

Lowell, Rebecca

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Sent: Tuesday, December 15, 2015 10:07 AM
To: Lowell, Rebecca
Subject: FW: Committee A report HAATF 12-14-15
Attachments: Committee A report HAATF 12-14-15.docx

FYI

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Subject: Committee A report HAATF 12-14-15

HAATF Members:

Please find attached the draft Committee A report. I look forward to seeing all of you tomorrow morning at the Evergreen Room adjacent to the Hampton Inn at 9:00 am. We will have much to go over with reports from other committees.

Thanks!

Dan Mitzel

Housing Affordability and Availability Task Force (HAATF)

Committee “A” Recommendations for the 2016 Amendments to the City of Mount Vernon Comprehensive Plan and Zoning Code

Committee A of the Housing Affordability and Availability Task Force (HAAFT) has reviewed the City of Mount Vernon (City) Comprehensive Plan (Plan) and the City’s Zoning Code. As a result of that review and in conjunction with other HAATF discussions regarding the ongoing housing affordability and availability crisis, Committee A has the following recommendations to update the City of Mount Vernon’s Comprehensive Plan. The housing crisis is a countywide problem and we believe that Skagit Council of Governments (SCOG) should help coordinate a **Strategic Housing Affordability and Availability Plan** with the help of Community Action and other housing providers and stakeholders.

The following recommendations are suggested changes to the City of Mount Vernon Comprehensive Plan (the Plan) and the related Zoning Code and Land Use Codes. HAAFT believes that these changes will significantly improve access to affordable housing for existing residents and future residents of Mount Vernon. In order to understand why the City of Mount Vernon is in the middle of a housing affordability and availability crisis we must understand what has happened during the last 10 years. The Comp Plan was last updated during 2005 and those updates were adopted by the City Council in January of 2006. Ten years later we should look back to how well the City’s current Comp Plan Goals and Policies have been implemented over the last 10 years.

The Growth Management Act (GMA) requires that Cities and Counties periodically update their Comp Plans to plan for the orderly growth of all Counties and the Cities within those counties. Below is the introduction from the City of Mount Vernon’s Chapter Three Housing Element of the 2005/ 06 Comp Plan Update.

3.1 Introduction

The City of Mount Vernon is preparing an update of its Comprehensive Plan to meet Growth Management Act (GMA) provisions and to incorporate more recent growth allocation, buildable lands, and demographic information addressing a new Plan horizon year of 2025.

Some of the key questions this Housing Element Update addresses include: 1) how has the community changed since 1990 in terms of household characteristics and special housing needs, for example senior citizen households, single parent households, homeless, etc; 2) how affordable is the City’s housing to its own residents and to future residents that may choose to live in the City over the planning period to 2025; and, 3) does the City’s land use plan and supply of buildable land allow the City to meet its growth targets and to provide a variety of housing to meet the community’s needs over the planning period?

Growth Management Act (GMA) Requirements

The GMA includes a goal that Comprehensive Plans and development regulations are to “encourage the availability of 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” (RCW 36.70A.020(4)). Local governments planning under GMA are to prepare a Comprehensive Plan Housing Element that:

“[ensures] the vitality and character of established residential neighborhoods that: (a) includes an inventory and analysis of existing and projected housing needs that identifies the number of housing units

necessary to manage projected growth; (b) includes a statement of goals, policies, objectives, and mandatory provisions for the preservation, improvement, and development of housing, including single-family residences; (c) identifies sufficient land for housing, including, but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multifamily housing, and group homes and foster care facilities; and (d) makes adequate provisions for existing and projected needs of all economic segments of the community.”

The GMA guidelines are very clear. The question is how have things worked out over the last 10 years? The answer can be found in comparing Census data for the City of Mount Vernon. The data clearly shows that even though rental housing constituted ___% of the total residential units in Mount Vernon in the 2000 Census and ___% in the 2010 census, the % of housing developed in Mount Vernon that is multifamily has lagged during the last 15 years. Only ___% of all housing built during the last 15 years has been multifamily. The result is that there now exists an imbalance or mismatch in housing that has been built and the type of housing needed. The obvious questions are:

How did this happen?

The most obvious answer is the lack of multifamily zoned land. The charts below that were taken directly from the 2005 Comp Plan Update tell the story. The chart shows that the 2005 Available Lands Inventory showed that there was only land available throughout the whole City for 415 units of multifamily housing. The land available for single family totaled 7,470 units. This shows that even though the 2005 Comp Plan Update showed a shortage of affordable multifamily housing, there was no effort within the plan to allocate more land for multifamily housing. Only 5.5% of the available lands within the City in 2005 were zoned for multifamily. The goals and objectives of the 2005 clearly state the following:

Policy HO-1.1.2 In recognition of community needs, the City shall maintain a variety of future land use classifications and implementing zoning to accommodate both single family and multifamily dwellings.

The inventory of available lands showed that only 5.5% of the available land were zoned for multifamily housing. The following 2010 census data shows that at the time of the 2010 census that 2.3% of the total housing units in Mount Vernon were for rent. The percentage of the total of 10,954 housing units that were multifamily was 40.2%. It seems logical that a 60/40 split between multifamily and single family is what has been in place in Mount Vernon for some time. In fact the 2000 census data shows a 59.6% / 40.4% split between single family and multifamily.

OCCUPANCY		
Total housing units	10,954	100.0%
Occupied housing units	10,248	93.6%
Vacant housing units	706	6.4%
For rent	250	2.3%
Rented, not occupied	18	0.2%

For sale only	128	1.2%
Sold, not occupied	14	0.1%
For seasonal, recreational, or occasional use	85	0.8%
All other vacants	211	1.9%
Homeowner vacancy rate (percent) [8]	2	(X)
Rental vacancy rate (percent) [9]	5.7	(X)
HOUSING TENURE		
Occupied housing units	10,248	100.0%
Owner-occupied housing units	6,126	59.8%
Population in owner-occupied housing units	16,448	(X)
Average household size of owner-occupied units	2.68	(X)
Renter-occupied housing units	4,122	40.2%
Population in renter-occupied housing units	11,802	(X)
Average household size of renter-occupied units	2.86	

From the 2010 census

The following was taken from the 2005 Chapter 3 Housing Element Comp Plan Update.

3.5 Buildable Lands & Ability to Meet Population Targets and Range of Housing Types

3.5.1 Capacity of Land Use Plan and Population Growth Targets

The City has prepared a buildable lands capacity analysis estimating the future number of units that can be accommodated by the proposed Land Use Plan in the City and UGA. The analysis calculated the number of vacant or partially developed acres, discounting critical areas and roads and public purpose uses, and multiplied it by the maximum densities of the zones (without assuming density bonuses often requested now with Planned Unit Developments). With these discounts, the capacity analysis estimates a potential for added dwellings in the residential zones of approximately 11,255 to 11,755; if one assumes a market factor of 30% (not all property owners will want to develop their property over the next 20 years)⁸, the number of potential units would equal 7,879 to 8,228, approximately.

Most of the new units are expected in the R-1, 9,600 square foot lot zone as shown on Figure 3-4 below:

⁸ This is a conservative assumption. Counties required to complete a buildable lands analysis per GMA requirements (e.g. King, Pierce, Thurston, Snohomish, etc.) varied in their market assumptions.

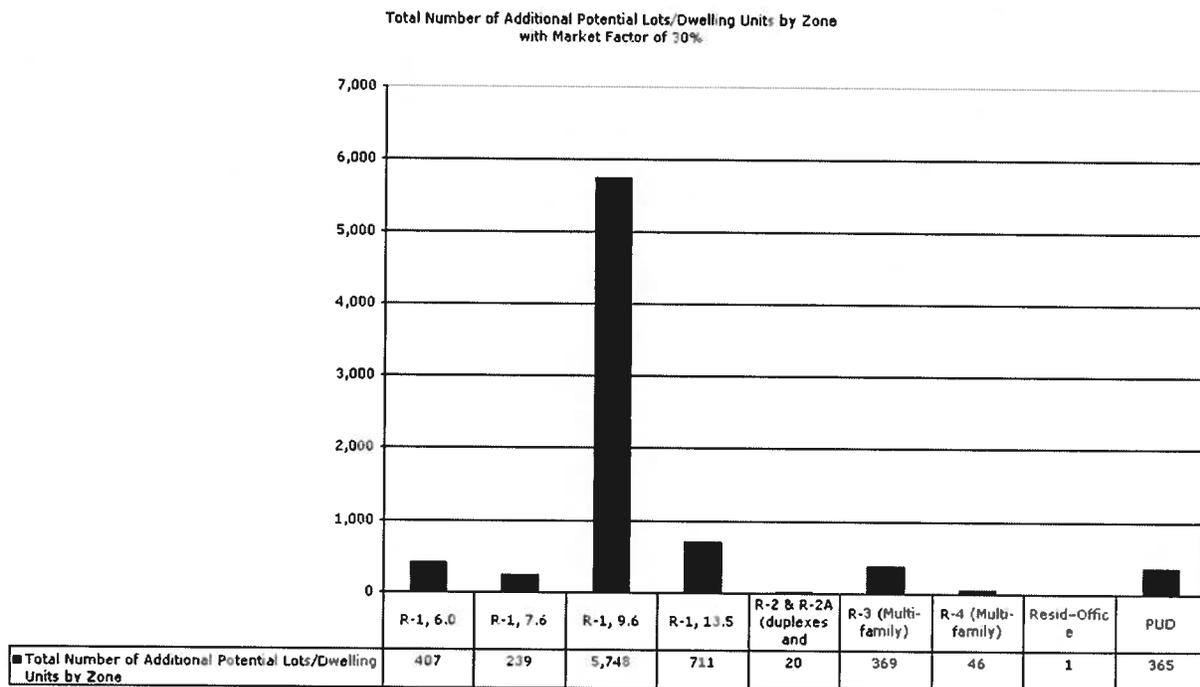
Figure 3-4 Future Potential Dwellings by Zone – Percent Share

The population of the City of Mount Vernon (City and UGA) is expected to grow to 47,900 permanent residents by the year 2025. To accommodate permanent and seasonal residents and with a healthy vacancy rate, an estimated 7,116 to 7,248 new housing units will be needed (increase of 19,568 individuals between 2000

and 2025 divided by 2.75, the average persons per household in 2000; and alternatively divided by 2.7 assuming some decrease in household size over 20 years for a conservative number). If considering 1,039 building permits issued between 2000 and 2003, the remaining target equals 6,077 to 6,209 dwellings. The capacity of 7,879 to 8,228, dwellings exceeds the remaining number of target units (6,077 to 6,209) and provides a "safety factor" in case achieved densities do not always equal the maximum density allowed in the zone. If growth were to occur at growth target level, land supply would not appear to affect housing affordability.

3.5.2 Capacity and Fair Share Housing

Figure 3-4



In Section 3.4.4, the Affordability Analysis indicated that the Skagit County Countywide Planning Policies promote affordable housing but do not specify a "fair share" allocation method for distributing existing and future households in need (those paying more than 30% of their income and earning less than 80% of the County median income). For comparison sake, two methods of demonstrating fair share of housing needs (see Section 3.4.4) estimated an existing need of 2,261 to 2,593 and a future need of 1,112 to 1,741 units. Assuming that the 231 units of multifamily permitted between 2000 and 2003 are affordable (see earlier analysis that average rents are affordable to lower income households currently), the remaining share of projected need would be 881 to 1,510.

The buildable lands capacity analysis estimated approximately the following number of new dwellings by zoning category (assuming a 30% market factor and all of the deductions for critical areas, roads, etc.):

As noted above, the greatest number of potential future units is projected in the

R-1, 9,600 square foot lot zone. In terms of the unit types that have the most potential to be affordable (smaller lot single family, duplex, townhome, and multifamily), there could be approximately 930 to 1,010 units developed if totaling projected units in the R-1-6.0, R-2, R-3 and R-4 zoning districts and a portion of the PUD units. The projected 930 to 1,010 units that could be affordable, dependent on market conditions, is in the range of the remaining future fair share housing needs (881 to 1,510). Additional multifamily units are possible in the commercial zones (C-1, C-3 and C-4), and the City has seen some “stand-alone” multifamily projects in commercial zones; this would increase the potential for multifamily housing.

It is interesting that the 2005 Comp Plan Update mentioned that Multifamily zoning would be allowed in C-1, C-3 and C-4 zones. Unfortunately the vast majority of available commercially zoned land is zoned C-2. Multifamily development was allowed in C-2 zone as a “conditional use” until a large project located on Urban Ave. was denied approval by the City Council. The project proponent took their project through design review and approval by the Planning Commission. When this project was brought before the City Council it failed to get the required City Council support to approve the project. Shortly after this denial the Planning staff brought a change to the Zoning Code before the City Council that proposed eliminating multifamily as a conditional use in the C-2 zone. The message that that City Council action put out to the development community was clear. The City Council did not want to use commercially zoned land for multifamily use.

The majority of multifamily housing that has been built in the last 15 years has been sponsored by the following non-profit housing developers / stakeholders:

- 1) Housing Authority of Skagit County
- 2) Catholic Community Services
- 3) Mercy Housing Northwest
- 4) Salem Village (Salem Village Apartments, Highland Greens Senior Apts)
- 5) Skagit Council Housing (Mount Vernon Manor)

Private sector development of multifamily has been a very small % of the total housing built over the last 15 years. The reasons that developers have not been able to develop multifamily in Mount Vernon are:

1. Density Constraints
2. Availability of multifamily zoned land
3. The high cost of Development Impact Fees
4. Rents not being at a level that justified new development

Of all of these 4 primary factors that have resulted in multifamily housing being infeasible, the one that seems to be changing the most that is helping to make multifamily more feasible is the fact that rents have increased dramatically over the last 24 months. Residential rentals like any business is dictated by the laws of supply and demand. Demand for rentals has gone up significantly and supply has been constrained creating an imbalance between supply and demand. Rents will continue to go up. Rents have gone up so far that some builders are purposely not selling new homes. These new homes are going directly into the available rental inventory and have played a significant role in supplying some of the required need for rental housing. Unfortunately these homes are renting for between \$1,400 to over \$2,000 per month and as such are not affordable for the majority of residents who need to rent. We do not know how many new homes have become rentals over the last 10 years and how many existing homes have been converted to rentals during the same period, but it is safe to say that home ownership is now farther out of the reach of more residents than ever before. This all goes back to what is it that can be done to solve the affordability and availability problem. HAATF has the following recommendations.

RECOMMENDED CHANGES TO THE CITY'S COMPREHENSIVE PLAN

1. UPCOMING COMPREHENSIVE PLAN UPDATES IN 2016

During 2016 the City will be making changes to the existing Comprehensive Plan that are part of regular updates required under the Growth Management Act (GMA). Since the last update, in 2005, there have been many changes in market conditions including a serious deterioration in the availability of affordable housing. The updated Plan needs to have a focus on setting goals and policies that provide the direction for the future of how the City will address housing affordability and availability. Without clear Comp Plan policies, goals and objectives that foster and promote affordable housing development, the existing crisis will only get worse. The updated plan should incorporate a whole section of the plan that is devoted to all sectors of housing. Our recommendations for the different elements of the plan are as follows:

A. TRANSITIONAL / INTERIM HOUSING

Transitional housing is the sector of housing that provided opportunity for that portion of our population who are in many cases are the working poor and individuals that are re-entering society after incarceration or emotional health treatment programs. These citizens are many times living in substandard conditions that do not provide basic needs. Many of these citizens simply need help getting into an apartment or home for a period of time that allows them to stabilize their living environment so that they can focus on improving their stability and their personal economic health through continued treatment, employment counseling and placement services. Siting these facilities should take into consideration the transportation needs of the residents and therefore should be located within easy walking distance to public transportation. This is a type of housing that should be recognized in the update Comp Plan by specifically classifying this need as a housing type that will be allowed in commercial zones as a conditional use in the C-1 and C-2 zones and in all multifamily zones.

B. EXTREMELY LOW AND LOWER INCOME HOUSING

Extremely low and low income renters are becoming a bigger segment of our population particularly in our senior citizen sector. Many of these renters are dependent on subsidized housing that is directed towards residents who are at 30 to 80% of individual median income. Many of these residents have a difficult time finding apartments that are small and affordable enough to fit their needs and their living expense budget. The city should identify areas where extremely low (30 to 50% of median income) and low income (50% to 80% of median income) can be successfully developed. This type of multifamily housing needs to be located within walking distance for residents to services that will significantly decrease their dependence on automobile based transportation. Access to public transportation is critical. Locating this type of housing in the C-1 and C-2 zones should be encouraged within the goals of the Plan. Changes in the C-1 and C-2 zone that better describe the Design Guidelines for multifamily development are needed. The existing code does not provide any C-1 multifamily specific guidelines. The existing code does say that the entrance to a multifamily project in C-1 cannot be visible from the street frontage. This requirement is designed to encourage mixed use. At a minimum the C-1B zone should allow multifamily as an outright allowed use without any density constraints. Building lot coverage of 60% should be allowed if parking for the project is being provided within 1,000 ft. Parking requirements should

allow for cross utilization of parking within 1,000 ft. through the use of permanent recorded parking easements where it can be demonstrated through a formal parking study that nighttime use of parking by apartments does not displace daytime parking for office and retail uses. The amount of parking required for multifamily projects that are designed for use by renters that rely on public transportation and therefore don't have cars should be reduced to as little as ½ stalls per unit for studio units, ¾ stalls per unit for 1 bedroom units and 1 and ½ stalls per two bedroom unit. Adjacent street side parking should be allowed to be used as counting towards the required parking. The practical parking requirement is driven primarily by the type of resident that is living in the multifamily unit. In the C-1B zone the requirement to not have the multifamily entrance visible from the street should be removed from the code.

C. FUNDING AFFORDABLE HOUSING PROGRAMS

The updated Plan should have specific language that promotes the use of the Washington State Housing Finance Commission Federal Tax Credit program. This funding source should be encouraged especially by qualified Non-Profit Housing groups such as:

Housing Authority of Skagit County

Catholic Community Services

Mercy Housing Northwest

Salem Village (Salem Village Apartments, Highland Greens Senior Apts)

Skagit Council Housing (Mount Vernon Manor)

Funding for these projects through the tax credit program can be enhanced by the City through the development of a Skagit County **Housing Trust Fund** that can be partially funded through the issuance of density bonuses that are sold to developers who want to increase the density of their projects beyond the normal density allowing within the modified Zoning and Land Use Codes. A value per unit for multifamily and single family development should be established that reflects the value per unit for the underlying land costs for multifamily and single family land. For example if a residential plat is zoned for 9,600 S.F. lots which is 4 units per acre measured by net density, a step up in density of 1 unit per acre would yield an additional 10 lots. If the land value for the underlying 10 acre parcel is \$15,000.00 per lot then the developer could purchase the additional density by paying into the **Housing Trust Fund** \$150,000.00 (10 x \$15,000.00). The **Housing Trust Fund** would be used to help affordable housing development by being made available for the payment of City Impact Fees, Transportation, Fire, Parks and School Impact Fees along with System Development Fees for Sanitary Sewer and storm water fees. Application for use of the funds would follow HUD guidelines in regards to definition of "Affordable Housing" the Plan should clearly state the City's definition of "Affordable" and develop a criteria for the use of **Housing Trust Funds**. The **Housing Trust Fund** should be made available to cover the cost of improvements that may need to be made to infrastructure that is owned by the City such as streets, sidewalks, storm drainage improvements and sanitary sewer improvements. The initial funding of the **Housing Trust Fund** can be in the form of a delay in the imposition of Impact Fees for qualified projects until funds are in the **Housing Trust Fund** from the sale of Density Bonus's after which time the funds would be made available to pay the deferred Impact Fees.

Skagit County Public Utility District 1 (PUD) provides water to much of Skagit County including Burlington Mount Vernon and Sedro Woolley. PUD should be challenged to come up with a policy that supports affordable housing. A reduction in System Development Charges should be considered by the PUD Commissioners as part of PUD's contribution to lowering the cost of affordable housing.

D. DESIGN CRITERIA GUIDELINES

Higher density Multifamily housing should be encourage by establishing “Design Criteria and Guidelines” (DCG) that can, for the most part, replace density limitations that are in the existing Land Use Code. Many high quality multifamily 3, 4 and 5 story projects are being developed in other Cities that have transitioned away from density limitations and migrated into the use of DCG. Well thought out DCG will result in much more efficient use of land and will also encourage the development of more affordable and esthetically pleasing multifamily housing. 4 and 5 story apartment building with elevators should be encouraged along with the construction of studio and 1 bedroom apartment units which are not being developed today because of the existing fee structure and density constraints. Use of DCG would encourage infill development and redevelopment of areas within the C-1 and C-2 zone. If the City council is uncomfortable with doing away with density constraints, then the following should be considered in regards to density:

R-3 and R-4 zones will allow a maximum of 24 units per acre and if a density bonus is uses the density can be 25% greater to a maximum of 30 units per acre or 60 bedrooms per acre. The minimum density would be increase from 10 units per acre to 15 units per acre. A studio and one bedroom unit would be counted as having 1 bedroom. Accessible rooftop gardens would count as required open and recreational space at a ratio of 3 S.F. of open space / recreational credit for each S.F. of roof garden area. Interior amenities should be considered as an offset against required outside open space at a ratio of 10 S.F. of credit for each S.F. of common recreational area within the building. Projects that are adult only shall not be required to install children’s play equipment. There should be no density maximum for multifamily development in the C-1 and C-2 zones as long as proposed projects are complying with DCG. All projects that are proposed for development in the C-1 and C-2 zone shall be subject to DCG and design review.

E. REDUCTION OF IMPACT FEES AND SYSTEM DEVELOPMENT FEES

Impact Fees for studio and 1 bedroom and senior units should be reduced to reflect the lower impact of smaller apartment and senior housing. School Impact Fees should not be charged on either studio or 1 bedroom units or for adult only apartment projects. Sanitary Sewer System development fees should be reduced for studio and 1 bedroom apartment units to reflect the actual water and sewer capacity consumption for these smaller units. Parks and Fire Impact Fees should be reduced to reflect the reduced impact of smaller apartment units. Transportation Impact fees should be greatly reduced to reflect the reduced impact for apartments that are smaller. Apartment units that cater to residents who use public transportation should pay lower or no Transportation Impact fees. Apartments developed for low income residents should be allowed to use the Housing Trust Fund to pay for those impact fees that are charged.

F. PARKING SOLUTIONS FOR THE C-1 ZONE

Parking and open space requirements should be modified to encourage more pedestrian oriented multifamily housing. One example would be to cut the parking requirement down to ½ stall per studio unit that is within 1,000 Ft. of public transit service and down to 3/4 stall per unit for 1 bedroom units that are within the C-1 zone and within 500 Ft. of public transit. Secure space for bicycles and would be required in place of parking stalls. Parking that is required could be provided by use of public parking that is underutilized during evening hours. Permanent Recorded Parking Easements would be encouraged as a method of supplying adequate parking.

Mixed Use projects that combine office or retail with multifamily would be encouraged particularly when the office or retail use was primarily a daytime activity and the multifamily use could use the parking in the evening hours and on weekends. Multifamily parking requirements in the C-1 zone should be using existing street side parking and the Comp Plan should encourage newly constructed street widths that allow for parking on at least one side of the street.

The Comp Plan should identify public parking facilities that can be utilized during evening hours and make sure that those facilities are not over committed. The Comp Plan should encourage the development of a downtown multilevel parking facility that would provide retail, office and hotel parking that could also be utilized for downtown residential parking during evening and weekends. Developers should fund a portion of the cost of any parking structure that benefits higher density downtown residential development through the formation of a Public Parking Facility District (PPFD) or alternatively a Limited Improvement Districts (LID) or some other acceptable funding mechanism. Properties who benefit from the development of a Public Parking Facility including retail, office, residential and hotels would be part of the PPFD, LID or other funding mechanism. Skagit County should be a participant in the PPFD or LID because of the large amount of County employee and county department public parking required. Solving the parking issue will spur new development in the C-1A and C-1 B zone.

A hotel should be encouraged to be developed adjacent to the parking facility. A hotel development would be an important addition to downtown Mount Vernon and would spark additional redevelopment of the downtown Mount Vernon area. Revitalizing downtown Mount Vernon would make the downtown area a desirable area for 4 and 5 story mixed use retail / office / residential development that likely be developed for residents with moderate and higher levels of income.

More affordable high density apartments should be encouraged south of Kincaid Street. Existing affordable apartments that are in the downtown area should be preserved as much as possible. Development costs in the downtown area will be higher than other areas within the C-1 zone and therefore the existing affordable apartments should be preserved.

G. HOUSING / DOWNTOWN REDEVELOPMENT / AND PUBLIC TRANSPORTATION

One of the most important issues to take into consideration is the fact that many lower to moderate income residents are making a conscience decision to use public transportation for both commuting and general transportation needs. The downtown Skagit Transit facilities are easy walking distance to areas of Mount Vernon that should be encouraged to be redeveloped into high density housing. The area between the BNSF tracks and the I-5 corridor south of Kincaid and North of Lind Street which includes what is known as the Alf Christenson property is an ideal place to promote the redevelopment of these older neighborhoods. The area west of the BNSF railroad right of way should also be encouraged to be redeveloped but are more likely to be smaller infill projects because of the quality of the existing neighborhoods that are served by Second Street, Third Street, Cleveland Ave and the cross streets between the BNSF right of way and the Skagit River. All of these areas are within walking distance of downtown Mount Vernon and the Skagit Transit Station. This is where smaller higher density multifamily projects will be a good fit with the existing neighborhood. The benefit to Downtown Mount Vernon redevelopment will be significant if the City can promote new walkable neighborhoods that use Downtown as the shopping, dining and retail

services center of activity. The cost of development in the Downtown area will be high. Land cost and construction costs will mean that vast majority of the residential development in the Downtown area will be market rate apartments and condominiums. This sector of the residential market should be encouraged. A mix of income levels using Downtown as their retail, dining and service center will be significant boost for the existing retailers and restaurants and will encourage new stores and restaurants to open. This means more jobs in the Downtown area that can provide walk to work opportunities.

These recommended changes to the City of Mount Vernon Comprehensive Plan are only some of the more important changes that need to be made to the Comp Plan. HAATF looks forward to meeting with City Planning and Economic Development staff and the Comp Plan Update Citizen's Committee to discuss these and other issues and recommendations for change. We also want to meet with the City Council in a work session to discuss these issues and suggested changes to how the City of Mount Vernon can help alleviate the existing housing crisis.