the population that may not vote would be included on something like a levy. Heinonen said that would be part of an outreach strategy if that option was pursued, and said the City would have to be thoughtful and make an effort to reach all populations.

PUBLIC COMMENT

Steve Pereira, 170 NE Dogwood, Issaquah, thanked the Commissioners and staff for working on this important issue. He said in the mission statement, the term "encourage" is used, and said he would like to see stronger language used that would really ensure that these actions happen. He said mostly he is here as a community member, and to learn, and appreciates the opportunity.

Joint PPC, EV & HS Commissions
1-26-17

Chris Grant, CEO of At Work, described the activities of At Work in making a difference in the lives of people with disabilities. She said she commends the work the Commissioners and the City are taking on; it is important. She urged the participants to keep the needs of the disabled in mind in thinking about housing issues, and also offered to help reach out to that community as you seek feedback and community participation on housing issues.

Alicia Campo, Associate Executive Director, Downtown Action to Save Housing (DASH), said she also appreciates the work and conversation the participants are engaging in.

NEEDS ANALYSIS: NEXT STEPS

Heinonen said staff will be presenting the work done so far on the affordable housing issue to Council in March. The results of neighborhood outreach efforts will be shared with the Commissions at the end of March. Step 3 in this process will be a policy conversation.

OTHER BUSINESS/ANNOUNCEMENTS/ADJOURN

With no further business to conduct, Heinonen closed the meeting at 7:55 PM.

Respectfully submitted,

Susan Lowe
Recording Secretary