Council Meeting Date: March 22, 2021 **Agenda Item:** 9(a)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of the Housing Action Plan
DEPARTMENT:	Planning and Community Development
PRESENTED BY:	Nora Gierloff, Planning Manager
ACTION:	____ Ordinance ____ Resolution ____ Motion
	__X_ Discussion ____ Public Hearing

PROBLEM/ISSUE STATEMENT:

The 2020 Planning and Community Development Department work plan included a Housing Choices Project to expand the types of housing in Shoreline by exploring the "missing middle" suite of options including cottages, tiny houses, vacation rentals and accessory dwelling units. Shoreline received a grant to expand the scope of that project by developing a Housing Action Plan (HAP) that would analyze existing housing conditions (Housing Needs Assessment), evaluate the effectiveness of the current incentives (Regulatory Review), identify additional housing tools and types (Housing Toolkit), support public outreach efforts, and develop a prioritized schedule of strategies to address community housing needs. Additionally, the HAP focus on permanent housing, not shelters or other services for those experiencing homelessness. This work also sets the stage for an update to the Housing Element of the Comprehensive Plan, which is due by June 2024.

Tonight, the City Council is scheduled to discuss the HAP and ask questions of staff. Additional discussion time has been scheduled for the Council's April 19th meeting if needed, or the Council could take potential action that night. If the Council wants additional discussion time on April 19th, the HAP would then be scheduled for potential action on May 24, 2021.

RESOURCE/FINANCIAL IMPACT:

The consultant costs to create the Housing Action Plan have been fully funded by a grant from the Department of Commerce. Staff time and outreach costs were covered under the existing Department budget. Implementing the recommendations will require commitment of staff resources and additional funding.

RECOMMENDATION

No formal action is required tonight, as this is a discussion item. The next step would be to return to Council on April 19, 2021 for further discussion of the Housing Action Plan or potential adoption. Under the grant terms, the final Housing Action Plan will need to be adopted by the City Council no later than June 30, 2021.

Approved By: City Manager ***DT*** City Attorney ***MK***

INTRODUCTION

As of 2017, over one-third of Shoreline's households paid 30% or more of their income for housing costs. Among renters, 43% are cost burdened, with 22% extremely cost burdened, and among homeowners, 29% are cost burdened, with 10% extremely burdened. Shoreline has adopted a progressive set of regulations and incentives for affordable housing to address this need. Currently, there are 278 apartments being rented at affordable rates for 12 years through the Multi-Family Tax Exemption (MFTE) program, with 272 more affordable units under construction. Overall, 2,083 apartments have been developed in Shoreline over the past five years with another 1,050 in the permitting pipeline.

Aside from the temporarily affordable units created through the MFTE program, the vast majority of the new housing being developed in Shoreline is market rate townhouses and studio and one-bedroom rental apartments. The number of cost-burdened residents will likely increase without additional action to increase affordable housing preservation and production. Under current trends, owner-occupied and family sized housing units will make up a smaller proportion of Shoreline's housing stock in the future.

BACKGROUND

In 2019, the Washington State Department of Commerce offered Growth Management Services Grants to fund creation of Housing Action Plans. Shoreline applied for and received $94,000 in grant funds to hire Community Attributes Inc. to develop a Housing Action Plan (HAP) that would identify Shoreline's housing needs and propose strategies to address them.

Shoreline's Housing Action Plan intends to achieve the following goals:

1. Understand **how much, what types and where housing** is needed in Shoreline;
2. Understand **what housing types** the market will provide;
3. Understand what households are experiencing **housing challenges;**
4. Understand **where and how** additional housing can fit in Shoreline;
5. Review **existing housing strategies** to see how well they are working, identify gaps, and find opportunities for improvement; and
6. Identify **new ideas** to meet Shoreline's specific needs, including working with community partners.

The Planning Commission (PC) was briefed on the scope and schedule of this work and the draft Housing Needs Assessment on July 16, 2020. On November 5, 2020 the PC discussed the draft Housing Toolkit and on December 17th staff provided additional information to follow up on PC questions about the toolkit. On January 21st, the PC prioritized the toolkit actions and reviewed consistency with the existing Comprehensive Plan Housing Element. On March 4th, the PC held a public hearing and forwarded their recommended draft of the HAP (Attachment A) to the City Council for review and action. The PC recommendation letter is included with this staff report as Attachment B.

DISCUSSION

The following section of this report provides a more detailed discussion of the HAP components:

Housing Needs Assessment

Community Attributes, the City's consultant, completed a Housing Needs Assessment that analyzes Shoreline's existing housing stock, population demographic trends, housing affordability and forecasted housing needs. This is included as an appendix to the HAP. Some of the findings include:

- The households most likely to be cost burdened in Shoreline are renters below 50% AMI. Shoreline needs more dedicated affordable units serving renters in this income segment. This is best accomplished in partnership with nonprofit and public housing providers.
- Shoreline has an overall housing shortage that is part of a regional lack of supply. This has had upward pressure on prices, particularly home sale prices. The current median home is now out of reach of the typical Shoreline family.
- Rents have risen so that renters between 50% and 80% AMI will now struggle to find affordable housing in Shoreline. Renters above 80% AMI will now struggle to build sufficient savings to buy a home.
- Most of Shoreline's households consist of one or two people. Among these households, there are two potential subgroups to consider for housing planning purposes – seniors and young adults. There is strong demonstrated demand for townhouses, consistent with this demographic. There may be untapped demand for additional small housing types, such as cottage housing and small-lot single family development.
- Shoreline's midcentury single-family homes will be attractive for redevelopment as prices rise. This will bring a shift toward more multifamily development in multifamily zones, and more high value, large homes in single family zones. As prices rise, Shoreline will likely attract more high-income households.

Regulatory Review

The report summarizes Shoreline's existing housing strategies, their purposes, recent performance, and actions to consider for improvement. Then it assesses how existing tools align with housing objectives, both in terms of potential and as currently applied, and identifies gap areas for the Housing Toolkit. This is included as an appendix to the HAP and was used to inform the Housing Toolkit.

Housing Toolkit

The purpose of the Housing Toolkit is to provide a range of options to address Shoreline's housing needs, including both new tools and potential revisions to existing tools. These tools were refined and prioritized based on feedback from the PC, community, housing and human services stakeholders, and City leadership.

First, there is an analysis of Shoreline's existing housing policies and incentives, such as density bonuses, fee waivers, etc., to determine their effectiveness in creating quality, affordable housing. Then there is an evaluation of new approaches and best

practices that may be relevant to Shoreline's particular housing needs. This includes options for the "missing middle" housing types. Based on feedback from the PC, an additional policy action, regulating short term rentals, was added for consideration. Finally, there are recommendations to minimize displacement of existing low-income residents as Shoreline experiences redevelopment.

At the January 21st meeting, the PC reviewed and prioritized the Toolkit actions to develop the following list of high implementation priorities:

Tool and Description	Funding Required	Type	Level of Effort
Update Deep Green Incentive Program - streamline, expand eligibility, innovative construction materials like CLT	Staff and Possibly Consultant Resources	Incentive	Low to Medium based on scope
Develop Cottage Housing Regulations	Staff and Consultant Resources	Regulation	High
Develop Standards for Small Lot Single Family Development	Staff and Consultant Resources	Regulation	Medium
Develop "Missing Middle"-Friendly Zoning	Staff and Consultant Resources	Regulation	High
Partner with Affordable Housing Providers	Staff Resources	City Program	Low
Support Community Land Trusts through incentives or partnerships	Staff Resources, Possible Reduced Revenues	City Program	Low to Medium
Identify Surplus City Property for Development of Affordable Housing	Staff Resources	Incentive	Low

In addition to these priorities, the PC also thought that the City should continue to promote its own housing incentives and assistance programs as well as those offered by other agencies that serve Shoreline residents, such as down payment funding from the Washington State Housing Finance Commission.

Comprehensive Plan Housing Element

Shoreline's Housing Element goals in the current Comprehensive Plan have been evaluated in light of the analysis in the HAP. There is a strong alignment between the existing language and the analysis performed and issues identified in the HAP.

All jurisdictions in King County are required to update their Comprehensive Plans by June of 2024. The Countywide Planning Policies are currently being updated by the Growth Management Planning Council, which expects to recommend new language as well as updated growth targets to the King County Council by mid-2021. At that time, Shoreline will perform a consistency review of our Comprehensive Plan with these overarching policies and bring a Housing Element with updated language through the annual Comprehensive Plan amendment process in 2022. The HAP will act as a background report for that action.

STAKEHOLDER OUTREACH

The City's public outreach approach for the HAP had to pivot rapidly due to COVID-19 related restrictions on in-person meetings and events in 2020. As a result, staff shifted focus groups to virtual meetings and relied on a web-based survey and an "online open house".

Public outreach started with the recruitment of the Technical Advisory Group (TAG). In addition to City staff, the group included architects, affordable and market rate housing developers, a supportive housing provider and a housing policy agency. Staff looked to the TAG for overall policy guidance and direction.

The TAG identified the following principles to guide strategies and actions in the HAP:

- *Equity* - Redressing the historical harms that have been perpetrated against people of color through systemic racism.
- *Balance* - Addressing widening economic inequality by promoting a greater diversity of housing opportunities (particularly affordable to low and middle-income).
- *Stability* - Fostering strong multi-generational neighborhoods through affordable homeownership, live/work, and housing near community resources.
- *Representation* - Hearing firsthand from people with lived experience of housing instability is critically important.

The TAG also identified priorities for issues of focus in the HAP:

- Promote housing that allows less of a reliance on cars for commuting and accessing routine needs.
- Be deliberate about building a racially inclusive community.
- Diversifying housing typologies in Shoreline appropriate for different family types and sizes.
- Identify existing affordable units and encourage preservation.
- Leverage publicly owned land wherever possible.

Community Attributes then developed an "online open house" website for the project. This website summarized key findings on Shoreline's housing needs and provided an opportunity for feedback by embedding survey questions alongside this information. In addition to the usual methods of promoting the survey, staff conducted a targeted mailing to all the multi-family addresses in the City. Some of the key findings of the survey were:

- *Representation* – Renters provided 28% of responses, which is lower than their numbers in the community, but a higher response rate than is typical in Shoreline.
- *Affordability* - 75% of renters reported always or sometimes having difficulty paying for their housing, while only 20% of homeowners reported similar challenges.
- *Housing Toolkit* - Participants were asked to identify which of four "missing middle" housing types they would most like to see in Shoreline:
    - 36% of responses selected cottage housing,

    - 21% of responses identified ADUs without ownership restrictions, and
    - 14% provided open responses, including 7% referencing condominiums, and 7% referencing small homes and low-density multifamily types like duplexes.
- *Action Plan Priorities* - Participants were asked to select up to three (out of 11) housing priorities as most important for the HAP. Each of the following priorities were selected as a top priority by at least 30% of responses:
    - Maintaining housing quality and preventing blight
    - More affordable rental housing
    - Preventing displacement of low-income residents
    - Expanding access to home ownership
    - Creating more environmentally sustainable housing

COUNCIL GOAL ADDRESSED

Development of a HAP will help to implement City Council Goal 1: Strengthen Shoreline's economic climate and opportunities. The Council goals include an action step of:

> *"Encourage affordable housing development in Shoreline and engage the community to determine which additional housing types and policies may be appropriate for Shoreline and codify standards for selected styles."*

The HAP evaluates the effectiveness of current incentives and regulations and makes recommendations for fine tuning and adding additional tools. The HAP also recommends actions to prevent the current rapid growth in the City's housing stock from leaving out the City's cost-burdened residents, including those in the middle earning 80% to 120% of area median income (AMI). By developing options for additional housing types for densities between single family and mid-rise apartments, Shoreline could diversify its housing stock and promote infill in lower density residential zones.

RESOURCE/FINANCIAL IMPACT

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RECOMMENDATION

No formal action is required tonight, as this is a discussion item. The next step would be to return to Council on April 19, 2021 for further discussion of the Housing Action Plan or potential adoption. Under the grant terms, the final Housing Action Plan will need to be adopted by the City Council no later than June 30, 2021.

ATTACHMENTS

Attachment A – Planning Commission Recommended Housing Action Plan

Attachment B – Planning Commission Recommendation Letter

City of Shoreline

Housing Action Plan

March 2021

CITY OF SHORELINE

cai community attributes inc

BDS PLANNING & URBAN DESIGN

CAST ARCHITECTURE

Acknowledgements

The City of Shoreline wishes to thank the following participants and stakeholders in the Shoreline Housing Action Plan process for their valuable guidance, support, and technical contributions to this important document.

Shoreline City Council

Mayor Will Hall
Deputy Mayor Keith Scully
Doris McConnell
Keith McGlashan
Betsy Robertson
Chris Roberts
Susan Chang

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Shoreline Housing Action Plan Technical Advisory Group

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David Maul
Jess Blanch
Scott Becker
Suzanne Davis
Dan Watson
Rosalie Merks

Contents

Introduction

Background and Purpose

The City of Shoreline developed this Housing Action Plan (HAP) with support from the Washington State Department of Commerce. Washington State House Bill 1923 enacted one-time planning grants for cities to complete specific actions to support housing affordability. Shoreline's grant specifically funds the creation of a HAP.

The HAP provides an array of City-led initiatives that encourage the provision of housing at prices affordable to all of Shoreline's residents, now and in the future. This plan identifies the City of Shoreline's greatest housing needs and associated housing tools to address these needs.

Housing Action Plan Objectives

The HAP is meant to provide City-led actions and initiatives to encourage the production of sufficient affordable and market rate housing. The Plan's content is informed by two products – the Housing Needs Assessment and the Housing Toolkit, which are summarized in this document. The Housing Needs Assessment provides the quantitative data and analysis required to understand Shoreline's housing needs, while the Housing Toolkit will identify appropriate options to address those needs and form the basis of an action plan.

Broadly, the HAP intends to:

- Increase the supply of housing in Shoreline;
- Increase the variety of housing types available in Shoreline;
- Provide more affordable housing Citywide;
- Serve low-income households and minimize displacement; and
- Preserve existing housing units in Shoreline, where appropriate.

Relationship to Other Plans

The HAP complements several of Shoreline's adopted plans and policies. The 2008 Comprehensive Housing Strategy lays out the increasing affordability concerns in Shoreline and the specific populations most affected. This HAP builds on the ideas from that plan while providing more detailed policy recommendations. The HAP also helps to implement the Shoreline Comprehensive Plan Housing Element. The 148th and 185th Street station area plans include designs for new walkable urban neighborhoods, including new rental and for sale housing. The HAP will help the City to encourage housing development in the station areas to meets the needs of local residents.

The Planning Process

The City of Shoreline identified the priorities presented in this Action Plan through data analysis and stakeholder outreach. The analysis in the Housing Needs Assessment relies on both primary data and secondary data collection. Primary data includes findings from interviews and data provided from local housing experts and Shoreline's community. Secondary data analysis leverages data published by federal, state and local government resources, as well as proprietary real estate data, such as from CoStar and regional market reports from real estate brokerages. This analysis also leverages internal City of Shoreline data sources, including its buildable lands analysis and permit database.

Stakeholder outreach took place throughout 2020 and included technical experts, local leadership, and the broader community impacted by housing policy. A website dedicated to this project provided the community with project updates, draft reports and opportunities to comment on the process and work products. The website facilitated a virtual open house to ensure broad public participation despite public health-related limits on in-person gatherings. To support broad participation, the open house website offered on-demand translation into multiple languages.

Organization of This Report

This Housing Action Plan is organized into the following sections.

Housing Needs Assessment. This section presents a summary of data and analysis to identify Shoreline's housing needs, including for a variety of housing types and for housing at various price levels. The full report is available in the appendix.

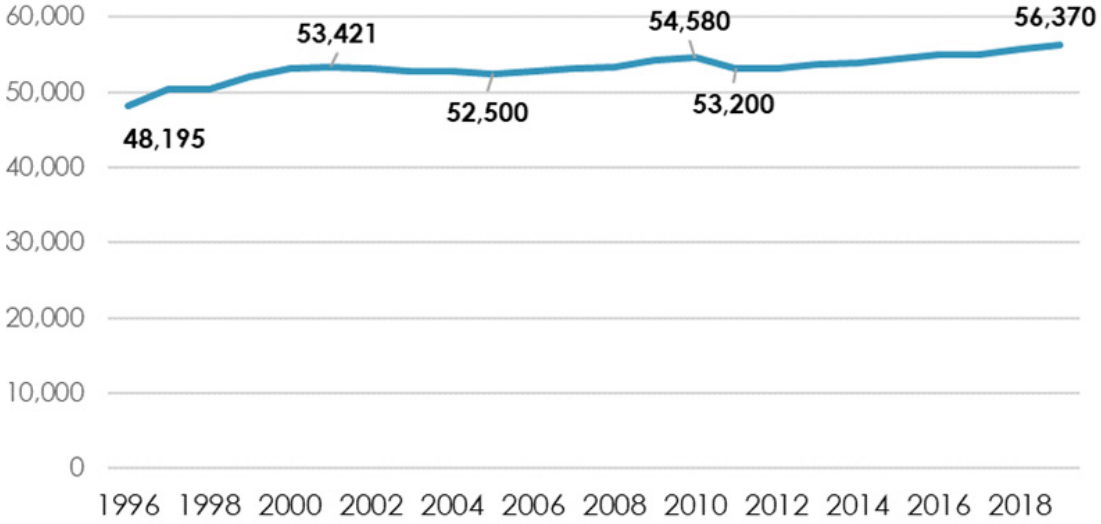
Regulatory Review. This section assesses the relationship between the objectives of the HAP and the goals and policies of the Comprehensive Plan's Housing Element. It also presents an analysis of the effectiveness of various regulatory tools that Shoreline already uses to stimulate housing production. The full report is available in the appendix.

Housing Toolkit and Action Plan. This section presents an initial list of potential interventions or "tools" to address Shoreline's identified housing needs, as well as an action plan based on the tools that stakeholders and policymakers have identified as priorities for implementation.

Housing Needs Assessment

The City of Shoreline is a predominantly residential community immediately north of Seattle. The City has grown from about 48,200 residents in 1995 to about 56,400 residents in 2019 (**Exhibit 1**), largely due to a transition from a community predominantly characterized by low-density single family neighborhoods, to a dynamic community with several dense transit-oriented and mixed-use centers. While single family housing units still comprise the majority of all housing units in Shoreline, recent housing development has provided thousands of multifamily units and townhouses. Large new multifamily developments have been concentrated along Shoreline's east-west arterials and the north/south Highway 99/Aurora Avenue corridor.

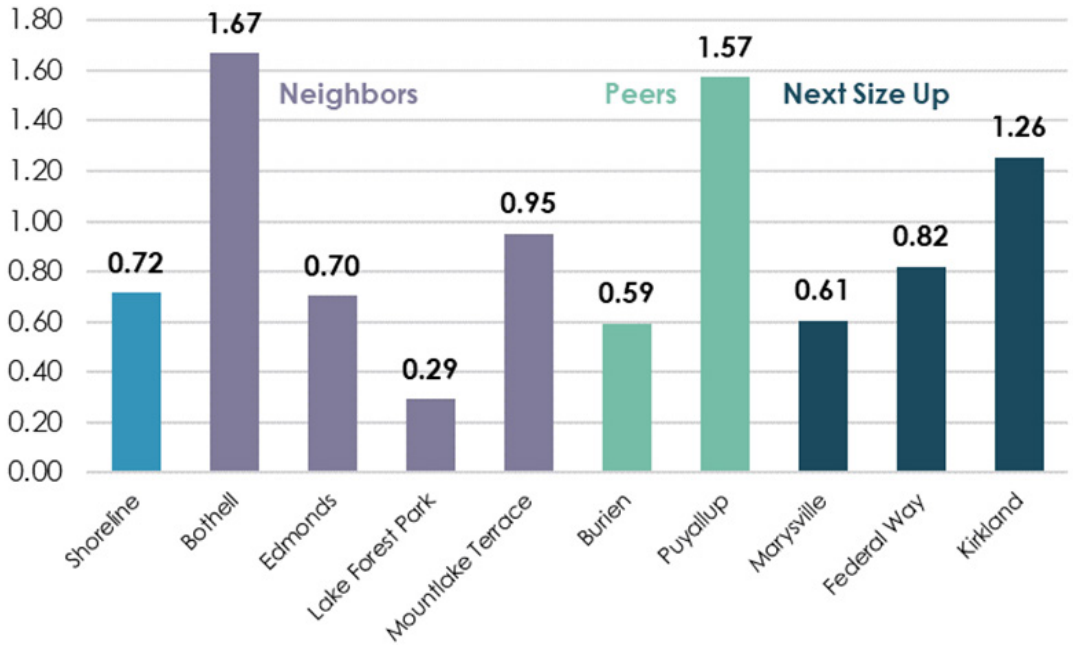
Exhibit 1. Total Population, Shoreline, 1995-2019



Source: Washington Office of Financial Management, 2020

Shoreline's residential character is reflected in the ratio of local jobs to housing units. Shoreline has a jobs-to-housing units ratio of 0.7, lower than the regional ratio of 1.3, and similar to neighboring Edmonds (**Exhibit 2**). Cities with high jobs-to-housing unit ratios are employment centers, while cities with very low ratios are predominantly residential or "bedroom communities". Many Shoreline residents commute to jobs in other places, including Seattle.

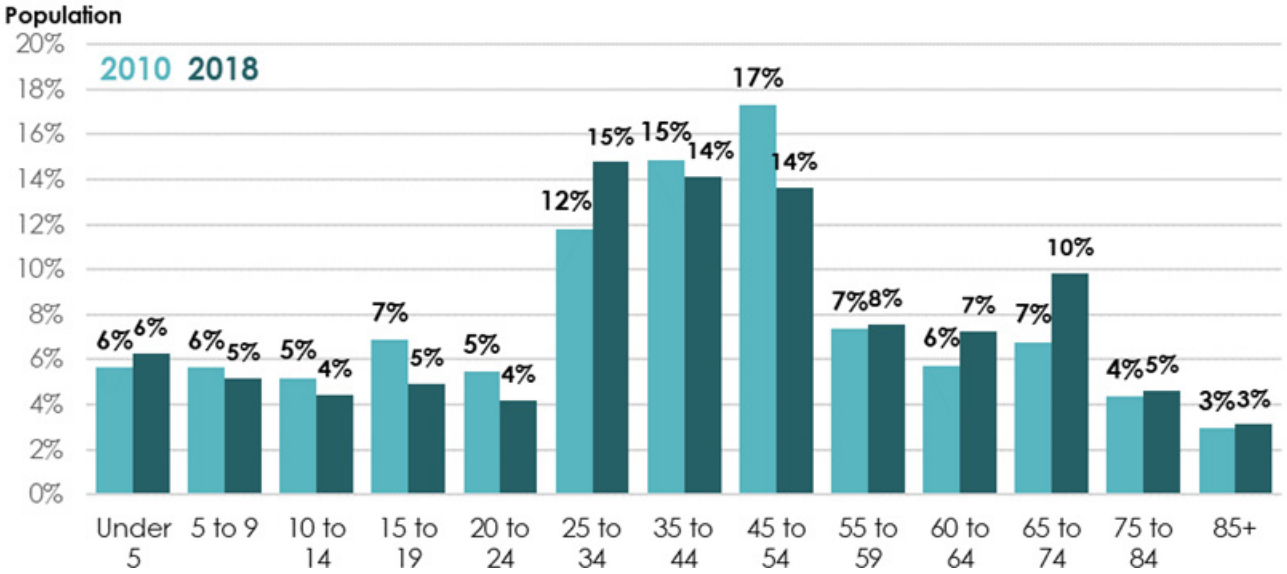
Exhibit 2. Jobs-Housing Ratios, Shoreline and Peer Communities



Sources: Puget Sound Regional Council, 2018; Washington Office of Financial Management, 2018

Age composition data indicates that the City has a large workforce-age population, with recent growth for adults age 25-34 and a small increase in children under 5 (**Exhibit 3**). At the same time, the City may be drawing an increasing number of retirees or retaining a population that is aging in place, as evidence by the increase in Shoreline's population aged 65-74. Generally, families with children prefer larger, detached homes, while young adults without children and older adults and empty nesters prefer smaller housing units with lesser maintenance requirements and higher walkability. In this way, age becomes a key consideration in ensuring a balanced housing stock.

Exhibit 3. Distribution of Residents by Age, Shoreline, 2010 & 2018



Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018

Most of Shoreline's households consist of only one or two people, renters and homeowners included. The number of Shoreline households with children has declined since 2010, despite the increase in children under five years of age (**Exhibit 4**). Households with an individual over 65 increased significantly from 2010 to 2018.

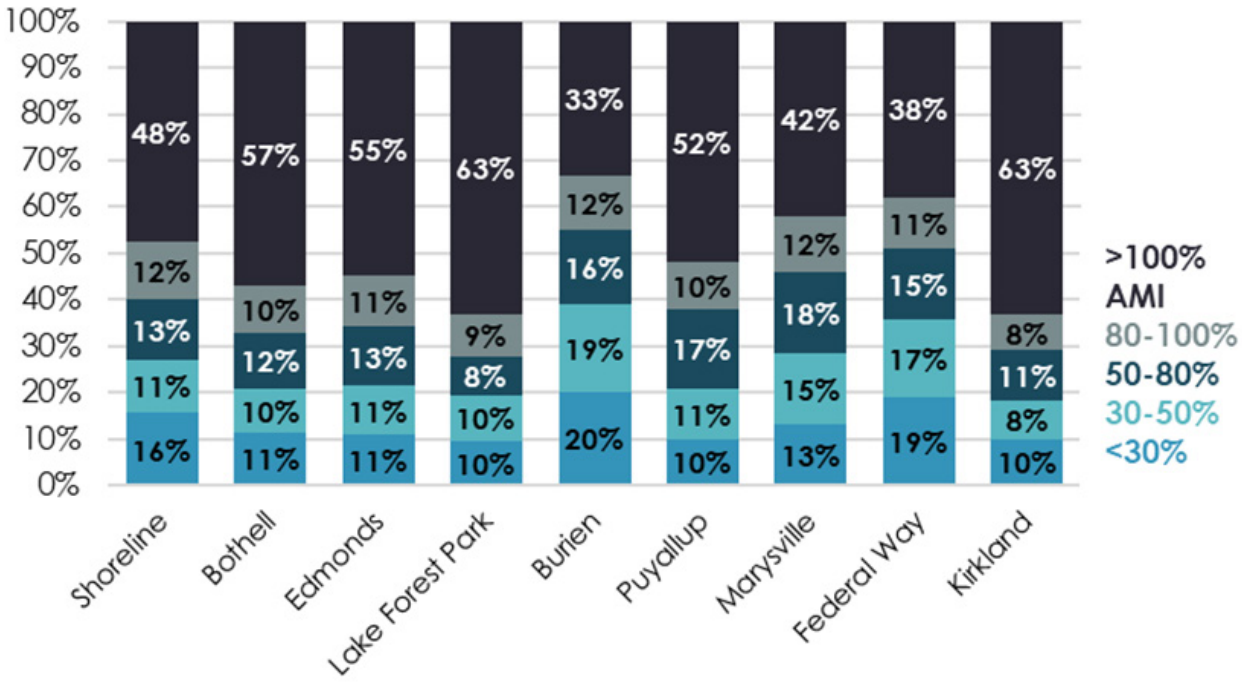
Exhibit 4. Shoreline Select Household Characteristics, 2010-2018

	2010	2018	Change 2010-2018
Total Households	21,152	22,160	1,008
Households with Children	6,048	5,924	(124)
Single-Person Households	6,195	6,401	206
Household with an Individual Over 65	4,717	6,661	1,944
Disabled Civilian Population*	6,608	7,093	485

Source: US Census Bureau, American Community Survey 5-Year Estimates, 2006-2010; 2008-2012; 2014-2018

About 52% of Shoreline's households make less than the area median income (AMI) (**Exhibit 5**). Households with incomes below 50% area median income are the most likely to face affordability challenges in Shoreline, as is the case throughout King County, and more than one-quarter of Shoreline's household fall into this category. As housing costs rise regionally, even households earning more 50% of AMI may become cost burdened.

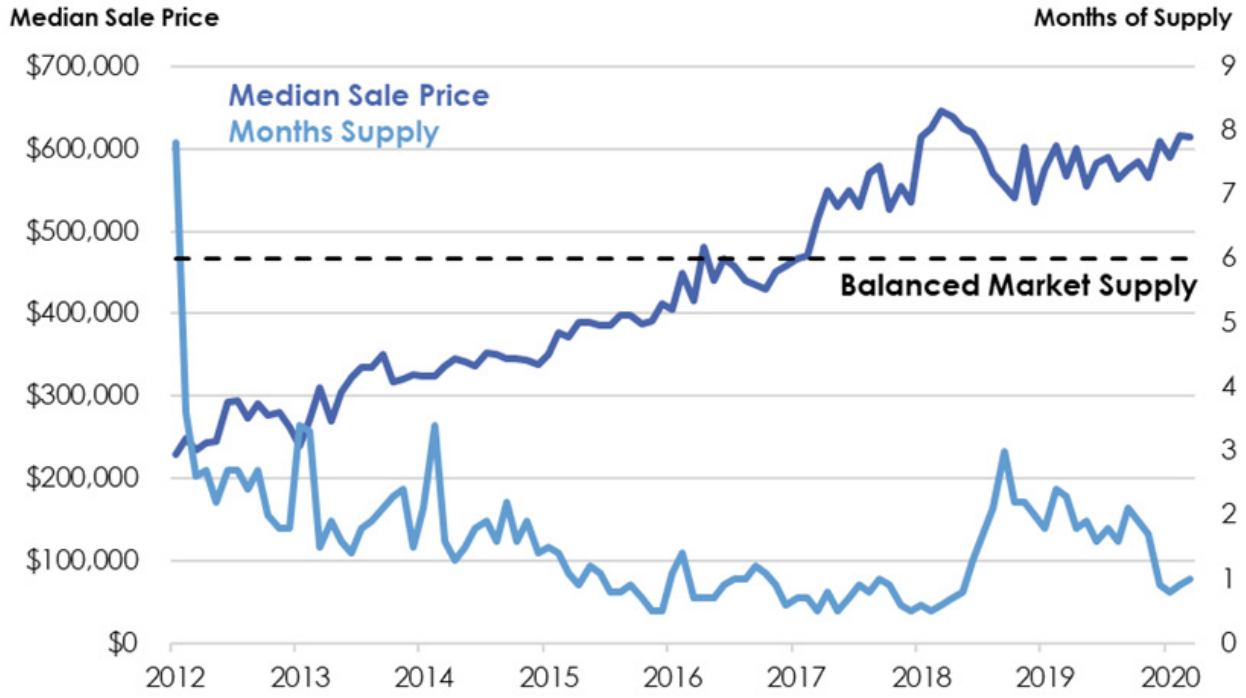
Exhibit 5. Household Income Composition, Shoreline and Peer Communities, 2018



Source: HUD CHAS, 2016

Demand for housing is high, and the City has not had more than three or four months' worth of supply for sale at any point since 2012 (**Exhibit 6**). Home prices have appreciated more rapidly in recent years compared to similar Puget Sound cities. The median-priced home ($620,000) may be out of reach of the median family household in Shoreline ($100,756 annual income). Rents have also been climbing, though at a similar rate to the region. Today a household must earn at least $82,000 per year to affordably pay the median rent of $2,055, compared to $57,700 a year to afford the 2010 median rent of $1,444.

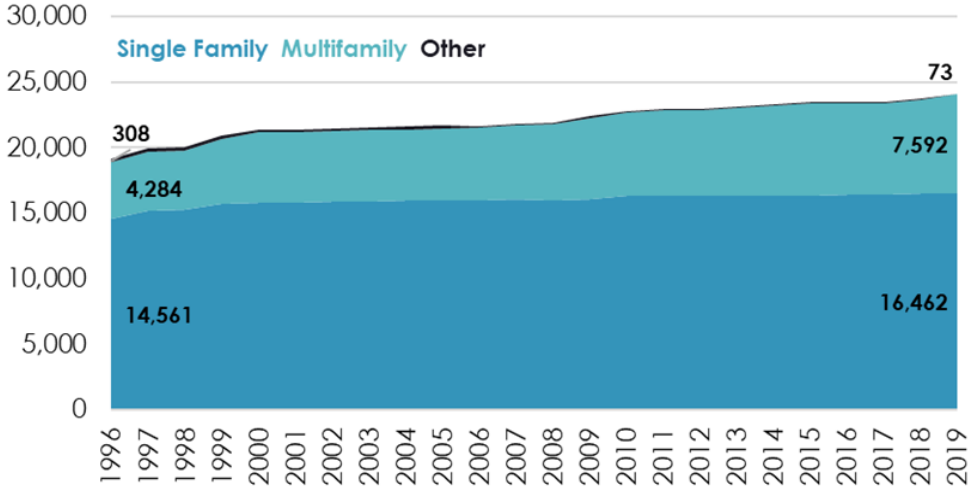
Exhibit 6. Median Sale Price and Residential Market Months of Supply, City of Shoreline, 2012-2019



Source: Redfin, 2020

Exhibit 7 illustrates the growth in total housing units in Shoreline, as well as the distribution of housing units by type. The data indicate that, while single family homes still predominate, most of the growth in Shoreline since 1995 is due to new multifamily housing. Approximately 31.5% of all housing units in Shoreline are multifamily today, compared to about 22.4% in 1995.

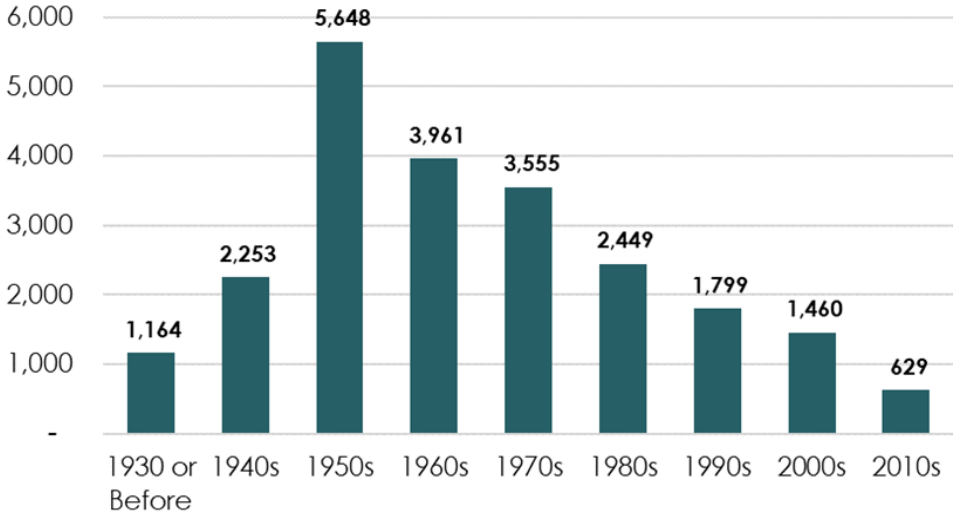
Exhibit 7. Housing Units by Type, Shoreline, 1995 – 2020



Source: Washington State Office of Financial Management, 2019

Much of Shoreline's single family housing stock was built in response to the post-World War II housing boom and is now aging (**Exhibit 8**). When the City's two new light rail stations open in 2024, it may begin to capture a higher share of regional growth, which could fuel more rapid changes to the built environment. As housing prices increase, redevelopment will be feasible for more of the City's older homes. This could bring the potential for displacement and substantial neighborhood change.

Exhibit 8. Housing Units by Age, Shoreline, 2018



Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018

Key Findings

- The households most likely to be cost burdened in Shoreline are **renters below 50% AMI**. Shoreline needs more dedicated affordable units serving renters in this income segment. This is best accomplished in partnership with nonprofit and public housing providers.
- Shoreline has an **overall housing shortage** that is part of a regional lack of supply. This has created upward pressure on prices, particularly in for-sale units. The current median home price may now be unaffordable for the typical Shoreline family.
- Rents have risen so that **renters between 50% and 80% AMI will now struggle to find affordable housing in Shoreline.** Renters above 80% AMI will now struggle to build sufficient savings to buy a home.
- Most of Shoreline's households consist of one or two people. Among these households there are two potential subgroups to consider for housing planning purposes – **seniors and young adults**. There is strong demonstrated demand for townhouses, which may be of interest to this demographic. There may be untapped demand for additional smaller housing types, such as cottage housing and small-lot single family development.
- Shoreline's **midcentury single family homes will be attractive for redevelopment** as prices rise. This will bring a shift toward more multifamily development in multifamily zones, and more high value, large homes in single family zones. As prices rise, Shoreline will likely attract more high-income households.

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Regulatory Review

This regulatory review provides an overview and assessment of Shoreline's current policies and programs intended to support the City's housing goals. This summary presents high level findings from the Regulatory Review Report, which is a standalone document that is included as an appendix to this HAP. Some findings and recommendations from this section are also included as tools in the Housing Toolkit.

Exhibit 9 illustrates how the objectives of the HAP are aligned with the goals and policies of the City of Shoreline's Comprehensive Plan Housing Element.

Exhibit 9. Shoreline Housing Element Alignment Goals and Objectives

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Housing Supply	**Goal H I:** Provide sufficient development capacity to accommodate the 20 year growth forecast and promote other goals, such as creating demand for transit and local businesses through increased residential density along arterials; and improved infrastructure, like sidewalks and stormwater treatment, through redevelopment.	**H3:** Encourage infill development on vacant or underutilized sites. **H4:** Consider housing cost and supply implications of proposed regulations and procedures. **H2:** Provide incentives to encourage residential development in commercial zones, especially those within proximity to transit, to support local businesses
Increase Variety of Housing Types	**Goal H II:** Encourage development of an appropriate mix of housing choices through innovative land use and well-crafted regulations.	**H1:** Encourage a variety of residential design alternatives that increase housing choice. **H5:** Promote working partnerships with public and private groups to plan and develop a range of housing choices. **H6:** Consider regulations that would allow cottage housing in residential areas, and revise the Development Code to allow and create standards for a wider variety of housing styles.

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
		H24: Explore the feasibility of implementing alternative neighborhood design concepts into the City's regulations.
	Goal H VI: Encourage and support a variety of housing opportunities for those with special needs, specifically older adults and people with disabilities.	**H26:** Support development of emergency, transitional, and permanent supportive housing with appropriate services for people with special needs, such as those fleeing domestic violence, throughout the city and region. **H27:** Support opportunities for older adults and people with disabilities to remain in the community as their housing needs change, by encouraging universal design or retrofitting homes for lifetime use.
Increase Supply of Housing Affordable to All Income Levels	**Goal H III:** Preserve and develop housing throughout the city that addresses the needs of all economic segments of the community, including underserved populations, such as households making less than 30% of Area Median Income.	**H7:** Create meaningful incentives to facilitate development of affordable housing in both residential and commercial zones, including consideration of exemptions from certain development standards in instances where strict application would make incentives infeasible. **H8:** Explore a variety and combination of incentives to encourage market rate and non-profit developers to build more units with deeper levels of affordability.
		H9: Explore the feasibility of creating a City housing trust fund for development of low-income housing. **H10:** Explore all available options for financing affordable housing, including private foundations and federal, state, and local programs, and assist local organizations with obtaining funding when appropriate **H11:** Encourage affordable housing availability in all neighborhoods throughout the city, particularly in proximity to transit, employment, and educational opportunities. **H13:** Consider revising the Property Tax Exemption (PTE) incentive to include an affordability requirement in areas of Shoreline where it is not currently required, and incorporate tiered levels so that a smaller percentage of units

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
		would be required if they were affordable to lower income households. **H15:** Identify and promote use of surplus public and quasi-publicly owned land for housing affordable to low- and moderate-income households **H16:** Educate the public about community benefits of affordable housing in order to promote acceptance of local proposals. **H17:** Advocate for regional and state initiatives to increase funding for housing affordability. **H18:** Consider mandating an affordability component in Light Rail Station Areas or other Transit-Oriented Communities. **H19:** Encourage, assist, and support non-profit agencies that construct, manage, and provide services for affordable housing and homelessness programs within the city. **H25:** Encourage, assist, and support social and health service organizations that offer housing programs for targeted populations. **H29:** Support the development of public and private, short-term and long-term housing and services for Shoreline's population of people who are homeless.
Increase Supply of Housing Affordable to All Income Levels (cont.)	**Goal H VII:** Collaborate with other jurisdictions and organizations to meet housing needs and address solutions that cross jurisdictional boundaries.	**H28:** Improve coordination among the County and other jurisdictions, housing and service providers, and funders to identify, promote, and implement local and regional strategies that increase housing opportunities. **H30:** Collaborate with King and Snohomish Counties, other neighboring jurisdictions, and the King County Housing Authority and Housing Development Consortium to assess housing needs, create affordable housing opportunities, and coordinate funding.

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
		H31: Partner with private and not-for-profit developers, social and health service agencies, funding institutions, and all levels of government to identify and address regional housing needs. **H32:** Work to increase the availability of public and private resources on a regional level for affordable housing and prevention of homelessness, including factors related to cost-burdened households, like availability of transit, food, health services, employment, and education. **H33:** Support and encourage legislation at the county, state, and federal levels that would promote the City's housing goals and policies.
Minimize Displacement of Low-Income Residents Resulting from Redevelopment		**H14:** Provide updated information to residents on affordable housing opportunities and first-time home ownership programs.
Support Preservation of Existing Housing	**Goal H IV:** "Protect and connect" residential neighborhoods so they retain identity and character, yet provide amenities that enhance quality of life.	**H12:** Encourage that any affordable housing funded in the city with public funds remains affordable for the longest possible term, with a minimum of 50 years. **H20:** Pursue public-private partnerships to preserve existing affordable housing stock and develop additional units. **H21:** Initiate and encourage equitable and inclusive community involvement that fosters civic pride and positive neighborhood image. **H22:** Continue to provide financial assistance to low-income residents for maintaining or repairing health and safety features of their homes through a housing rehabilitation program.
Additional Local Priorities	**Goal H IX:** Develop and employ strategies specifically intended to attract families with young children in order to support the school system.	

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
	Goal H V: Integrate new development with consideration to design and scale that complements existing neighborhoods, and provides effective transitions between different uses and intensities.	**H23:** Assure that site, landscaping, building, and design regulations create effective transitions between different land uses and densities.

While the Comprehensive Plan is generally well-aligned with the goals of the HAP, the Regulatory Review Report identifies two potential additions to the Comprehensive Plan to further enhance alignment.

- Add goal(s) and policies on minimizing displacement of low-income residents.
- Describe the connection of other Comprehensive Plan elements to housing goals (infrastructure investments, parks plans, and more, for example).

Regulatory Effectiveness

The City has employed several highly effective strategies to increase its housing supply, including a multifamily tax exemption (MFTE) program and several planned actions intended to lower the regulatory barriers to redevelopment. It also has several promising programs to increase affordable housing for low- and moderate-income renters, including inclusionary zoning in its station areas.

Several current programs are either underutilized or have the potential to be more effective with adjustments. The City's density bonus and parking reduction programs have not been well utilized. This may be explained by how specific programs are designed and/or a lack of awareness among the development community about all the incentives Shoreline offers. Clear marketing materials compiling all local incentives and demonstrating how they can benefit typical projects could bolster the effectiveness of multiple programs.

There are several opportunities to increase housing variety. These include revising requirements for ADUs, permitting cottage housing, and regulating residential areas based on form to afford more flexibility in the density and intensity of development.

In general, the most significant issues to address with new housing tools are serving very low-income households and minimizing displacement. Partnerships with local affordable housing and related service providers will be important in advancing these goals.

The matrix in **Exhibit 10** illustrates the relationship between the objectives of the HAP and Shoreline's current housing programs and policies. Current policies that could be improved are candidates for inclusion in the Housing Toolkit, and each of these areas are explored in detail in the following sections.

Exhibit 10. Shoreline Housing Tools Assessment Matrix

	Increase Housing Supply	Increase Housing Variety	Increase Affordable Housing Supply	Minimize Displacement	Preserve Existing Housing
Funding and Related Resources					
Multifamily Tax Exemption	● ↑	● ↑	● ↔		○ ↔
Permit Fee Waivers for Affordable Housing			○ ↔		
Sales and Use Tax Credit			○ ↔	● ↔	● ↔
Zoning Strategies					
Accessory Dwelling Units	○ ↔	● ↔	○ ↔	○ ↔	○ ↔
Deep Green Incentive Program					
Density Bonuses	● ↔		○ ↔		
Inclusionary Zoning			● ↑		
Parking Reductions	○ ↔		○ ↔		
Planned Action EIS	● ↑	○ ↑			

Tool Potential Score

- ● Can be highly effective to serve this objective
- ○ Can benefit this objective, but is not likely to have a major impact

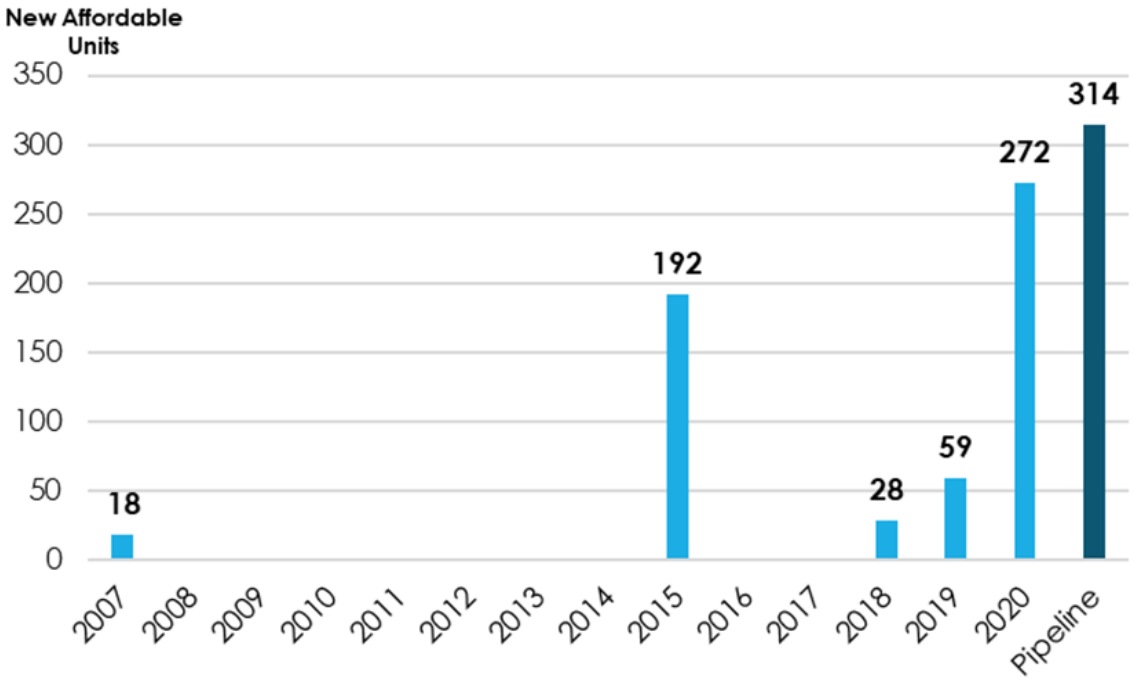
Shoreline Application Score

- ↑ Program is appropriately designed to achieve its potential, opportunities for improvement may boost impact
- ↔ Improvements are required to achieve potential

Increasing the Supply of Market Rate and Affordable Housing

Shoreline completed a significant upzone for its light rail station areas five years ago and saw an increase in townhouse development as a result. The first multifamily projects in the station areas are currently in the permitting and construction phases. The City also offers several incentives that allow developments to exceed standard densities through the provision of affordable housing units. **Exhibit 11** indicates that the MFTE program can be effective in encouraging development, as it has provided hundreds of affordable units in Shoreline in recent years, though program adjustments may be warranted to maximize the program's effectiveness in Shoreline.

Exhibit 11. Affordable MFTE Units by Year Built, Shoreline, 2007 – 2020



Source: City of Shoreline, 2020

Density bonuses and parking reductions are tools to support this objective but have not been well-utilized in Shoreline. Adjustments to these programs could support development, particularly in station areas.

Because Accessory Dwelling Units (ADUs) are built one unit at a time and are limited to yards or homes with sufficient space and homeowner interest, they are not likely to have add a significant number of housing units Citywide. However, they are beneficial insofar as they provide housing options that fit the needs of certain demographic segments of the population. There are several clear opportunities to encourage ADU development, which are detailed in following section on housing variety.

The above tools may suffer from a lack of awareness among developers, so comprehensive marketing efforts may benefit multiple housing objectives.

Increasing the Variety of Housing Types

The MFTE program is highly effective in encouraging denser multifamily development, particularly in areas with strong housing markets. Participation is uneven across target areas, and modifying the program to allow an 8-year exemption without an affordability requirement may be helpful to encourage development in areas where it has not occurred. Though waiving the affordability requirement would allow developers to benefit from the property tax exemption without providing affordable units, an 8-year option would still add to the City's housing stock and diversify its housing supply.

ADUs can add housing units in existing neighborhoods without adversely affecting neighborhood character. Reevaluating owner-occupancy requirements and parking requirements for ADUs are two opportunities for Shoreline to further encourage ADU development.

There are also opportunities to encourage "missing middle" housing types, including permitting cottage housing. The City should consider opportunities for both rental and home ownership, particularly smaller for-sale units that are of interest to demographic segments such as young adults and seniors, both of which are less likely to live with children. The City may also benefit from considering zoning adjustments to residential zones that regulate based on form and bulk, allowing greater flexibility for unit density.

Increasing Supply of Housing Affordable to All Income Levels

Shoreline has employed several effective tools to encourage housing that is affordable to households earning 70-80% of area median income (AMI). There is an opportunity to expand the inclusionary zoning program to include home ownership. There may also be an opportunity to enhance these tools to achieve a slightly deeper subsidy, though these tools are never sufficient on their own to serve households below 50% AMI. Households earning less than 50% AMI are also the most likely to face affordability challenges and the most vulnerable to housing insecurity.

Preserve Existing Housing

Preservation goals should be balanced with goals to increase the housing supply to avoid market imbalances. Specific preservation goals which may be appropriate for the housing toolkit include identifying strategies to maintain the affordability of dedicated affordable housing as it reaches the end of its compliance period. Another consideration is targeted preservation where the risk of displacement is high.

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Housing Toolkit & Action Plan

This section presents an initial Housing Toolkit, which is broad and includes policy options for consideration and potential implementation by the City of Shoreline. This section also includes an Action Plan based on a preliminary prioritization of certain Toolkit options. Toolkit options not currently selected for prioritization offer options for the City to consider in the future.

Toolkit At-A-Glance

The following list offers a high-level summary the Housing Toolkit and includes specific actions aligned with the HAP objectives. The list is based on opportunities for Shoreline that were identified in the regulatory review, as well as other housing tools available to Washington cities.

Increasing Housing Supply & Variety

- Action 1.1 "Missing Middle"-Friendly Zoning
- Action 1.2 Cottage Housing
- Action 1.3 Small Lot Single Family
- Action 1.4 Accessory Dwelling Units
- Action 1.5 Multifamily Tax Exemption
- Action 1.6 Parking Reductions
- Action 1.7 Planned Action EIS
- Action 1.8 Deep Green Incentive Program

Increasing Affordable Housing Supply

- 2.1 Moderate Income Housing Supply
  - Action 2.1.1 Development Agreements
  - Action 2.1.2 Density Bonuses
  - Action 2.1.3 Inclusionary Zoning
  - Action 2.1.4 Surplus Land and Property for Affordable Housing
  - Action 2.1.5 Density Bonus on Large Single-Family Lots
  - Action 2.1.6 Tiny Houses
- 2.2 Low Income Housing Supply
  - Action 2.2.1 Local Affordable Housing Levy
  - Action 2.2.2 Real Estate Excise Tax 2 (REET 2)
  - Action 2.2.3 Partner with Affordable Housing Providers
  - Action 2.2.4 Permit Fee Waivers for Affordable Housing
  - Action 2.2.5 Sales and Use Tax Credit

Affordable Home Ownership

- Action 3.1 Down Payment Assistance
- Action 3.2 Support Community Land Trusts
- Action 2.1.3 Inclusionary Zoning

Homeowner Stability & Minimizing Displacement

- Action 4.1 Homeowner Stability Program
- Action 4.2 Housing Incentive Marketing Program
- Action 4.3 Develop Short Term Rental Regulations for Houses, ADUs and/or Condos

Section 1:

Tools to Increase Housing Supply & Variety

Increasing housing supply is a critical need for Shoreline if it is to continue housing the people and their children who have historically called it home. New housing also can also support new retail and amenities for the city. Increasing housing variety is both necessary due to limited buildable land and desirable, because it allows the housing stock to naturally support people of different ages and incomes.

Action 1.1: Missing-Middle Friendly Zoning

Missing Middle-friendly zoning would modify current zones or create new ones that are more permissive of housing types that are denser than single family detached housing but smaller than 4 story apartment buildings. These types are generally 1 to 2.5 stories high, ranging up to 3 stories in some cases. Missing middle is invaluable housing due to its relative affordability, variable unit sizes appropriate for young people, seniors, and small families, enough density to encourage new retail development, and its ability to blend in within single family neighborhoods while adding potentially significant new housing supply. Missing middle housing is arguably the most powerful market-based tool the city has to encourage its housing supply and variety goals.

Grandfathered multifamily homes in Portland (Photo Credit: Sightline Institute)

Anacortes duplex (Photo Credit: Sightline Institute)

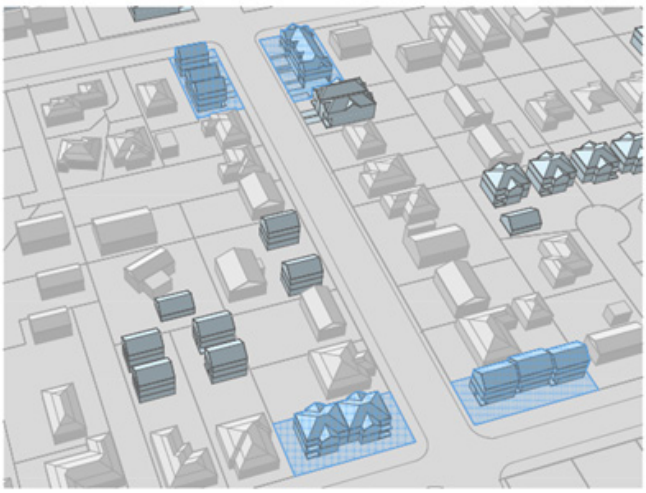
Implementation Considerations

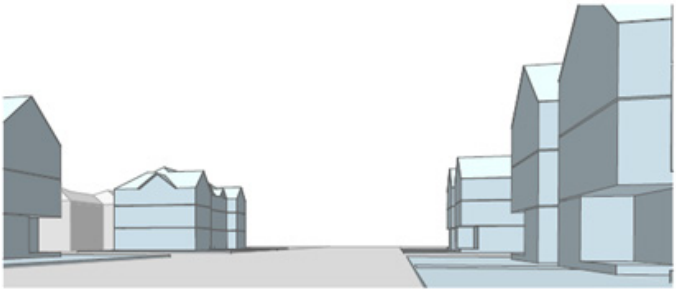
Important implementation considerations for this action, including the entity responsible for each action, the general timeframe for implementation and general level of public investment required.

The City's Department of Planning and Community Development would need to lead the design and implementation of missing middle-friendly zoning. Significant zoning changes require substantial political effort and coordination and would potentially take years to complete, depending on the scale of the changes. Public participation would need to be thorough, with special considerations taken to include the full breadth of the community in the process. Rezoning is a relatively affordable option as there is no continuing expense associated with it after the districts are revised/established, although rezones that significantly affect development capacity will need to be coordinated with the City's capital facilities plan to ensure adequate infrastructure and service provision.

Exhibit 12 presents a representation of how missing-middle housing units could fit with existing development patterns in Shoreline. **Exhibit 13** presents the regulatory provisions used to generate the illustration, which could be considered at implementation.

Exhibit 12. Missing-Middle Infill Representation





RESIDENTIAL ZONE	CURRENT	OPTION 1	MISSING MIDDLE AT CORNERS AND BLOCK ENDS
STANDARDS	R-6		
Base Density: Dwelling Units/Acre	6	none	Unit size 600sf min/2500sf max
Min. Density	4	4	
Min. Lot Width	50 ft	50 ft	
Min. Lot Area	7200	7200	
Min. Front Yard Setback	20 ft	20 ft	
Min. Rear Yard Setback	15 ft	15 ft	
Min. Side Yard Setback	5 ft min.	5 ft min.	
	30 ft	30 ft	
Height	(35 ft with pitched roof)	(35 ft with pitched roof)	
Distance between units		n/a	Units can be attached or detached
Max. Building Coverage	35%	35%	
Max Building Coverage	2520	2520	
Max Unit Count on Min Lot	1	12 studios/3 houses	
FAR (no. stories x lot coverage/lot size)	1.05	1	
Max. Hardscape	50%	50%	
Parking		1/.75/.5 per unit	

Exhibit 13. Missing Middle Regulatory Provisions

RESIDENTIAL ZONE	CURRENT	OPTION 1	MISSING MIDDLE' AT CORNERS AND BLOCK ENDS
STANDARDS	R-6		
Base Density: Dwelling Units/Acre	6	none	Unit size 600sf min/2500sf max
Min. Density	4	4	
Min. Lot Width	50 ft	50 ft	
Min. Lot Area	7200	7200	
Min. Front Yard Setback	20 ft	20 ft	
Min. Rear Yard Setback	15 ft	15 ft	
Min. Side Yard Setback	5 ft min.	5 ft min.	
	30 ft	30 ft	
Height	(35 ft with pitched roof)	(35 ft with pitched roof)	
Distance between units		n/a	Units can be attached or detached
Max. Building Coverage	35%	35%	
Max Building Coverage	2520	2520	
Max Unit Count on Min Lot	1	12 studios/3 houses	
FAR (no. stories x lot coverage/lot size)	1.05	1	
Max. Hardscape	50%	50%	
Parking		1/.75/.5 per unit	

Performance Measures

Some major efficacy metrics the City should track include the number of raw and net units built in newly legal missing middle housing types, number of lots redeveloped, mean new unit square footage (by housing type if possible), and average new unit price (by housing type if possible). Some other revealing metrics would include the size of property assemblages for new development in lots or acres and new units produced by type. The former is useful, because smaller assemblages signify economic competitiveness at smaller scales, which facilitates small developer participation, promotes visual variety in the new housing stock, and reduces the development's visual impact in any one location. New units by type allows the city to determine whether one middle type is dominant so a response (or lack thereof) could be considered.

Action 1.2: Cottage Housing

Cottage Housing is a type of missing middle housing that generally allows for small 1 or 2 story houses that may be attached or detached that may not have a backyard but instead are arranged around a common interior courtyard. Houses are small, generally 700-1,200sf. Those dimensions may allow for naturally moderate-income housing that is well suited to seniors and small families. They blend easily in single family neighborhoods, appearing similarly to two single family houses from the street, and they fit well into large lots or assemblages of 2-3 small lots. Those characteristics mean that Cottage Housing meets housing supply and variety goals.

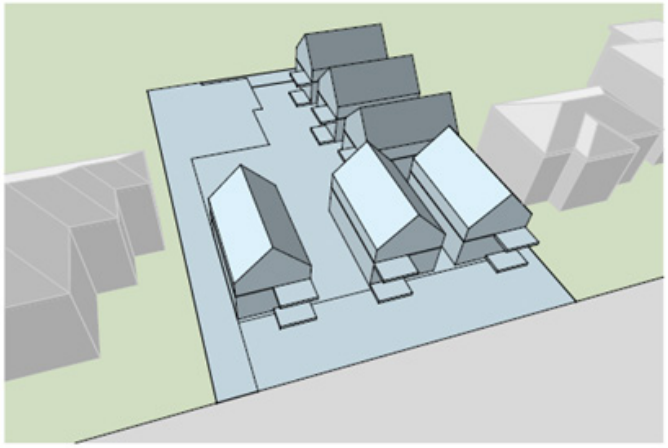
Cottage cluster. (Photo Credit: Sightline Institute)

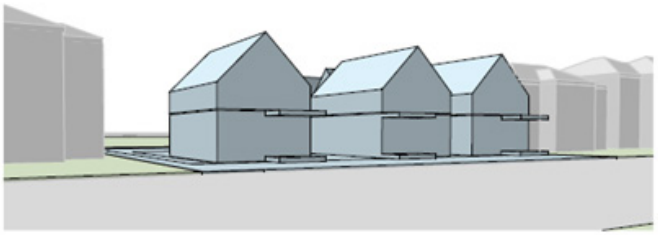
Implementation Considerations

Implementation considerations would be the same as in for Missing Middle-Friendly Zoning, but possibly easier due to the smaller zoning change.

Exhibit 14 presents a representation of how cottage housing units could fit with existing development patterns in Shoreline. **Exhibit 15** presents the regulatory provisions used to generate the illustration, which could be considered at implementation.

Exhibit 14. Cottage Housing Design Representation





RESIDENTIAL ZONE	CURRENT	OPTION 3	COTTAGE CLUSTERS *Info from past ordinance and other model codes
STANDARDS	8x6		
Base Density: Dwelling Units/Acre	6	18	Zoning by Dwelling Units per Acre reduces opportunity for smaller, more affordable units. Maximum unit size 1500 sf
Min. Density	4	4	
Min. Lot Width	50 ft	100'	
Min. Lot Area	7200	14400	Density limit 1:2400sf of lot area
Min. Front Yard Setback	20 ft	20'	
			Street fronting units shall have a covered front porch or entry of a minimum 60 sq ft, minimum dimension of 7' in any direction. Can encroach into front yard setback 5'
Min. Rear Yard Setback	15 ft	10'	
Min. Side Yard Setback	5 ft min.	5 ft min.	
	30 ft	18'	
Height	(35 ft with pitched roof)	25' with a pitched roof	Reduced height
Distance between units		7' for detached units.	Reduced distance between cottages can be put toward larger common areas. Duplexes allowed
Max. Building Coverage	35%	45%	
Max Building Coverage	2520	6480	
Max Unit Count on Min Lot	1	6	
FAR (no. stories x lot coverage/lot size)	1.05	0.5	Substantial downzone of total building bulk.
Max. Hardscape	50%	60%	
Open Space		250sf per unit	Can be in common area. Common area, minium dimension 15'
Parking		1 per unit	

Exhibit 15. Cottage Housing Regulatory Provisions

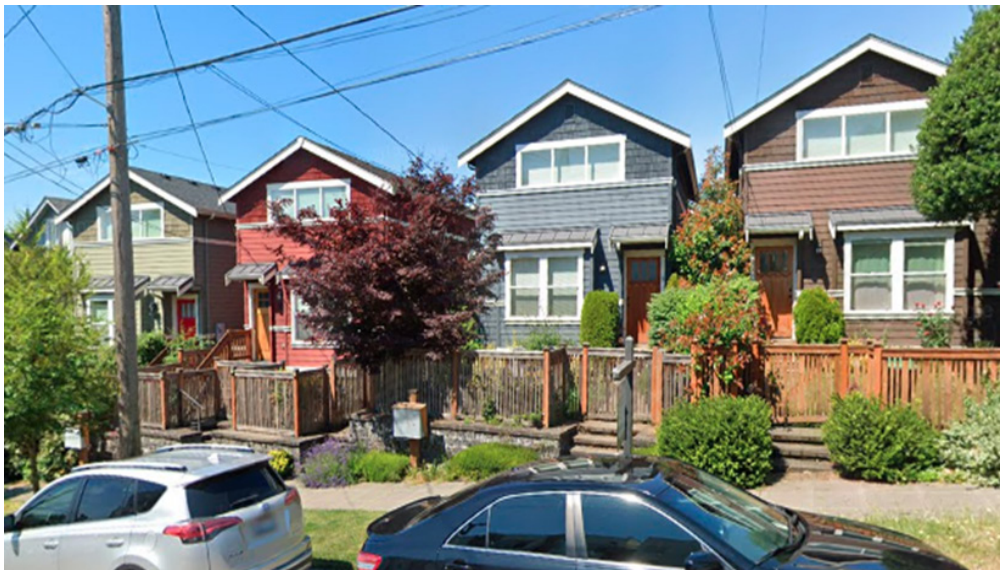
RESIDENTIAL ZONE	CURRENT	OPTION 3	COTTAGE CLUSTERS *info from past ordinance and other model codes
STANDARDS	R-6		
Base Density: Dwelling Units/Acre	6	18	Zoning by Dwelling Units per Acre reduces opportunity for smaller, more affordable units. Maximum unit size 1500 sf
Min. Density	4	4	
Min. Lot Width	50 ft	100'	
Min. Lot Area	7200	14400	Density limit 1:2400sf of lot area
Min. Front Yard Setback	20 ft	20'	
			Street fronting units shall have a covered front porch or entry of a minimum 60 sq ft, minimum dimension of 7' in any direction. Can encroach into front yard setback 5'
Min. Rear Yard Setback	15 ft	10'	
Min. Side Yard Setback	5 ft min.	5 ft min.	
	30 ft	18'	
Height	(35 ft with pitched roof)	25' with a pitched roof	Reduced height
Distance between units		7' for detached units.	Reduced distance between cottages can be put toward larger common areas. Duplexes allowed
Max. Building Coverage	35%	45%	
Max Building Coverage	2520	6480	
Max Unit Count on Min Lot	1	6	
FAR (no. stories x lot coverage/lot size)	1.05	0.5	Substantial downzone of total building bulk.
Max. Hardscape	50%	60%	
Open Space		250sf per unit	Can be in common area. Common area, minium dimension 15'
Parking		1 per unit	

Performance Measures

Performance measures would be similar to those prescribed for Missing Middle Housing.

Action 1.3: Small-Lot Single Family

Small Lot Single Family is a type of missing middle housing that is essentially a compact version of a single family detached home. They use smaller lot sizes and building footprints and are generally a middle ground between single family detached and townhouses. They would be regulated similarly to traditional single family homes but would have smaller setbacks and higher lot coverage and floor area ratio. These houses would blend in easily with established neighborhoods while boosting housing supply and variety.



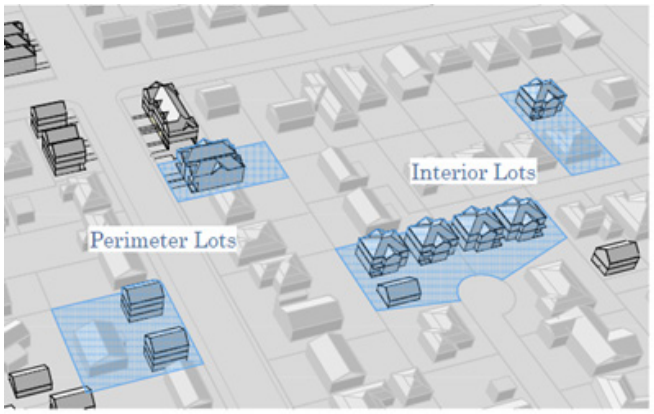
Four of eight small lot single family homes in Seattle. (Photo Credit: Google Street View)

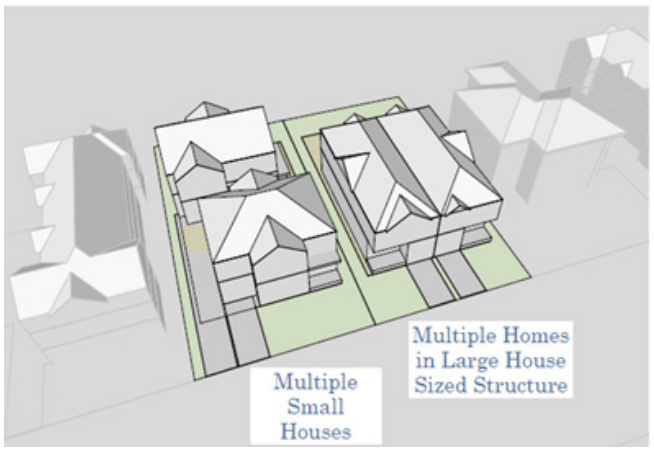
Implementation Considerations

Implementation considerations would be the same as in for Missing Middle-Friendly Zoning, but likely politically easier than other middle types and specifically cottage housing due to the smaller zoning change. There will be upfront costs in changing the regulations but no long-term costs.

Exhibit 16 presents a representation of how small lot single family housing units could fit with existing development patterns in Shoreline. **Exhibit 17** presents the regulatory provisions used to generate the illustration, which could be considered at implementation.

Exhibit 16. Small Lot Single Family Design Representation





RESIDENTIAL ZONE	CURRENT	OPTION 2	SMALL LOT DETACHED HOUSES AND TWO/THREE UNIT HOUSES
STANDARDS	8-6		
Base Density: Dwelling Units/Acre	6	12	Zoning by Dwelling Units per Acre reduces opportunity for smaller, more affordable units.
Min. Density	4	4	
Min. Lot Width	50 ft	50 ft	
Min. Lot Area	7200	7200	Density limit 1:3600sf of lot area
Min. Front Yard Setback	20 ft	20'	
Min. Rear Yard Setback	15 ft	10'	
Min. Side Yard Setback	5 ft min.	5 ft min.	
	30 ft	30 ft	
Height	(35 ft with pitched roof)	(35 ft with pitched roof)	
Distance between units			Units can be attached. If detached, minimum is 10' wall to wall
Max. Building Coverage	35%	40%	Increasing building coverage, reduces need to build 3rd stories, and to demolish existing one story houses.
Max Building Coverage	2520	2880	
Max Unit Count on Min Lot	1	2	
FAR (no. stories x lot coverage/lot size)	1.05	0.8	Slight downzone of total building bulk.
Max. Hardscape	50%	55%	
Parking			

Exhibit 17. Small Lot Single Family Regulatory Provisions

RESIDENTIAL ZONE	CURRENT	OPTION 2	SMALL LOT DETACHED HOUSES AND TWO/THREE UNIT HOUSES
STANDARDS	R-6		
Base Density: Dwelling Units/Acre	6	12	Zoning by Dwelling Units per Acre reduces opportunity for smaller, more affordable units.
Min. Density	4	4	
Min. Lot Width	50 ft	50 ft	
Min. Lot Area	7200	7200	Density limit 1:3600sf of lot area
Min. Front Yard Setback	20 ft	20'	
Min. Rear Yard Setback	15 ft	10'	
Min. Side Yard Setback	5 ft min.	5 ft min.	
	30 ft	30 ft	
Height	(35 ft with pitched roof)	(35 ft with pitched roof)	
Distance between units			Units can be attached. If detached, minimum is 10' wall to wall
Max. Building Coverage	35%	40%	Increasing building coverage, reduces need to build 3rd stories, and to demolish existing one story houses.
Max Building Coverage	2520	2880	
Max Unit Count on Min Lot	1	2	
FAR (no. stories x lot coverage/lot size)	1.05	0.8	Slight downzone of total building bulk.
Max. Hardscape	50%	55%	
Parking			

Performance Measures

Performance measures would be similar to those prescribed for Missing Middle Housing.

Action 1.4: Accessory Dwelling Units

Accessory Dwelling Units (ADUs) are housing units that share a lot with another housing structure, typically a single family detached home. Structures are smaller than the main housing unit and can be attached or detached from the main structure. They expand housing supply and promote affordability and variety through their smaller sizes. Potential options to increase ADU housing production would be to ease parking requirements, eliminate the owner-occupancy requirement, create pre-approved ADU designs, expand homeowner awareness, and allow two units instead of one per lot.

Seattle backyard detached ADU. (Photo Credit: Sightline Institute)

Implementation Considerations

The City's Department of Planning & Community Development would need to drive any changes to ADU regulations. This effort may require less effort to plan and execute than actions 1.1-1.3 but could still require 1-2 years of effort to enact. There will be upfront costs in changing the regulations but no long term costs.

Performance Measures

Performance measures could include annual units built before and after regulatory reforms and their average size and price.

Action 1.5: Multifamily Tax Exemption

The Multifamily Tax Exemption (MFTE) is a current policy that gives developers a 12-year property tax break for projects that rent at least 20% of their units to income-qualified households for 12 years or in perpetuity within the station areas. The city may want to consider deepening the affordability required in areas where the program is currently most heavily utilized while raising the income cap to 100% of area median income (AMI) in locations that have seen little development from the program. The deeper affordability may be worth considering, because rent for 80% of King County's AMI is close to market rent in Shoreline, so the current policy may be bringing subsidized units online that are renting for close to the unsubsidized rate. This policy boosts the number of rental units provided while also ensuring a supply of moderate-income housing.

Implementation Considerations

The City's Department of Planning & Community Development would study market trends and revise the regulations. The timeframe for implementation could be 6 months to a year. There are few direct costs from the program, but there are opportunity costs associated with a tax break.

Performance Measures

Key metrics include number of units delivered, average unit size, and average affordable unit price as compared to Shoreline's mean rent.

Action 1.6: Parking Reductions

Shoreline currently offers parking reductions for developers when affordable housing is provided, if the project is multifamily within a quarter mile of a future light rail station, or providing other public benefits. Parking, especially underground and structured parking, is expensive, and so reducing it stimulates housing construction and can increase the affordable housing stock. The program could be potentially improved by establishing clear criteria for estimating a potential parking reduction, completing a parking demand study to evaluate whether current parking requirements could be lowered, and unbundling parking from rent so that tenants without cars do not subsidize tenants that have them.

Implementation Considerations

The City's Department of Planning & Community Development and possible the Department of Public Works would study parking demand and revise the regulations. The timeframe for implementation could be 6 months to a year. The program carries little public cost aside from the initial study and public parking enforcement in the future.

Performance Measures

The City should study the parking utilization rate across the city and specifically in affordable and transit-oriented developments. They should also record it whenever a developer builds more than the allowed amount of parking.

Action 1.7: Planned Action EIS

Planned Action EIS allows the city to complete an environmental impact statement for an entire subarea before development takes place. All development in that area is then exempted for SEPA provided that it complies with the area plan. This streamlines development, encouraging new housing supply and potentially housing variety. Shoreline used the policy for transit-oriented development along its upcoming light rail line. It can build on its successes by revisiting plans regularly and revising as needed and evaluating opportunities for new subareas over time.

Implementation Considerations

The City's Department of Planning & Community Development would lead the EIS process. The timeframe would be 6 months to a year for a new Planned Action EIS, possibly shorter to revise a current one. There will be up front administration costs but no long term burdens.

Performance Measures

The City should measure average time to development approval, including lawsuit resolution, of projects within its Planned EIS against others in the city.

Action 1.8: Deep Green Incentive Program

The Deep Green Incentive Program (DGIP) is a program designed to encourage green building projects by offering fee waivers, density bonuses, and lower parking requirements. It is more of an environmental program than a housing one, but it could still do more to promote new housing with smaller minimum lot sizes, and further lowering parking requirements.

Implementation Considerations

The City's Department of Planning & Community Development would lead any changes to the program.

Performance Measures

Units created and average square footage and price are useful indicators of the amount and kind of housing this proposal creates.

Section 2.1:

Tools to Increase Moderate Income Housing Supply

Twelve percent of Shoreline's households earn 80-100% of AMI and another 12.59% of households earn between 50% and 80% of AMI. The former group should require no subsidy in a balanced market, while most of the latter (60-80% of AMI) require mild subsidy to house. These moderate-income groups benefit from different policies than low-income residents. Pure housing supply and variety additions mentioned in the first strategy can serve some of the 80% to 100% population, especially in the for-sale market. The lower range of the 80% to 100% group and all the 60% to 80% population benefit from policy specifically targeted to deliver "workforce housing". These policies typically involve tradeoffs between the city and private sector that provide mildly subsidized units with no ongoing funding commitment from the city. The policies are not sufficient to house everyone in Shoreline, but they are a significant portion of a balanced housing strategy.

Action 2.1.1: Developement Agreements

Development agreements are voluntary, negotiated contracts between the City and developer establishing standards and public benefits the development will provide. The City requires development agreements for density bonuses in the MUR-70' zone. The current policy is a valuable tool for securing new workforce housing, but the city could possibly get more affordable housing (30%-50% of AMI) and get developers to offer something like a right of first refusal to current residents to mitigate displacement.

Implementation Considerations

The City Manager's Office may be the natural leader in a city negotiation, but the Department of Planning & Community Development could inform negotiations. Negotiations may last one to six months per project. Costs would be low, and none would be ongoing.

Performance Measures

Unit count and number of new units at different levels of affordability should be tracked.

Action 2.1.2: Density Bonuses

The city currently offers a bonus of up to 50% over base zoning if additional units are dedicated as affordable to households earning less than 80% of Area Median Income (AMI). It does not apply to single family projects on lots that can only accommodate one unit and is only relevant in residential zones where density limits apply. This could be improved by conducting a pro forma analysis to test if the program offers sufficient incentive to offset the costs of affordable development and if more affordability could be required without overly disincentivizing developers. The city should also clarify that bonus awards supersede other constraints such as minimum lot and height requirements and not just FAR. Finally, the city should permit density bonuses to be combined with the MFTE.

Implementation Considerations

The Department of Planning & Community Development should lead or commission the pro forma study and write the regulatory changes. Implementation time may be roughly a year, although allowing density bonuses to be combined with the MFTE could be done faster. Costs and public input required would be low.

Performance Measures

Bonus-granted unit count and number of new units at different levels of affordability should be tracked.

Action 2.1.3: Inclusionary Zoning

Inclusionary zoning programs require developers to either provide affordable units within a development or provide an in-lieu fee. Shoreline already uses this in some of its zones, and all projects with inclusionary requirements benefit from not having density limits, the 12-year MFTE, reduced permit fees, and reduced impact fees. The policy directly creates affordable housing in a semi-standardized manner. The program could be improved by tracking participation over time and adjusting incentives as needed. Finally, the requirements could be revised so that developers could offer fewer units in exchange for more 2- and 3-bedroom ones suitable for families.

Inclusionary zoning programs can also be tailored to target for-sale housing, requiring affordable for-sale units in larger developments. Affordable units provided through inclusionary zoning are deed restricted in perpetuity to preserve affordability.

Implementation Considerations

The Department of Planning & Community Development should track and review construction in IZ areas and write any needed regulatory changes. Implementation time may be roughly a year. Costs and public input required would be low.

Performance Measures

Affordable units created broken out by number of bedrooms would be a key metric to track. The City should also monitor number of projects built in IZ areas against the rest of the city to see if developers view the regulatory and incentives package as a net gain or loss to them.

Action 2.1.4: Surplus Land and Property for Affordable Housing

The City is allowed to lease or sell underutilized land it already owns to developers for affordable housing. Under RCW 39.33.015, public agencies may sell land at a discount if it is to be used for housing people at or below 80% of AMI. Selling surplus land is an excellent opportunity for the city to develop low- or mixed-income housing, as its ability to sell below market rate makes projects possible that could not be done under ordinary circumstances. The city could ensure it's using this powerful tool more effectively by inventorying potentially available land across all city departments and ranking for potential future development. It should consider adaptive reuse possibilities and not just empty lots. When it finds a build site, the city should partner with a third party such as a nonprofit developer to build out the site as efficiently as possible. The city should also look for deep affordability in surplus land projects, because it offers perhaps the clearest path towards producing significant numbers of deeply affordable units of any policy listed here.

Implementation Considerations

The Department of Planning & Community Development should lead in conducting the inventory but should coordinate with other departments to find city-owned lots, potentially with the help of the city manager's office. Implementation time for the inventory could be 1-3 months and 2-3 years to unit delivery. Costs and public input required would be low.

Performance Measures

Affordable units created broken out by number of bedrooms would be a key metric to track.

Action 2.1.5: Density Bonus on Large Single-Family Lots

A density bonus amendment has been proposed that would permit adding an additional, separate living unit (not an ADU) to qualifying lots in residential zones R-4 through R-48. The new unit would need to be smaller and less intrusive than the existing one. Height would be limited to 20 feet at the rooftop and two parking spots would be required per house. Houses within a half-mile of transit or that offer at least two level 2 electric vehicle chargers per new unit would qualify for a 50% parking reduction. The proposal could potentially be improved by removing parking requirements in station areas and making setbacks more flexible when concerning a second ADU. This proposal could support increased housing supply and variety.

ADU approximating the proposed new houses. (Photo Credit: Sightline Institute)

Implementation Considerations

The Department of Planning & Community Development would lead policy implementation, which may require roughly a year. Costs would be low, but the policy would require public input similar to a zoning change.

Performance Measures

Bonus-granted unit count and number of new units at different levels of affordability should be tracked

Action 2.1.6: Tiny Houses

Tiny houses are very small houses, typically ranging from 100 to 800 square feet. They are single detached units that may be built as permanent structures or integrated into trailers. Construction costs are lower than traditional housing, and their small size may be attractive to seniors looking to downsize. They can be either rented or sold. Tiny houses can be accessory dwellings or developed as clusters. In this manner, they are related to ADUs and cottage housing. They add to housing supply and variety, and their small size means that they will be naturally relatively affordable and potentially a good fit for young singles or downsizing seniors.

Tiny house cluster. (Photo Credit: Sightline Institute)

Implementation Considerations

The City's Department of Planning & Community Development would need to lead the design and implementation of creating or revising zones to accommodate tiny houses. If the City chose to allow them to be built on trailers, it would need to distinguish them from RVs and determine if permanent water and sewer hookups would be required. Public participation for zoning code changes would need to be thorough, with special considerations taken to include the full breadth of the community in the process. . That could take 1-2 years of sustained effort. A smaller tweak such as allowing tiny homes to be ADUs could be done with much less public outreach and time. That change could likely be made in less than a year.

Performance Measures

The number of units delivered, price, and whether they came as ADUs or fully independent houses would be the most useful evaluation metrics.

Section 2.2:

Tools to Increase Low Income Housing Supply

Twenty seven percent of Shoreline's residents earn less than or equal to 50% or AMI, and 16% of all residents earn less than or equal to 30% of AMI. This substantial subsection of the population is nearly impossible to serve with the above policies targeted towards moderate income households. The distinct needs of this group require direct subsidies, creative use of land, and/or development partnerships to serve adequately. The below actions show ways it can be done.

Action 2.2.1: Local Affordable Housing Levy

Voters can authorize a levy of up to $.50 per $1,000 of assessed value for 10 years to finance affordable housing households at or under 50% AMI. Financing can cover construction, owner-occupied home repair, and foreclosure prevention programs. Although it is listed here as a low-income supporting policy, the tax has significant flexibility and could just as easily be a homeowner stability policy. Regardless of how the city would choose to use it, levy funds should be paired with other programs such as MFTE or the Homeowner Stability Program and potentially third parties in the public and private sectors to maximize the funds' impact.

Implementation Considerations

The City Council is best positioned to lead the process for passing a new levy. Unlike a zoning change, the levy would require relatively little public funding or official outreach before the levy's passage, but it would have at least a decade of sustained costs to city residents.

Performance Measures

Units created, mean price, and mean size would be the most important metrics if the funds were used to build housing. Housing stability efficacy would be more difficult to measure, but number of households that received funds and the average disbursement may be useful.

Action 2.2.2: Real Estate Excise Tax 2 (REET 2)

Real Estate Excise Tax 2 (REET 2) is an additional .25% tax that Shoreline could impose on home sales. Funds can be used for capital projects identified in the city's facilities plan element. A quarter of that money may go towards affordable housing until January 1st, 2026. The city could use money from this tax to incentivize MFTE developers to deepen affordability from workforce housing to low income (30%-50% of AMI). The city could also use the money to assist nonprofit developers.

Implementation Considerations

The City Council is best positioned to lead the process for passing a new levy. Unlike a zoning change, the levy would require relatively little public funding or official outreach before the levy's passage, but it would impose sustained costs to city residents.

Performance Measures

Units created, mean price, and mean size would be the most important metrics.

Action 2.2.3: Partner with Affordable Housing Providers

The City may establish relationships with local affordable housing providers, including King County Housing Authority, Compass Housing Alliance, and Catholic Housing Services. These providers have additional knowledge and resources not available to the City. They are the best positioned to serve extremely low-income households, including people experiencing homelessness and people with disabilities. Nonprofit developers represent a valuable knowledge source to supplement institutional knowledge in how to best create and maintain affordable housing.

Implementation Considerations

The Department of Planning & Community Development and Recreation, Culture and Community Services Department would be responsible for most interactions with affordable housing developers. There would be little to no direct costs in money or time and no need for public engagement.

Performance Measures

Quantitative metrics are unsuitable for measuring this action's impact.

Action 2.2.4: Permit Fee Waivers for Affordable Housing

Developers currently may apply to have permitting fees waived for projects serving renters at or below 60% AMI anywhere in Shoreline. Savings vary depending on the project, and the planning director has discretion over the exact amount. The program is rarely used though, and so the city should conduct a pro forma analysis to test if the program offers sufficient incentive. The affordability requirement may need to be adjusted in terms of depth of affordability and number of units.

Implementation Considerations

The Department of Planning & Community Development would conduct or contract out the pro forma. The costs would be low and require less than a year to complete.

Performance Measures

Any additional units created after adjusting the affordability requirements would show some level of efficacy.

Action 2.2.5: Sales and use Tax Credit

Shoreline passed an ordinance to impose a .0073% sales and use tax credited against the state sales tax to be used for housing investments in late 2019. (SMC 3.17) The fund is estimated to provide up to $85,929 per year for up to 20 years. 2020 revenues will be reduced due to COVID-19 impacts. The City should now establish priorities for the funds' use. It should consider pooling funds with other jurisdictions or public housing authorities.

Implementation Considerations

The Recreation, Culture and Community Services Department should have input on how the money will be spent.

Performance Measures

The City should track where exactly the money was spent.

Section 3:

Tools to Promote Affordable Home Ownership

Homeownership is a well-established means for residents to build wealth and provide housing stability. While it is too expensive for some to afford to own, there are people who could afford to buy with some assistance. Others are at risk of losing their home but could have their precarious position stabilized with some support. The policies below are ways to extend homeownership to as much of the population as possible and support those who already own homes.

Action 3.1: Down Payment Assistance

The Washington State Housing Finance Commission offers down payment assistance for income qualified people. The assistance typically involves a loan covering a portion of the down payment that is repaid when the house is next sold. Recipients are required to take a homebuyer education class in addition to meeting income requirements to qualify. The City can provide information on these programs to potential homeowners, especially low-income residents, and potential first-time homebuyers.

Implementation Considerations

The Department of Planning & Community Development could create flyers to be brought to meetings and distributed to community centers or mailed to residents and add web content explaining the policy. Implementation costs, time, and need for public involvement are all low.

Action 3.2: Support Community Land Trusts

Community Land Trust (CLTs) offer a form of affordable home ownership. The land trust buys land, builds or renovates housing, and then sells the structures while leasing the land. The houses are sold with deed restrictions, which combined with the commonly held land allow for residents to build equity while keeping costs affordable. CLTs are a way of offering homeownership to low and lower-middle income people and can offer long term stability and the opportunity to use equity to move up the housing ladder. The City should consider eliminating permit fees or allowing other subsidies like reduced parking requirements or density bonuses to promote CLT growth. CLT's could also be a viable partner or candidate to develop surplus public land.

Implementation Considerations

The Department of Planning & Community Development could advertise willingness to work with CLTs and take steps to ensure existing or potential new CLTs are aware of any public land sales the city may execute. This action requires few resources or public participation to execute.

Performance Measures

If a CLT ultimately develops city owned land, then units developed, average unit size and price are important metrics to measure. If possible, it would be beneficial to know how many CLT homeowners were Shoreline residents before a development's construction.

Section 4:

Tools to Promote Homeowner Stability and Minimize Displacement

Action 4.1: Homeowner Stability Program

The city could minimize displacement with a series of homeowner-directed policies including:

Foreclosure intervention counseling- Foreclosure intervention counselors serve as intermediaries between struggling homeowners and financial institutions to facilitate refinanced loans, budgeting assistance, or repairing credit scores. Affordable housing funds can support these efforts, and community land trusts could buy foreclosed properties to keep residents in place.

Home rehabilitation assistance – City money, such as funds from the Sales and Use Tax, would be provided to low-income homeowners for critical repairs, weatherization, tree preservation services, and potential efficiency upgrades to keep homes habitable.

Mobile Home Relocation Assistance- The state Department of Commerce offers a program that provides

Implementation Considerations

The Recreation, Culture and Community Services Department should determine the costs of creating the above programs and administer them. Each carries ongoing costs that are variable with the city's level of commitment. It would require several months to 2 years of preparation to establish the programs but little public involvement.

Action 4.2: Housing Incentive Marketing Program

The Housing Incentive Market Program is unique among the actions in that it supports multiple priorities relatively equally. Shoreline already has numerous housing programs and adopting the above actions would grow that number. Any housing program can only be effective if it is used, and some may remain obscure if nothing is done to market them. Shoreline could create a website where developers and residents could easily view and understand the city's affordable housing policy landscape and how it effects different areas. The website can both help people understand policy and present a positive vision for what the programs are meant to achieve. This should include practical, simple demonstrations of how multiple programs can layer to benefit a typical development.

Implementation Considerations

The Department of Planning & Community Development would create the website's content and either a consultant or the Administrative Service Department would create the website itself. There would be little need for public involvement, but there could be considerable upfront costs in creating the site.

Performance Measures

Webpage hits could measure the program's usage.

Action 4.3: Short-Term Rental Regulations

Short-term rentals are sometimes perceived to have a negative impact on the availability of housing for full-time residents, as investors may purchase properties to rent them to visitors and others will short-term needs. This could create displacement pressure, and is also related to issues of housing supply. Some jurisdictions, particularly in places with higher levels of tourism and visitation, have taken steps to regulate or even ban short-term rentals in an effort to maintain existing housing stock to meet the needs of their residents. Shoreline could consider such regulations if it determined that short-term rentals are negatively impacting housing availability for full-time residents.

Implementation Considerations

Shoreline should analyze the impact of short-term rentals on housing availability and housing price before determining whether such regulations are necessary. Short-term rentals can have positive economic impacts by increasing visitation and visitor spending at local businesses. If such regulations are deemed necessary and appropriate for Shoreline, the City may consider tailoring the regulations to apply only in places that are at a higher risk of displacement or that are not equipped to handle high levels of visitation. The magnitude of the short-term rental market in Shoreline is currently unknown.

Near Term Action Plan

General Tools

Tool and Description	Funding Required	Level of Effort	Type	PC Priority
Update Deep Green Incentive Program - streamline, expand eligibility, innovative construction materials like CLT	No	*	Incentive	Highly Recommended
Promote and Market Shoreline's Housing Incentives to Developers	No	*	Outreach	Recommended
Promote Down Payment Assistance Program from Washington State Housing Finance Comm.	No	*	Outreach	Recommended
Homeowner Stability Program - Interventions and Financial Assistance	Yes	**	City Program	Recommended

New Development Types

Tool and Description	Funding Required	Level of Effort	Type	PC Priority
Develop Cottage Housing Regulations	Yes	***	Regulation	Highly Recommended
Develop Standards for Small Lot Single Family Development	Yes	**	Regulation	Highly Recommended
Develop "Missing Middle'-Friendly Zoning	Yes	***	Regulation	Highly Recommended
Update Residential Zone Density Bonus Regulations	No	*	Incentive	Recommended
Density Bonus for Additional Houses on Single Family Lots	Yes	**	Incentive	Recommended
Develop Regulations to Allow Tiny Houses in SF Zones	No	**	Regulation	Not Currently Prioritized

Support for Affordable Housing Developers

Tool and Description	Funding Required	Level of Effort	Type	PC Priority
Partner with Affordable Housing Providers	No	*	City Program	Highly Recommended
Support Community Land Trusts through incentives or partnerships	No	*	City Program	Highly Recommended
Identify Surplus City Property for Development of Affordable Housing	No	*	Incentive	Highly Recommended
Update Parking Reduction Regulations - review and streamline	No	**	Incentive	Recommended
Update Multifamily Tax Exemption (MFTE) - lower rents, longer term	No	**	Incentive/ City Program	Not Currently Prioritized
Update Permit Fee Waivers for Affordable Housing	No	*	Incentive	Not Currently Prioritized
Expand use of Development Agreements for Affordable Housing	No	*	Incentive	Not Currently Prioritized

Other Regulations

Tool and Description	Funding Req'd?	Level of Effort	Type	PC Priority
Modify Accessory Dwelling Unit Regulations - ownership, parking, etc.	No	**	Regulation	Recommended
Update Inclusionary Zoning (required affordability) to include ownership condos and townhouses	Yes	***	City Program	Recommended
Maintain Planned Action EIS environmental analysis	Yes	**	Incentive	Not Currently Prioritized
Update Inclusionary Zoning (required affordability) to include Incentives for affordable family sized units	No	*	Incentive	Not Currently Prioritized
Develop Short Term Rental Regulations for houses, ADUs and/or Condos	Yes	***	Regulation/ City Program	Not Currently Prioritized

Funding Tools

Tool and Description	Funding Req'd?	Level of Effort	Type	PC Priority
Prioritize funds raised from Sales and Use Tax Credit	No	*	Revenue	Not Currently Prioritized
Develop and Campaign for a Local Affordable Housing Levy ballot measure	Yes	***	Revenue	Not Currently Prioritized
Impose an additional Real Estate Excise Tax 2 (REET 2) on home sales	Yes	*	Revenue	Not Recommended
Density Bonus for Additional Houses on Single Family Lots	Yes	**	Incentive	Recommended
Develop "Missing Middle"-Friendly Zoning	Yes	***	Regulation	Not Currently Prioritized
Develop Regulations to Allow Tiny Houses in SF Zones	No	**	Regulation	Not Currently Prioritized

Note: Level of Effort: * = Low ** = Medium *** = High

Funding Required: This refers to the need for funding to be allocated to hire consultants to implement this tool. Note that while funding for outside assistance may not be required for all of the high priority actions, staff time will be required for implementation. In some cases, funding may need to be allocated to amplify staff capacity or provide technical expertise.

High Implementation Priorities

At this point in time, the following are identified as high priorities for near-term implementation:

- **Update the Deep Green Incentive Program**
- **Develop Cottage Housing Regulations**
- **Develop 'Missing Middle'-Friendly Zoning**
- **Develop Standards for Small Lot Single Family Development**
- **Partner with Affordable Housing Providers**
- **Support Community Land Trusts through Incentives or Partnerships**
- **Identify Surplus City Property for Development of Affordable Housing**

Appendices

Reconciliation with Comprehensive Plan

The Comprehensive Plan and the Housing Toolkit are broadly in alignment, with nearly all tools either supporting or not directly contradicting each goal. Any identified points of tension or conflict are identified in the table below.

Goal H I	Provide sufficient development capacity to accommodate the 20 year growth forecast and promote other goals, such as creating demand for transit and local businesses through increased residential density along arterials; and improved infrastructure, like sidewalks and stormwater treatment, through redevelopment.	**Consistent with Housing Toolkit.**
Goal H II	Encourage development of an appropriate mix of housing choices through innovative land use and well-crafted regulations.	**Consistent with Housing Toolkit.**
Goal H III	Preserve and develop housing throughout the city that addresses the needs of all economic segments of the community, including underserved populations, such as households making less than 30% of Area Median Income.	**Consistent with Housing Toolkit. Some Toolkit options, such as an affordable housing levy, homeowner stability program and partnering with affordable housing providers, are well-aligned. Additional strategies may be necessary to provide housing for the homeless and very low-income (<30% AMI) populations.**
Goal H IV	"Protect and connect" residential neighborhoods so they retain identity and character, yet provide amenities that enhance quality of life.	**Reducing parking requirements could lead to street parking overflow and decrease the availability of street parking spaces for existing residents. Incorporating smaller units, such as cottage and tiny houses, into existing single family neighborhoods could affect the predominant character of the neighborhood, though these impacts may be mitigated with strong design guidelines.**
Goal H V	Integrate new development with consideration to design and scale that complements existing neighborhoods, and provides effective transitions between different uses and intensities.	**Consistent with Housing Toolkit.**

Goal H VI	Encourage and support a variety of housing opportunities for those with special needs, specifically older adults and people with disabilities.	Though not specifically addressed in the Toolkit, several Toolkit options, such as tiny homes, missing middle housing, accessory dwelling units and development agreements, either provide housing types potentially appropriate for these populations, or give the City leverage to require appropriate amenities.
Goal H VII	Collaborate with other jurisdictions and organizations to meet housing needs and address solutions that cross jurisdictional boundaries	The Housing Toolkit is focused primarily on City of Shoreline actions, but does not preclude the City from collaborating with other jurisdictions. The Toolkit does specifically call for partnership with affordable housing providers.
Goal H VIII	Implement recommendations outlined in the Comprehensive Housing Strategy.	Consistent with Housing Toolkit.
Goal H IX	Develop and employ strategies specifically intended to attract families with young children in order to support the school system.	The intent of the Toolkit is to provide a broad range of housing types, including those suitable for families with young children.
H1	Encourage a variety of residential design alternatives that increase housing choice.	Consistent with Housing Toolkit.
H2	Provide incentives to encourage residential development in commercial zones, especially those within proximity to transit, to support local businesses.	Many of the options in the Housing Toolkit can be targeted for specific areas within the City, including for commercial zones. Some options, such as MFTE, inclusionary zoning and parking requirement reductions, are often used in commercial and mixed-use areas.
H3	Encourage infill development on vacant or underutilized sites.	Consistent with Housing Toolkit.
H4	Consider housing cost and supply implications of proposed regulations and procedures.	None of the options in the Toolkit are incompatible with H4, however, there are options that may require technical analysis to ensure full consideration of cost and supply implications. As an example, inclusionary zoning, if improperly calibrated, could stifle development and lead to the development of fewer housing units.
H5	Promote working partnerships with public and private groups to plan and develop a range of housing choices.	Consistent with Housing Toolkit.

H6	Consider regulations that would allow cottage housing in residential areas, and revise the Development Code to allow and create standards for a wider variety of housing styles.	**Consistent with Housing Toolkit.**
H7	Create meaningful incentives to facilitate development of affordable housing in both residential and commercial zones, including consideration of exemptions from certain development standards in instances where strict application would make incentives infeasible.	**Consistent with Housing Toolkit.**
H8	Explore a variety and combination of incentives to encourage market rate and non-profit developers to build more units with deeper levels of affordability.	**Consistent with Housing Toolkit.**
H9	Explore the feasibility of creating a City housing trust fund for development of low income housing.	**Consistent with Housing Toolkit.**
H10	Explore all available options for financing affordable housing, including private foundations and federal, state, and local programs, and assist local organizations with obtaining funding when appropriate.	**Consistent with Housing Toolkit.**
H11	Encourage affordable housing availability in all neighborhoods throughout the city, particularly in proximity to transit, employment, and/or educational opportunities.	**Consistent with Housing Toolkit.**
H12	Encourage that any affordable housing funded in the city with public funds remains affordable for the longest possible term, with a minimum of 50 years.	**Consistent with Housing Toolkit. Ordinances adoption certain programs, such as MFTE, would need to specify such requirements.**
H13	Consider revising the Property Tax Exemption (PTE) incentive to include an affordability requirement in areas of Shoreline where it is not currently required, and incorporate tiered levels so that a smaller percentage of units would be required if they were affordable to lower income households.	**Consistent with Housing Toolkit.**
H14	Provide updated information to residents on affordable housing opportunities and first-time home ownership programs.	**Consistent with Housing Toolkit.**

H15	Identify and promote use of surplus public and quasi-publicly owned land for housing affordable to low and moderate income households.	**Consistent with Housing Toolkit.**
H16	Educate the public about community benefits of affordable housing in order to promote acceptance of local proposals.	**Consistent with Housing Toolkit. The Toolkit is focused on stimulating housing production, rather than engaging the community, though nothing in the Toolkit precludes implementation of this policy.**
H17	Advocate for regional and state initiatives to increase funding for housing affordability.	**Consistent with Housing Toolkit. The Toolkit is focused on stimulating housing production, rather than broader advocacy efforts, though nothing in the Toolkit precludes implementation of this policy.**
H18	Consider mandating an affordability component in Light Rail Station Areas or other Transit-Oriented Communities.	**Consistent with Housing Toolkit.**
H19	Encourage, assist, and support non-profit agencies that construct, manage, and provide services for affordable housing and homelessness programs within the city.	**Consistent with Housing Toolkit.**
H20	Pursue public-private partnerships to preserve existing affordable housing stock and develop additional units.	**Consistent with Housing Toolkit.**
H21	Initiate and encourage equitable and inclusive community involvement that fosters civic pride and positive neighborhood image.	**Consistent with Housing Toolkit. The Toolkit is focused on stimulating housing production, rather than engaging the community, though nothing in the Toolkit precludes implementation of this policy.**
H22	Continue to provide financial assistance to low-income residents for maintaining or repairing health and safety features of their homes through a housing rehabilitation program.	**Consistent with Housing Toolkit.**
H23	Assure that site, landscaping, building, and design regulations create effective transitions between different land uses and densities.	**Consistent with Housing Toolkit. Site design would need to be addressed when regulations are adopted.**
H24	Explore the feasibility of implementing alternative neighborhood design concepts into the City's regulations.	**Consistent with Housing Toolkit.**

H25	Encourage, assist, and support social and health service organizations that offer housing programs for targeted populations.	**Consistent with Housing Toolkit.**
H26	Support development of emergency, transitional, and permanent supportive housing with appropriate services for people with special needs, such as those fleeing domestic violence, throughout the city and region.	**Consistent with Housing Toolkit. The Housing Action plan is focused on permanent housing. There are other ongoing efforts around emergency shelters and transitional housing.**
H27	Support opportunities for older adults and people with disabilities to remain in the community as their housing needs change, by encouraging universal design or retrofitting homes for lifetime use.	**Consistent with Housing Toolkit.**
H28	Improve coordination among the County and other jurisdictions, housing and service providers, and funders to identify, promote, and implement local and regional strategies that increase housing opportunities.	**The Housing Toolkit is focused primarily on City of Shoreline actions, but does not preclude the City from collaborating with other jurisdictions. The Toolkit does specifically call for partnership with affordable housing providers.**
H29	Support the development of public and private, short-term and long term housing and services for Shoreline's population of people who are homeless.	**Consistent with Housing Toolkit. The options in the Toolkit may be insufficient to meet the demands of this policy.**
H30	Collaborate with King and Snohomish Counties, other neighboring jurisdictions, and the King County Housing Authority and Housing Development Consortium to assess housing needs, create affordable housing opportunities, and coordinate funding.	**The Housing Toolkit is focused primarily on City of Shoreline actions, but does not preclude the City from collaborating with other jurisdictions. The Toolkit does specifically call for partnership with affordable housing providers.**
H31	Partner with private and not-for-profit developers, social and health service agencies, funding institutions, and all levels of government to identify and address regional housing needs.	**Consistent with Housing Toolkit.**

H32	Work to increase the availability of public and private resources on a regional level for affordable housing and prevention of homelessness, including factors related to cost-burdened households, like availability of transit, food, health services, employment, and education.	**The Housing Toolkit is focused primarily on City of Shoreline actions, but does not preclude the City from collaborating with other jurisdictions. The Toolkit does specifically call for partnership with affordable housing providers.**
H33	Support and encourage legislation at the county, state, and federal levels that would promote the City's housing goals and policies.	**Consistent with Housing Toolkit. The Toolkit is focused on stimulating housing production, rather than broader advocacy efforts, though nothing in the Toolkit precludes implementation of this policy.**

Shoreline Housing Needs Assessment

June 23, 2020

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INTRODUCTION

Background and Purpose

The City of Shoreline is developing a Housing Action Plan with support from the Washington State Department of Commerce. Washington State House Bill 1923 enacted one-time planning grants for cities to complete specific actions to support housing affordability. Shoreline received a grant to develop a Housing Action Plan, one of the eligible options under the grant program.

The Housing Action Plan will provide city-led actions and initiatives to encourage sufficient affordable and market rate housing at prices accessible to all of Shoreline's households, now and in the future. The Plan's content will be informed by two products – the Housing Needs Assessment and the Housing Toolkit. This Housing Needs Assessment provides the quantitative data and analysis required to understand Shoreline's housing needs. The Toolkit will identify appropriate options to address those needs.

In addition to this Needs Assessment, the Plan and Toolkit will be informed by stakeholder input. This will include input from technical experts, such as developers and affordable housing providers, as well as the broader public. Broader public outreach will emphasize engaging stakeholders most impacted by housing challenges in Shoreline.

Methods

The analysis in this report relies on secondary data analysis. The analysis leverages data published by federal, state and local government resources, as well as private real estate data vendors, such as CoStar and Zillow. This report also leverages internal City of Shoreline data sources, including its buildable lands analysis and permit database.

Organization of this Report

The remainder of this report is organized as follows:

- **Executive Summary** presents key findings from the report
- **Shoreline Housing Affordability Overview** provides general context on Shoreline and its planning context
- **Historic Trends and Current Conditions** describes Shoreline's population, employment, and housing stock, historic and current
- **Forecasts and Housing Needs** identifies the City's growth trends and how they relate to housing needs
- **Housing Needs Assessment** provides strategic guidance for the Housing Action Plan

EXECUTIVE SUMMARY

Growth Trends

The City of Shoreline is transforming from a single-family residential community to a mixed-use community featuring several dense transit-oriented centers. While the housing stock is still predominantly single-family, in 2020 recent housing production has favored multifamily units and townhouses. Large new multifamily developments have been concentrated along Shoreline's east-west corridors and Aurora. There is an east-west split within the City, with more multifamily and rental housing east of Aurora, and more high value single family development west of Aurora. The number of renter households increased by 21% from 2000 to 2018 while home ownership remained flat.

Much of Shoreline's single family housing stock was built in response to the post-World War II housing boom, and is now aging. Since 2000, Shoreline's population growth has been slow and steady while the rest of the region has been growing rapidly. When the City's two new light rail stations open in 2024, it may begin to capture a higher share of regional growth and more rapid changes to the built environment. As housing prices increase, redevelopment will be feasible for more of the City's older homes. This could bring the potential for displacement and substantial neighborhood change.

Employment

Shoreline has a jobs-housing ratio of 0.7, which compared to a regional ratio of 1.3 indicates Shoreline exports more workers than it brings in or retains. Seattle is both the most common destination for Shoreline's employed residents and the most common place of residence for its workers. The largest share of jobs in Shoreline are in the services sector, and the number of jobs in this sector has been steadily increasing over time. Job growth in other sectors has been relatively flat.

Demographics

Most of Shoreline's households consist of only one or two people, renters and homeowners included. As most homes are three bedrooms or larger, this suggests that young families may move to Shoreline with plans to grow. Age composition data supports this observation. The City has a large workforce-age population, with recent growth for adults age 25-34 and a small increase in children under 5. At the same time, the City may be drawing an increasing number of retirees, and experienced a small bump in its population age 65-74.

Shoreline has a more balanced income distribution compared to many of its peers around the region, which tend to have either more high-income or more

low-income households. As home prices rise, the City could see a shift toward more high-income households. There is a split market for rental housing, with large concentrations of renter households with incomes above the median and also below 30% of the median.

Housing Market

Demand for housing is high, and the City has not had more than three or four months' worth of supply for sale at any point since 2012. Home prices have appreciated more rapidly in recent years compared to similar Puget Sound cities. The median-priced home ($620,000) might be out of reach of the median family household in Shoreline ($100,756 annual income). Rents have also been climbing, though at a similar rate to the region. Today a household must earn at least $82,000 per year to afford the median rent of $2,055, compared to $57,700 to afford the 2010 median, $1,444.

Households with incomes below 50% area median income (AMI) are the most likely to face affordability challenges in Shoreline, as is the case throughout King County. Cost burden may expand for higher income households as costs rise.

SHORELINE HOUSING AFFORDABILITY OVERVIEW

Current Snapshot

Shoreline is a city of 56,400 people in 2019 with 17,000 jobs locally. The City incorporated in 1995 as part of the Growth Management Act's requirements for all unincorporated areas in King County's Urban Growth Area to incorporate or annex into a city.

The area that became Shoreline was heavily developed following World War II as housing to accommodate new families. Today, most of the City's housing stock is single family, and a large share remains that was built in the 1950s. Despite its more suburban heritage, the City has experienced a strong shift toward multifamily housing production in recent years.

Shoreline has a strong workforce population, with a high concentration of adults between the ages of 25 and 55. The city's employment base consists of services and retail that serve local residents and surrounding areas. Shoreline's commercial areas are concentrated along major arterials and state highways. Nearly half of Shoreline's resident labor force works in Seattle, as well as in King County Eastside and Snohomish County cities. Shoreline Community College is both a major employer for the city and a major attraction for surrounding areas.

While the workforce-age population is still significant, the City is experiencing a shift toward more younger and older adults. The middle-aged population dropped significantly from 2010 to 2018. While there has been an increase in very young children, the overall number of households with children dropped during this period.

Over the past ten years, housing costs have risen in Shoreline along with the region. Today, the median-priced home is out of reach to the median income Shoreline family. Shoreline is diverse in terms of income distribution, and housing cost increases could push out many of its established residents. The City recognizes the benefits of a more diverse housing stock in support of a variety of households and lifestyles, including its current and long-time residents as they age and downsize.

Shoreline's proximity to Seattle and major transportation corridors, particularly two forthcoming light rail stations, creates interest in multifamily housing with regional transit access. Shoreline's public schools are well respected and attract families to its single-family zoned areas. The City desires to grow in a manner that fosters environmentally sustainable development patterns. Regional housing needs create a market and environment for Shoreline to consider new housing policies to respond to regional needs.

Planning and Policy Context

Existing Citywide Plans

The City adopted a Comprehensive Housing Strategy in January 2008. At that time, the community experienced increasing housing cost pressure for single family homes but had not yet experienced significant new multifamily development. The goals in this strategy focused on "expanding housing choice, increasing the number of affordable housing options and maintaining desirable neighborhood character". The Strategy identified a lack of affordable housing and a lack of developable land. It anticipated increased demand for more rental housing and more diverse housing types, including to support existing homeowners as they age and downsize.

In advance of its 2012 Comprehensive Plan update, the City conducted a community visioning process from 2008 to 2009. In 2009 it adopted a 2029 vision for Shoreline based on this process, including 18 Framework Goals. Framework goals directly related to housing include:

- FG 3: Support the provision of human services to meet community needs
- FG 8: Apply innovative and environmentally sensitive development practices
- FG 9: Promote quality building, functionality, and walkability through good design and development that is compatible with the surrounding area.
- FG 10: Respect neighborhood character and engage the community in decisions that affect them.
- FG 12: Support diverse and affordable housing choices that provide for Shoreline's population growth, including options accessible for the aging and/or developmentally disabled.
- FG 14: Designate specific areas for high density development, especially along major transportation corridors.
- FG 18: Encourage Master Planning at Fircrest School that protects residents and encourages energy and design innovation for sustainable future development.

Shoreline's existing Comprehensive Plan Housing Element was adopted in 2012. The Element and its supporting analysis identify similar issues to those raised in the Comprehensive Housing Strategy. The Element's policies are organized under the following themes:

- Facilitate Provision of a Variety of Housing Choices
- Promote Affordable Housing Opportunities

- Address Special Housing Needs
- Participate in Regional Housing Initiatives

At the time of the last Comprehensive Plan update, the final alignment for the Sound Transit Lynnwood Link Light Rail Extension had not yet been established. In 2015, Shoreline updated its Comprehensive Plan Land Use Element to incorporate Light Rail Station Area Planning Framework Goals for transit-supportive development in its future light rail station areas. This included establishing new land use designations to accommodate high densities in station areas and develop transitions to adjacent single family neighborhoods. The City also adopted subarea plans for the station areas.

Subarea Plans

Shoreline has developed subarea plans for several neighborhoods – Point Wells, Southeast Neighborhoods, Town Center, and 145th and 185th Station Areas.

Point Wells
Point Wells is located immediately north of Shoreline along the Puget Sound. While located in unincorporated Snohomish County, its only current road access is through Shoreline's Richmond Beach neighborhood. Point Wells is currently zoned as "urban village" under Snohomish County's zoning. This is consistent with a "neighborhood scale node with a mix of retail and office uses, public and community facilities, and high density residential dwelling units". Both Woodway and Shoreline have identified Point Wells for future annexation. Woodway and Shoreline have an agreement to coordinate planning for Point Wells.

Southeast Neighborhoods
The Southeast Neighborhoods are located in Shoreline's far southeast corner. The Plan preserves single family character while encouraging small-scale infill development, such accessory dwelling units and small-lot single family. The Plan identifies several mixed-use nodes with potential for high density residential development.

Town Center
Town Center is located in Shoreline's core, along Aurora Avenue between 175th and 185th. The Plan envisions that Town Center will serve as Shoreline's most significant urban center. It will serve as a focal point for Shoreline's identity and sense of place.

145th and 185th Station Areas
The 145th and 185th Station Areas are Shoreline's future light rail stations. The 185th Station Area is physically larger, but both station areas are planned to accommodate heights up to 70 feet. Both station areas are

envisioned to become "vibrant transit-oriented villages", with a full range of housing choices and services.

Zoning and Land Use

Most of Shoreline's acreage is currently zoned for single family development. The R6 and R4 zones accommodate a base density of six and four units per acre, respectively, and represent about 66% of Shoreline's area. (**Exhibit 1**)

Exhibit 1. Land Allocation by Zone, Shoreline

Zone	Parcels	Share of Total Parcels	Acreage	Share of Total Acreage
R6	14,791	71.1%	4,692	51.4%
R4	1,117	5.4%	1,340	14.7%
C	44	0.2%	698	7.6%
MB	330	1.6%	367	4.0%
R12	588	2.8%	296	3.2%
MUR-70	580	2.8%	233	2.6%
R24	387	1.9%	217	2.4%
TC	263	1.3%	203	2.2%
CB	372	1.8%	198	2.2%
R18	353	1.7%	193	2.1%
R48	399	1.9%	190	2.1%
NB	153	0.7%	121	1.3%
MUR-45	537	2.6%	114	1.2%
MUR-35	458	2.2%	99	1.1%
R8	365	1.8%	97	1.1%
CZ	35	0.2%	48	0.5%
PA 3	21	0.1%	26	0.3%
Total	**20,793**	**100%**	**9,133**	**100%**

Source: City of Shoreline, 2020; CAI, 2020

R4 zones are concentrated in Shoreline's higher income coastal neighborhoods, including Innis Arden and The Highlands. Mixed use and commercial zones are concentrated along major arterials, particularly Aurora Avenue. In the future, Town Center may compete for development with the light rail station areas located near I-5. (**Exhibits 2-3**)

Exhibit 2. Adopted Zoning, Shoreline, 2019

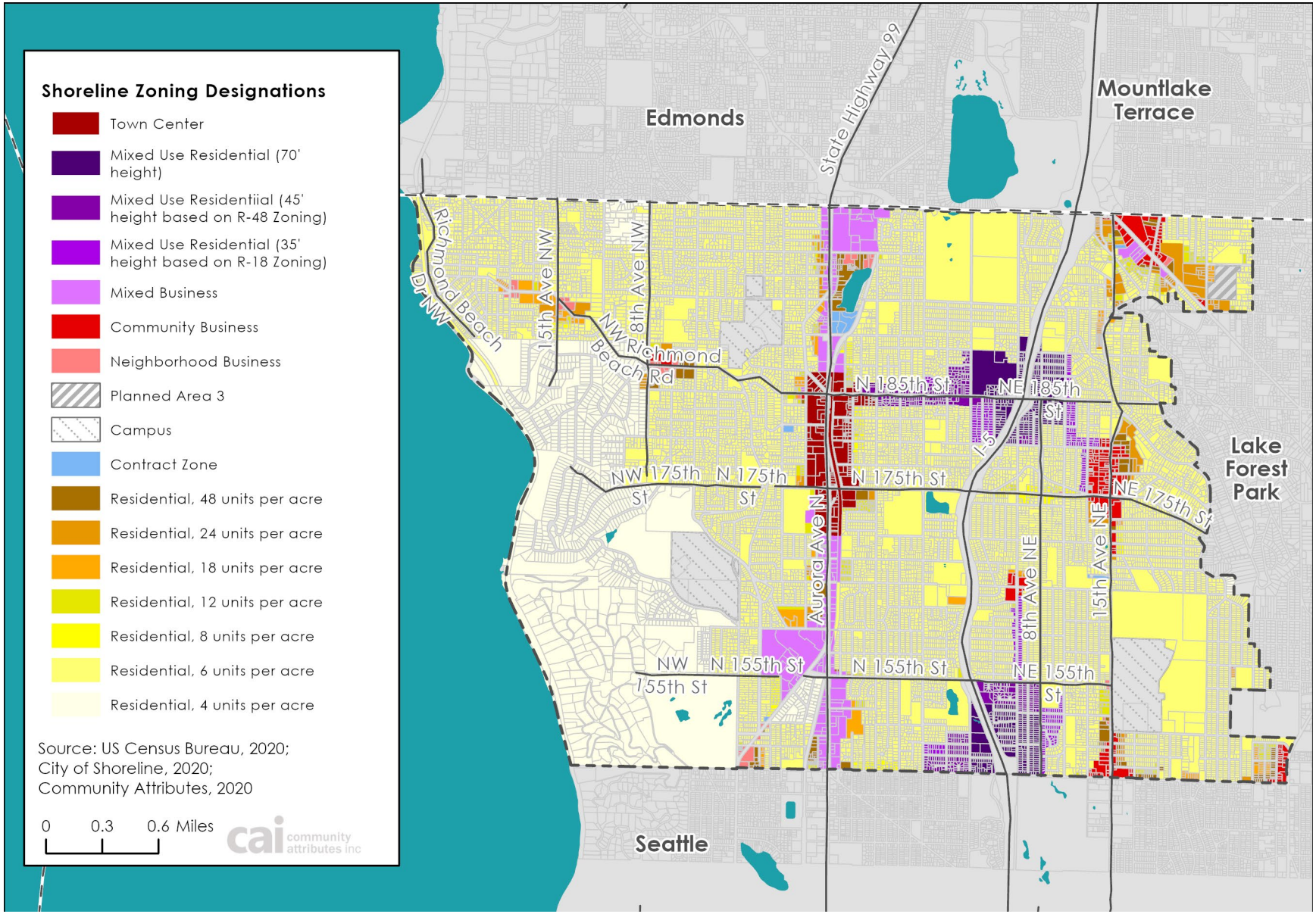
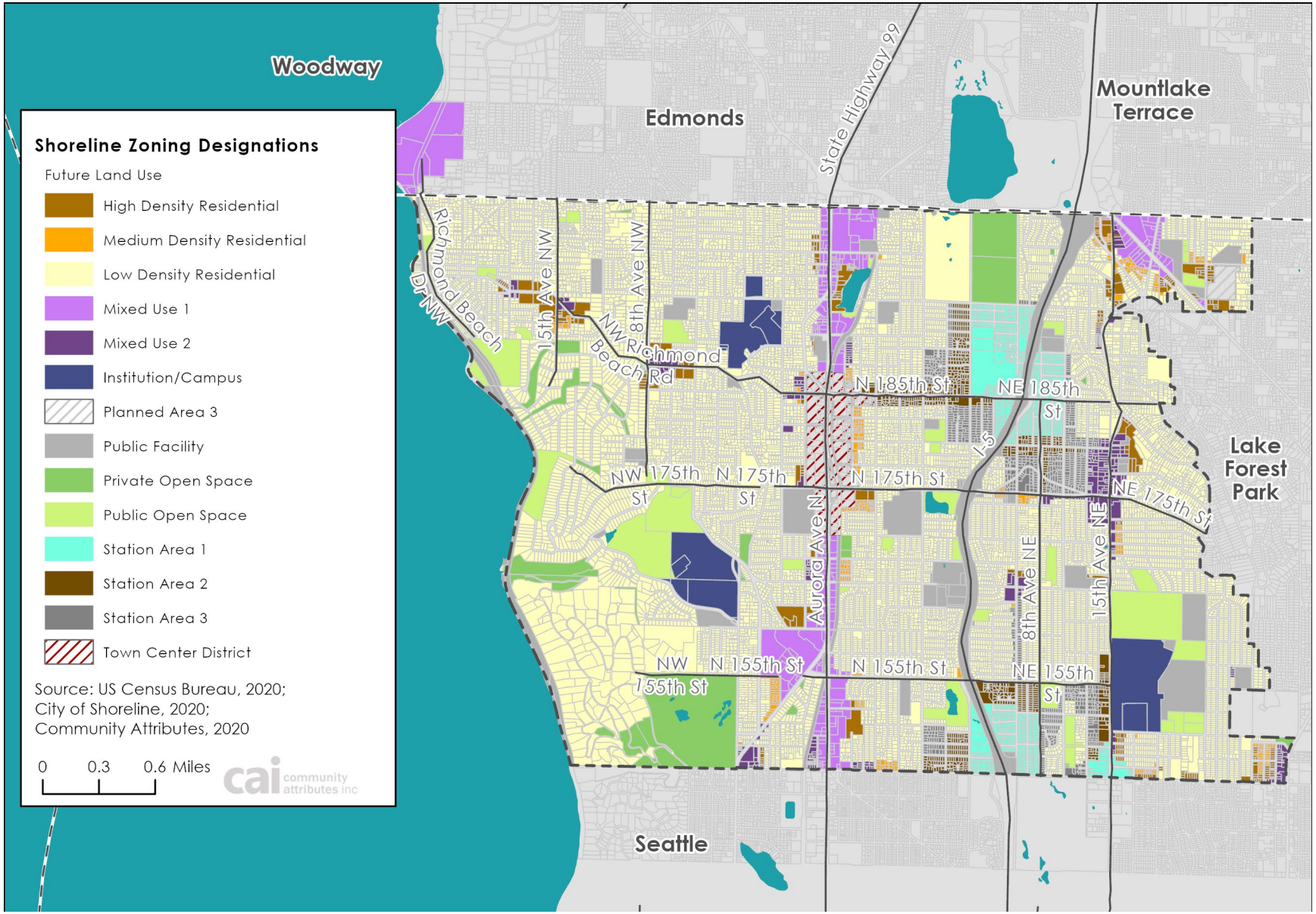


Exhibit 3. Future Land Use, Shoreline, 2020



Affordability Metrics

Affordable housing programs use US Housing and Urban Development (HUD) definitions for area median income (AMI) to explain household income levels. HUD establishes unique limits for households between one and eight people in size. They are only established for certain metropolitan areas, however. Shoreline is included in the Seattle-Bellevue area, which extends over all of King and Snohomish counties. (**Exhibit 4**)

Exhibit 4. HUD Household Income Limits, Seattle-Bellevue HUD Metro FMR, 2020

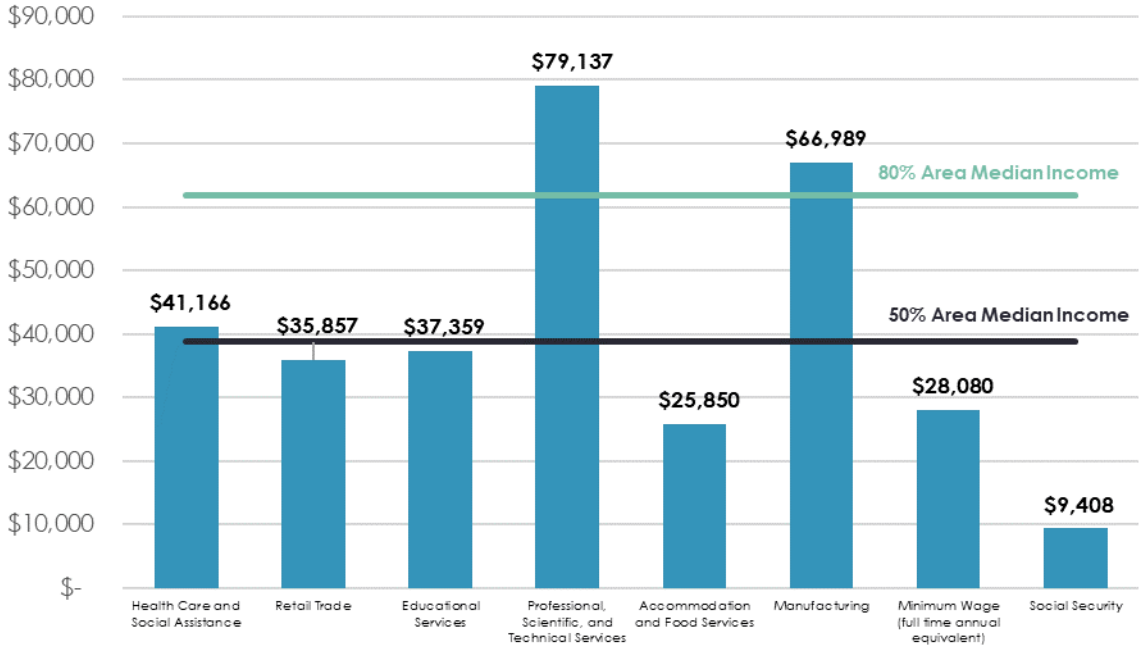
	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low Income (30% AMI)	$25,100	$28,650	$32,250	$35,800	$38,700	$41,550	$44,400	$47,300
Very Low Income (50% AMI)	$41,800	$47,800	$53,750	$59,700	$64,500	$69,300	$74,050	$78,850
Low Income (80% AMI)	$66,700	$76,200	$85,750	$95,250	$102,900	$110,500	$118,150	$125,750
Median Income	$83,600	$95,600	$107,500	$119,400	$129,000	$138,600	$148,100	$157,700

Source: HUD, 2020

There is significant market and income diversity within King and Snohomish counties. The HUD median family income for this region is $113,300, across all household sizes. For housing planning purposes, it is important to consider these limits with local circumstances in mind. In an area where incomes are higher than average for the region, an "affordable" rent could be close to the market rate in a lower cost area. Reviewing the share of renters and homeowners who are cost-burdened (Spending more than 30% of their income on housing costs) by income can help illuminate the income levels in greatest need for a specific city.

Exhibit 5 shows how median wages in Shoreline's largest industries compare to HUD AMI benchmarks for single people. As shown, the median retail, education, accommodation, or food service worker in Shoreline earns less than 50% AMI and is considered very low income. Conversely, workers in professional and manufacturing fields are likely to earn more than 80% AMI.

Exhibit 5. Median Income by Industry and HUD Income Limits, 2018



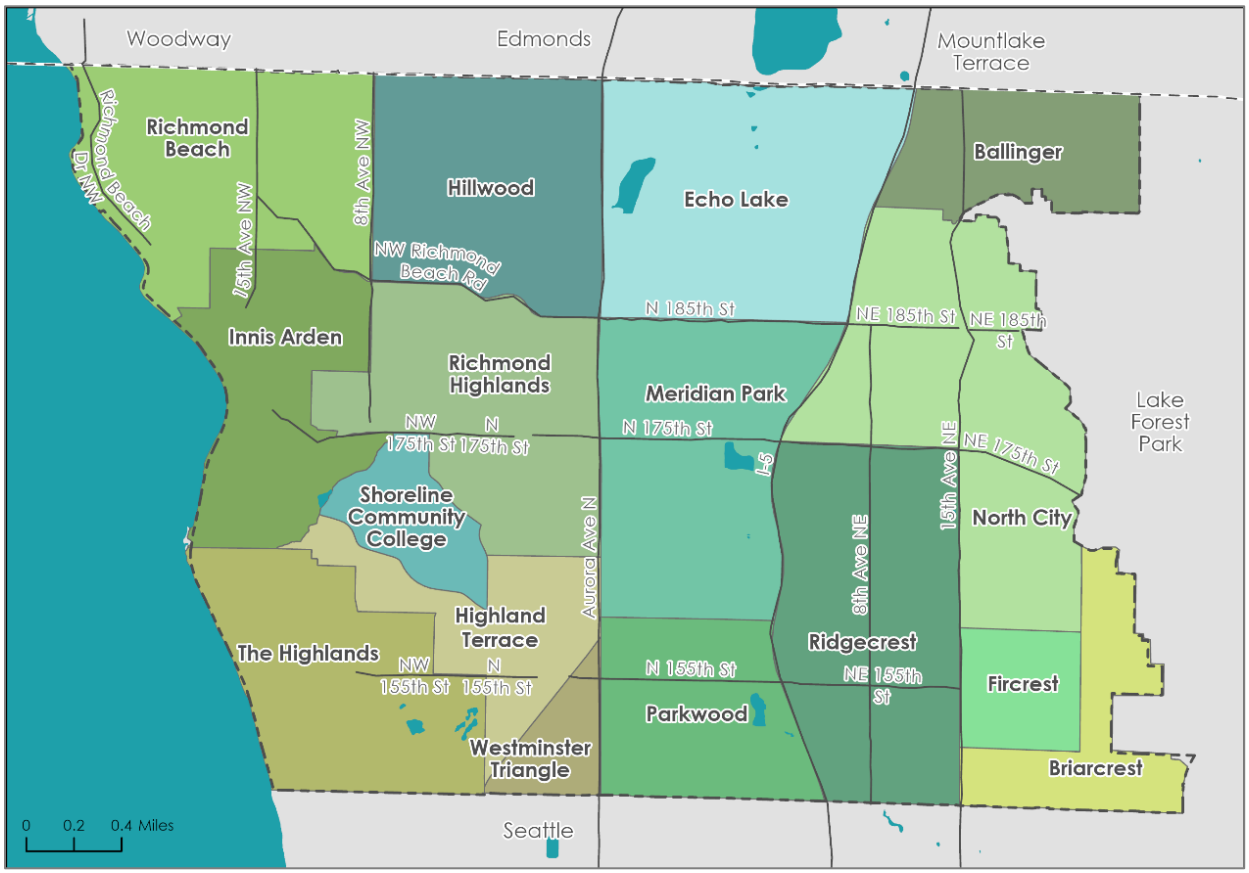
Source: HUD, 2019; US Census Bureau 5-Year Estimates ACS, 2018; LEHD, 2020; Social Security Administration 2020; Washington State Department of Labor & Industries, 2020

HISTORIC TRENDS AND CURRENT CONDITIONS

Neighborhoods

Shoreline has 16 established neighborhoods which vary in terms of character and housing types. Neighborhoods west of Aurora feature more high value, lower density single family development, particularly along the coast. East of Aurora, there is more multifamily and denser single family development.

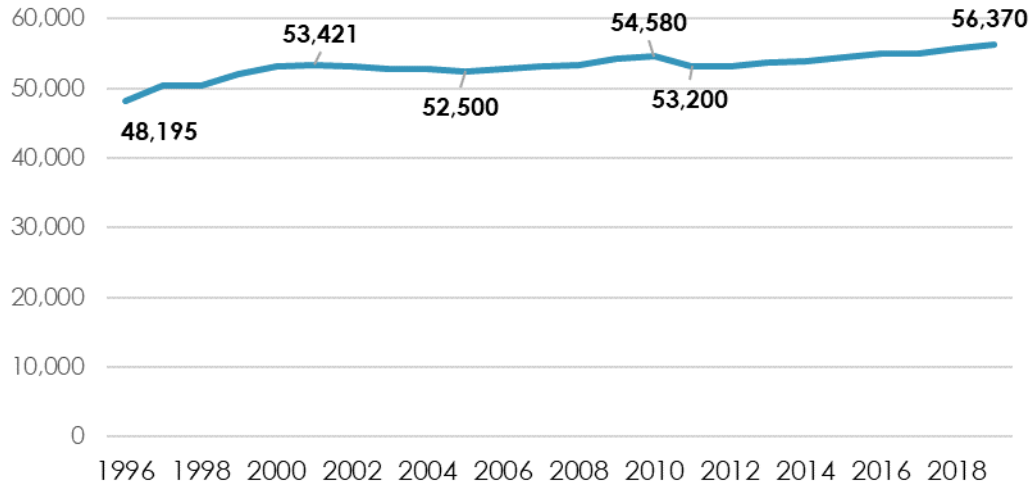
Exhibit 6. Shoreline Neighborhoods



Population & Demographics

Shoreline was incorporated in 1995, and experienced strong population growth through 2001. Aside from brief periods of decline in 2000 and 2010, growth stabilized after the initial growth surge. Since 2005, Shoreline's population has grown by 0.5% per year on average. (**Exhibit 7**)

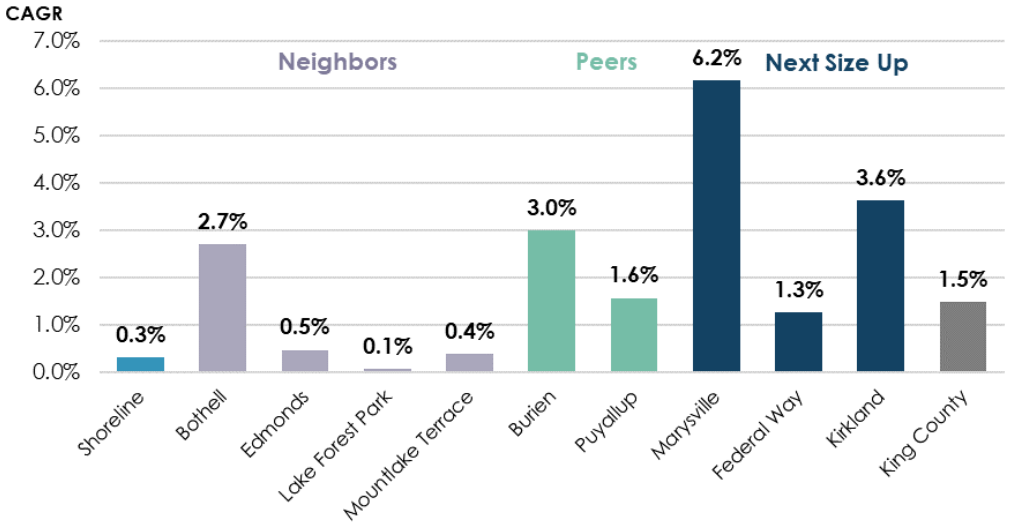
Exhibit 7. Total Population, Shoreline, 1995-2019



Source: Washington State Office of Financial Management, 2020

While Shoreline's recent growth patterns are similar to neighbors like Edmonds and Mountlake Terrace, other areas in the region have been experiencing much more rapid growth. King County as a whole grew five times faster than Shoreline from 2000 to 2019. (**Exhibit 8**)

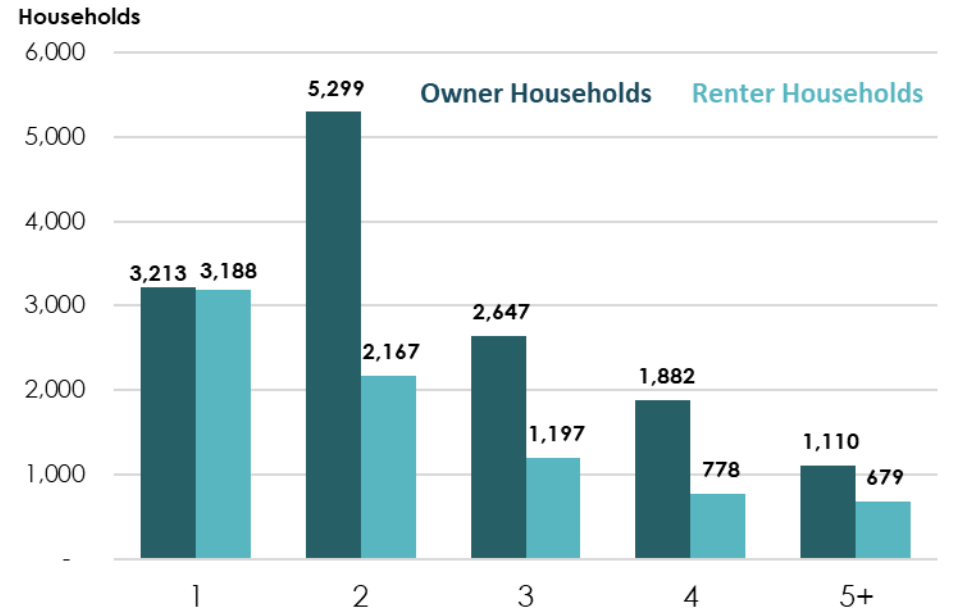
Exhibit 8. Compound Annual Population Growth, Shoreline and Comparison Cities, 2000-2019



Source: Washington Office of Financial Management, 2020

Most of Shoreline's households, both homeowner and renter, are small. One- and two-person households represent 63% of the total. This could include young families moving to Shoreline with plans to grow – the City's largest age group is adults age 25 to 34. Small households are also characteristic of retiree households, and Shoreline has also experienced a large increase in adults age 65 to 74. (**Exhibit 9 and Exhibit 11**)

Exhibit 9. Households by Persons per Household and Tenure, 2018



Source: US Census Bureau, ACS 5-Year Estimates, 2014-2018

Most of Shoreline's households own their homes, though the number of homeowner households was relatively static from 2000 to 2018. The number of renter households increased by 21% in this same period. While the total number of vacant homes increased from 2000 to 2018, the vacancy rate is still only 3%. A "healthy" vacancy rate is around 5%, which suggests that the City needs more housing units overall to meet demand. (**Exhibit 10**)

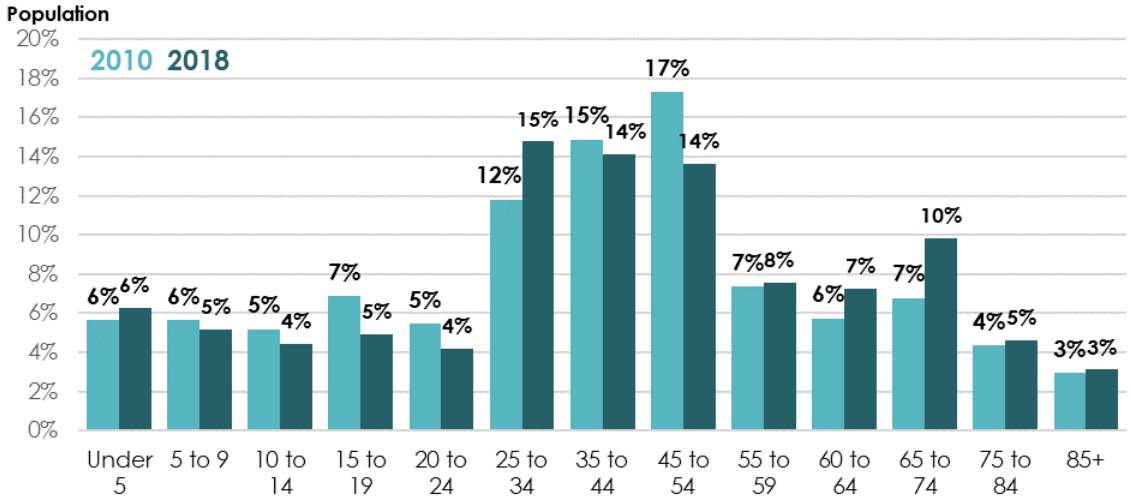
Exhibit 10. Housing Tenure and Vacancy Trends, Shoreline, 2000-2018

Category	2000	2018	Change, 2018 - 2000
Occupied Housing Units	20,720	22,160	1,440
Owner-Occupied Units	14,100	14,150	50
Renter-Occupied Units	6,620	8,010	1,390
Vacant Units	620	760	140
Total Housing Units	21,340	22,920	1,580

Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018; 2000 Census

Shoreline has a strong workforce-age population, with a large concentration of adults age 25 to 54. While the general concentration has been relatively constant between 2010 and 2018, there were larger increases in young adults age 25 to 34 as well as older adults age 65 to 74. This suggests that Shoreline is attractive to both young families looking to grow as well as retirees. (**Exhibit 9**) The local population with disabilities is also increasing, consistent with the rise in older adults. (**Exhibit 10**)

Exhibit 11. Distribution of Residents by Age, Shoreline, 2010 & 2018



Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018

Despite the high share of young adults and increase in children under 5, Shoreline experienced an absolute decrease in households with children between 2010 and 2018. (**Exhibit 12**) There was a large decrease in adults age 45 to 54, which suggests that some more established families with children are moving away from Shoreline while young families and single people are moving in.

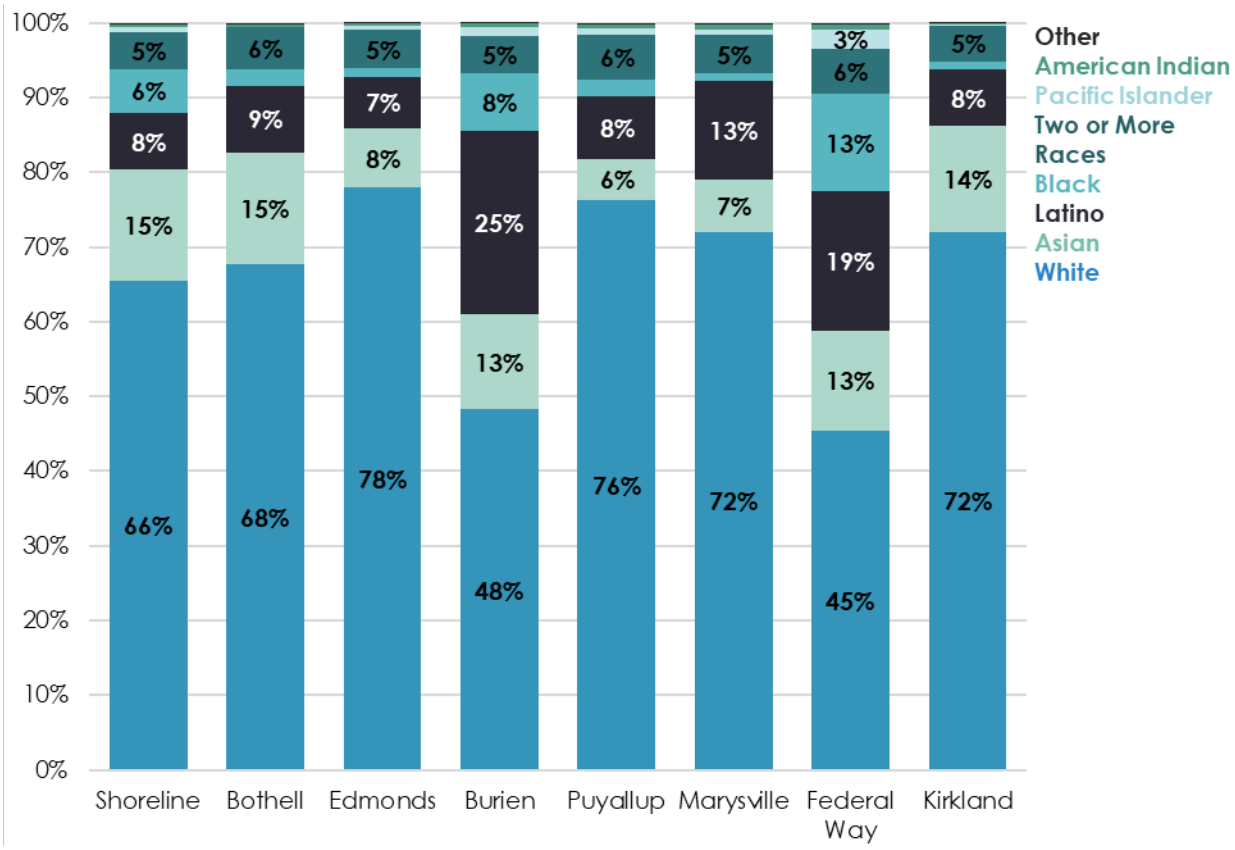
Exhibit 12. Shoreline Select Household Characteristics, 2010-2018

	2010	2018	Change 2010-2018
Total Households	21,152	22,160	1,008
Households with Children	6,048	5,924	(124)
Single-Person Households	6,195	6,401	206
Household with an Individual Over 65	4,717	6,661	1,944
Disabled Civilian Population*	6,608	7,093	485

Source: US Census Bureau, American Community Survey 5-Year Estimates, 2006-2010; 2008-2012; 2014-2018.

Shoreline is more diverse than many of its neighbors and peers, but not as diverse as the most diverse cities in the region. In Federal Way and Burien no individual race has a majority. Shoreline is slowly becoming more diverse, however. The share of the population that are people of color rose from 32% in 2010 to 34% in 2018. Most of this increase came from Shoreline's Latino population and population identifying as two or more races. (**Exhibit 13**)

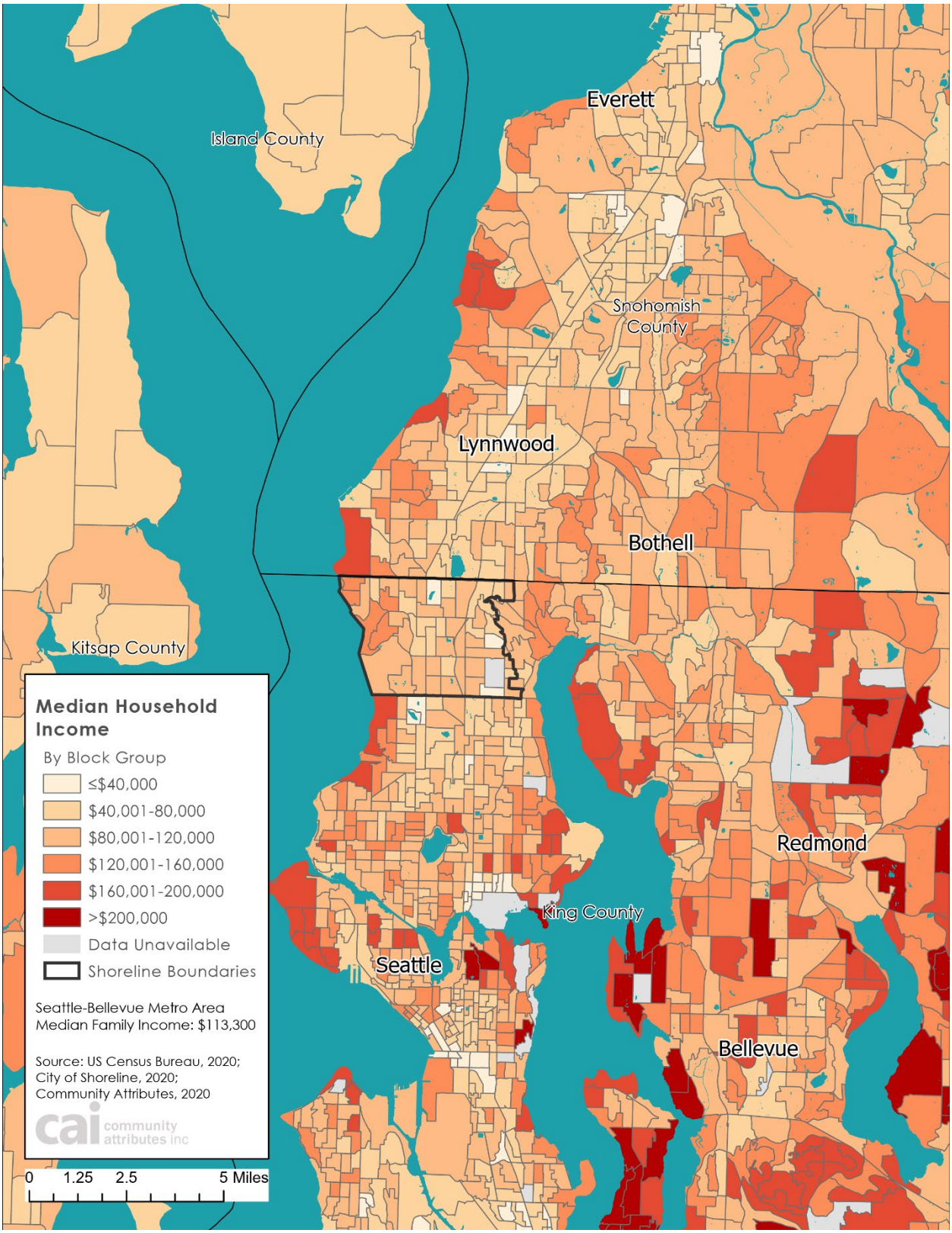
Exhibit 13. Households by Race or Ethnicity, Shoreline and Comparison Cities, 2018



Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018

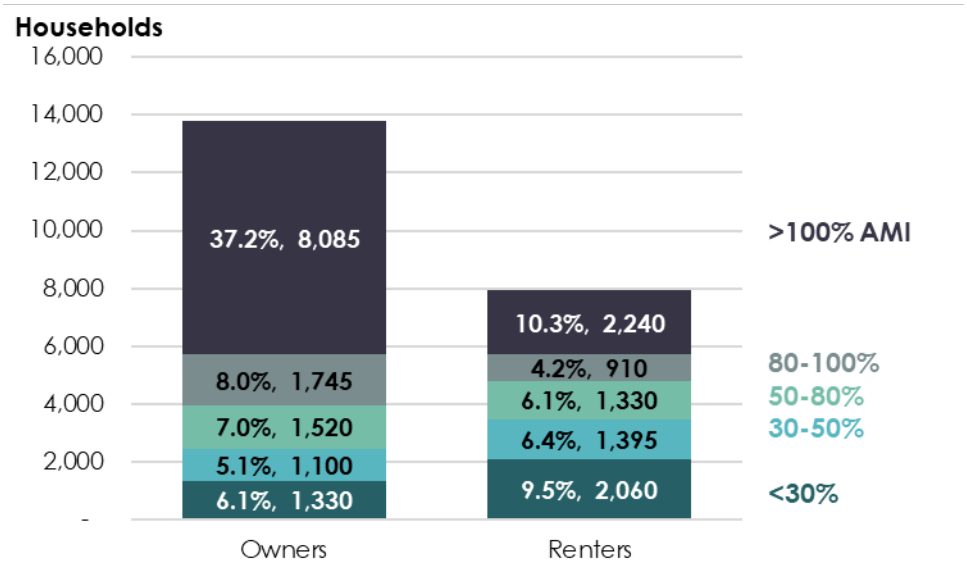
Shoreline is a middle-income community relative to the region. It contains only three census block groups with a median income below $40,000 and no block group with a median household income above $160,000. Shoreline's waterfront neighborhoods have higher incomes relative to the City, but the difference is not as stark as in coastal areas to the north and south. (**Exhibit 14**)

Exhibit 14. Median Household Income, Shoreline and Region, 2018



Typical to most communities, Shoreline's homeowners are more likely to have higher incomes compared to its renters. The households most likely to struggle to find affordable market rate housing in any community are those with incomes below 50% AMI. Low income households are more likely to need to sacrifice spending on other essentials to afford housing and are more vulnerable to homelessness. Shoreline has around 3,500 renter households and 2,400 homeowner households with incomes below 50% AMI. Altogether they represent around 27% of Shoreline's households. (**Exhibit 15**)

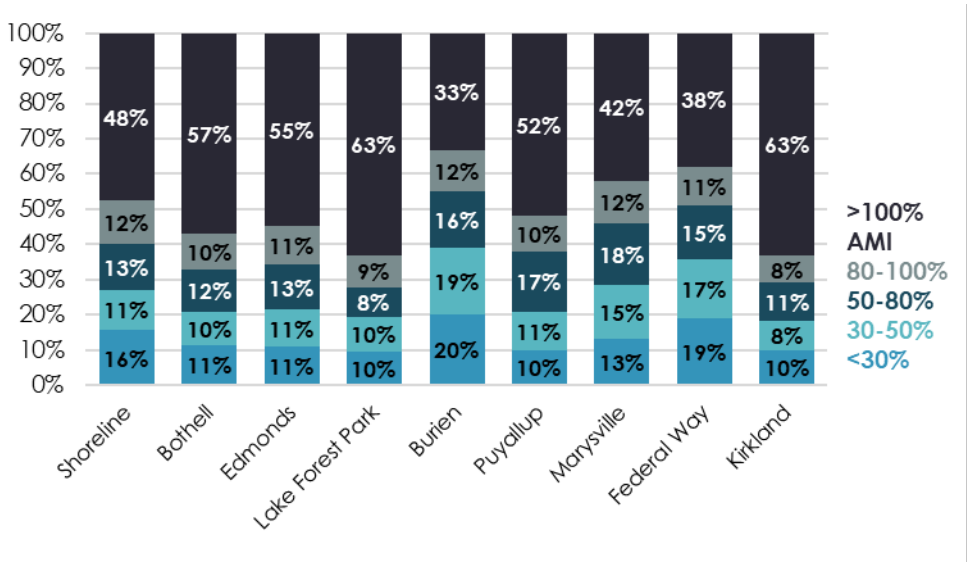
Exhibit 15. Household Income by HUD AMI and Housing Tenure, Shoreline, 2016



Source: HUD CHAS, 2012-2016

Relative to its neighbors and peers around the region, Shoreline is a relatively balanced community in terms of income composition. Just under half of its households earn more than the median income, and households are distributed nearly evenly within the income segments below the median. Kirkland and Lake Forest Park have a high concentration of higher income households, while Burien and Federal Way have more lower income households. Because Shoreline is income-diverse, its residents are likely to have more varied housing needs. (**Exhibit 16**)

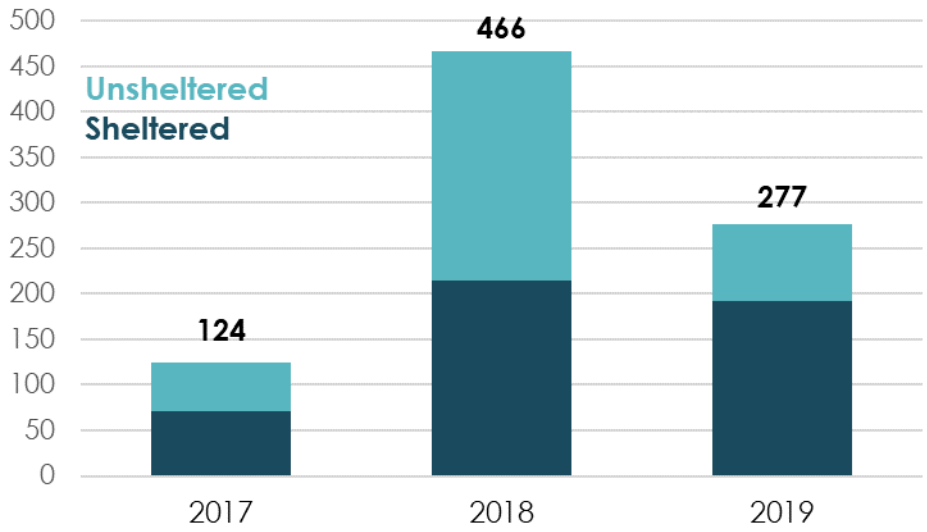
Exhibit 16. Household Income Composition, Shoreline and Peer Communities, 2018



Source: HUD CHAS, 2016

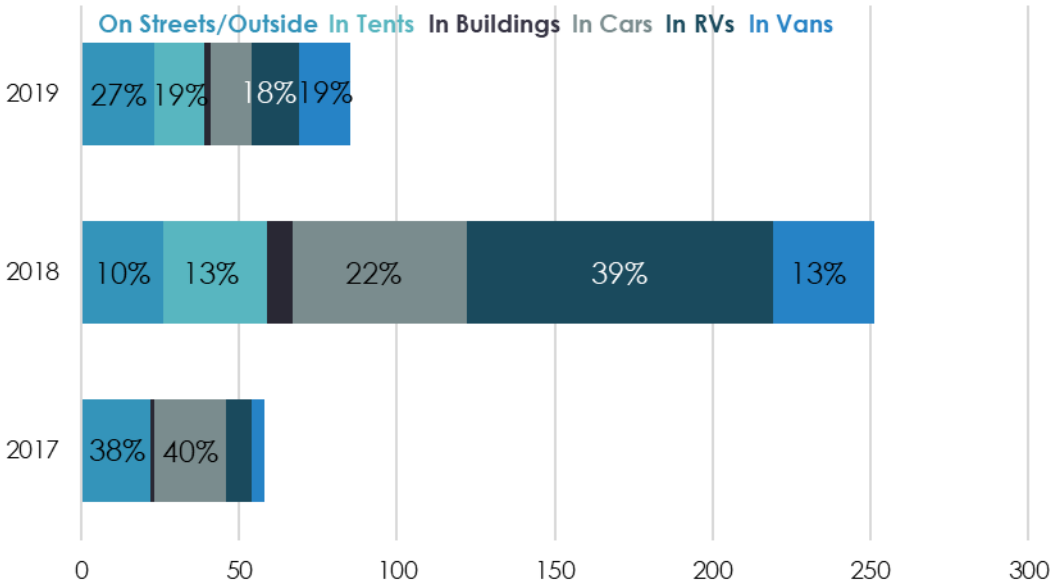
King County's 2019 Point-In-Time Count of Persons Experiencing Homelessness found that the North County Subregion (including Shoreline, Bothell, Kenmore, Lake Forest Park, Woodinville, and some unincorporated areas) hosted 2% of unsheltered and 3% of sheltered persons experiencing homelessness Countywide. While North King County experienced a significant drop from 2018 to 2019, largely in unsheltered people, there are inherent challenges in properly counting this population. Point-in-time counts do not account for the population experiencing homelessness throughout the year, and they do not capture individuals who are couch surfing or in similar precarious housing arrangements. North King County significantly increased its shelter capacity from 2017 to 2018, but there was a slight drop from 2018 to 2019. (**Exhibit 17**) In 2018, a much larger share of the North County unsheltered population was living in cars and RVs compared to 2019. (**Exhibit 18**)

Exhibit 17. North King County Point-in-Time Count of Persons Experiencing Homelessness, 2017-2019



Sources: Seattle/King County Point-In-Time Count of Persons Experiencing Homelessness, 2019

Exhibit 18. North King County Unsheltered Population Detail, 2017-2019

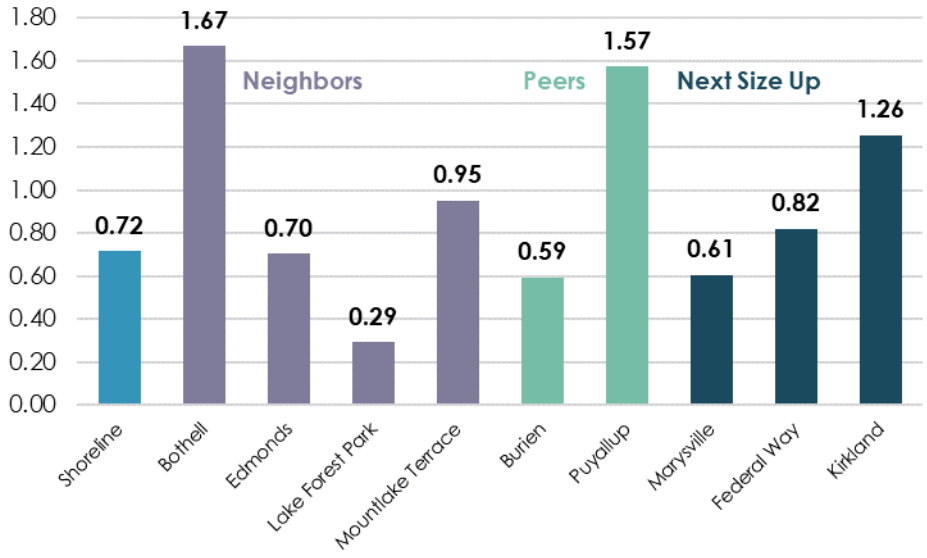


Sources: Seattle/King County Point-In-Time Count of persons Experiencing Homelessness, 2019

Employment and Commuters

With a jobs-housing ratio of 0.71, Shoreline is neither a bedroom community nor a major employment center. (**Exhibit 19**) While nearly half of the City's employed residents commute to Seattle, the next largest group live and work in Shoreline. The remainder are spread across a large number of destinations, particularly the region's major professional employment hubs. Seattle and Shoreline are also the most common places of residents for people who work in Shoreline. Most other Shoreline workers live nearby, in places like Edmonds, Everett, Lynnwood, and Mountlake Terrace. (**Exhibit 18**)

Exhibit 19. Jobs-Housing Ratios, Shoreline and Peer Communities



Sources: Puget Sound Regional Council, 2018; Washington Office of Financial Management, 2018

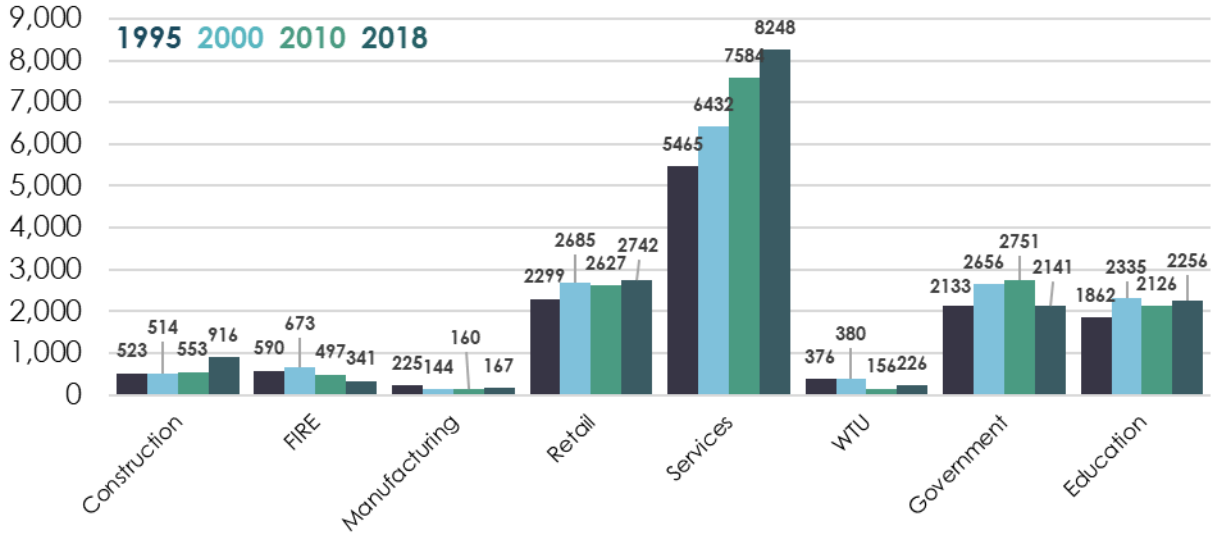
Exhibit 20. Commuter Inflows and Outflows, Shoreline, 2017

Where Shoreline Workers Live			Where Shoreline Residents Work		
Place	Number	Share	Place	Number	Share
Seattle	3,220	18%	Seattle	14,040	48%
Shoreline	2,500	14%	Shoreline	2,490	9%
Edmonds	940	5%	Bellevue	1,710	6%
Everett	680	4%	Everett	1,100	4%
Lynnwood	620	3%	Lynnwood	780	3%
Mountlake Terrace	430	2%	Redmond	720	2%
Lake Forest Park	370	2%	Kirkland	710	2%
Bothell	350	2%	Bothell	710	2%
North Lynnwood CDP	330	2%	Edmonds	620	2%
Kirkland	320	2%	Renton	360	1%
Other	8,290	46%	Other	5,760	20%
Total	18,050	100%	Total	29,000	100%

Source: US Census Bureau, LEHD Origin-Destination Employment Statistics, 2017

The Services sector is Shoreline's largest employer, and it has experienced the most significant growth since 1995. Retail, Government, and Education are also significant, though they have not experienced significant growth. (**Exhibit 21**)

Exhibit 21. Covered Employment by Sector, Shoreline, 1995-2018



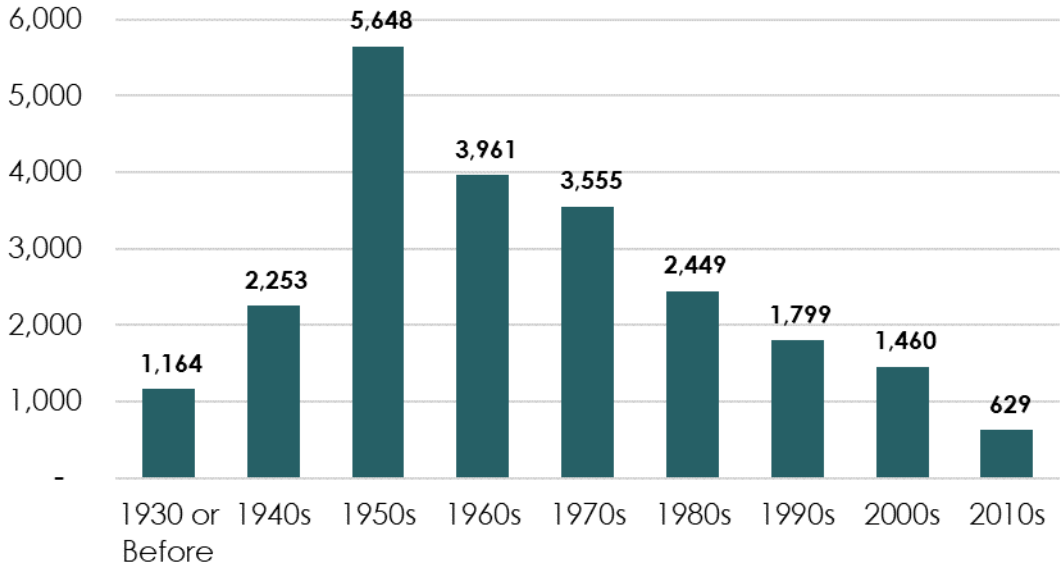
Source: Puget Sound Regional Council, 2018

Note: "WTU" stands for Wholesale Trade and Utilities and "FIRE" stands for Finance, Insurance, and Real Estate.

Housing Stock

Shoreline experienced a building boom after World War II, when developers began producing a high volume of affordable suburban family housing. This is still evident in the City's housing stock, as a quarter of its homes were built in the 1950s. Many of these homes could be considered redevelopable, particularly as land value rises. This brings challenges and opportunities. Shoreline can accommodate more growth in its higher density zones through redevelopment, but there is also potential to displace lower-income residents.

Exhibit 22. Housing Units by Age, Shoreline, 2018

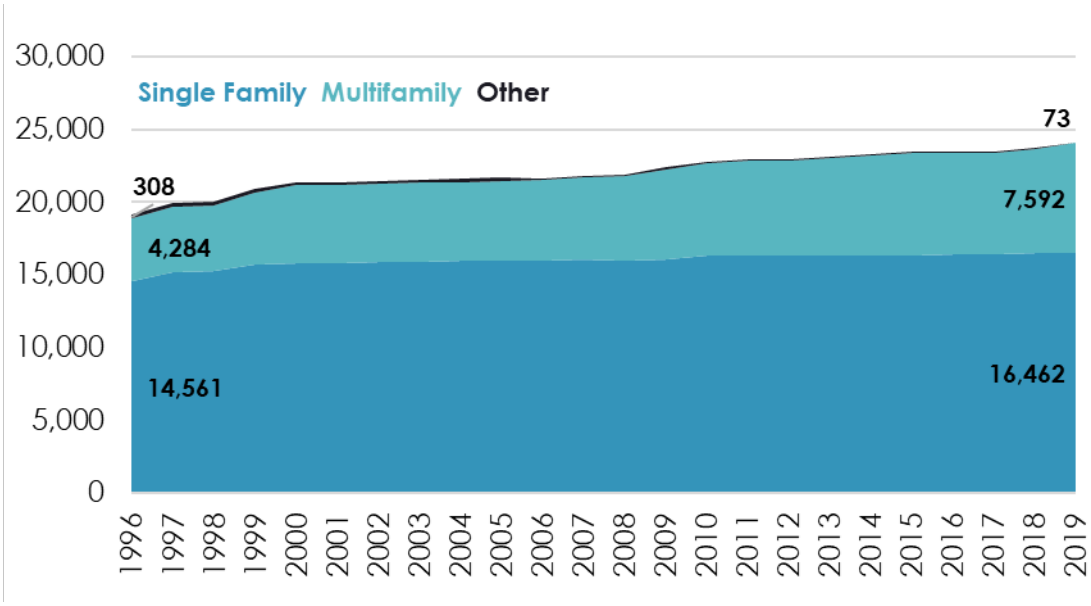


Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018

Over time, most of Shoreline's housing growth has come from new multifamily housing units. While the City has never had a significant share of other types of units, it has lost most of its stock of other units. Typically these are manufactured homes. (**Exhibit 23**)

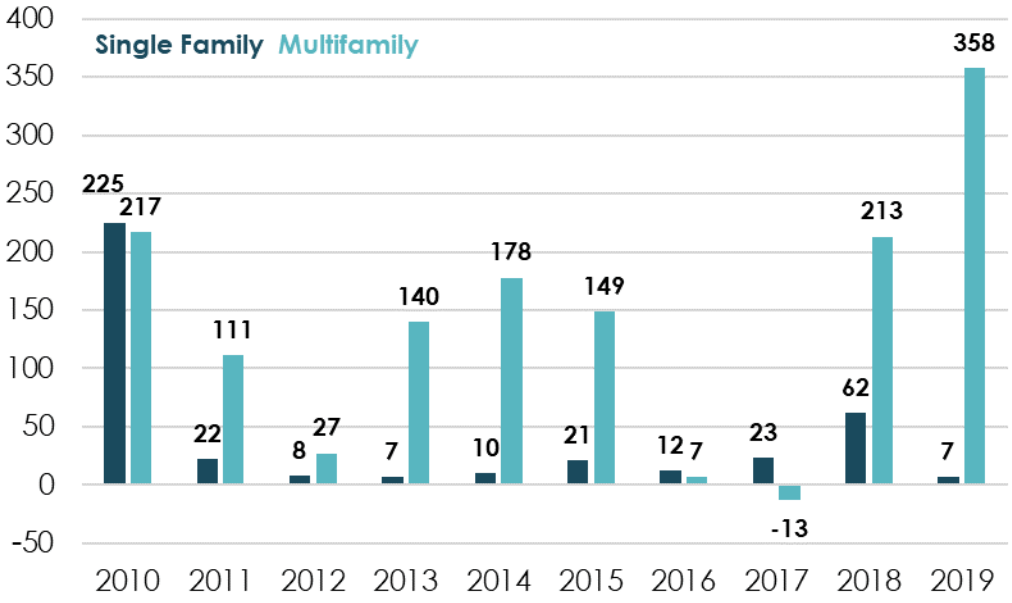
Shoreline's shift toward multifamily residential development has been the most evident over the past decade. Multifamily production has generally outpaced single family production in most years since 2010. (**Exhibit 24**)

Exhibit 23. Housing Units by Type, Shoreline, 1995 – 2020



Source: Washington State Office of Financial Management, 2019

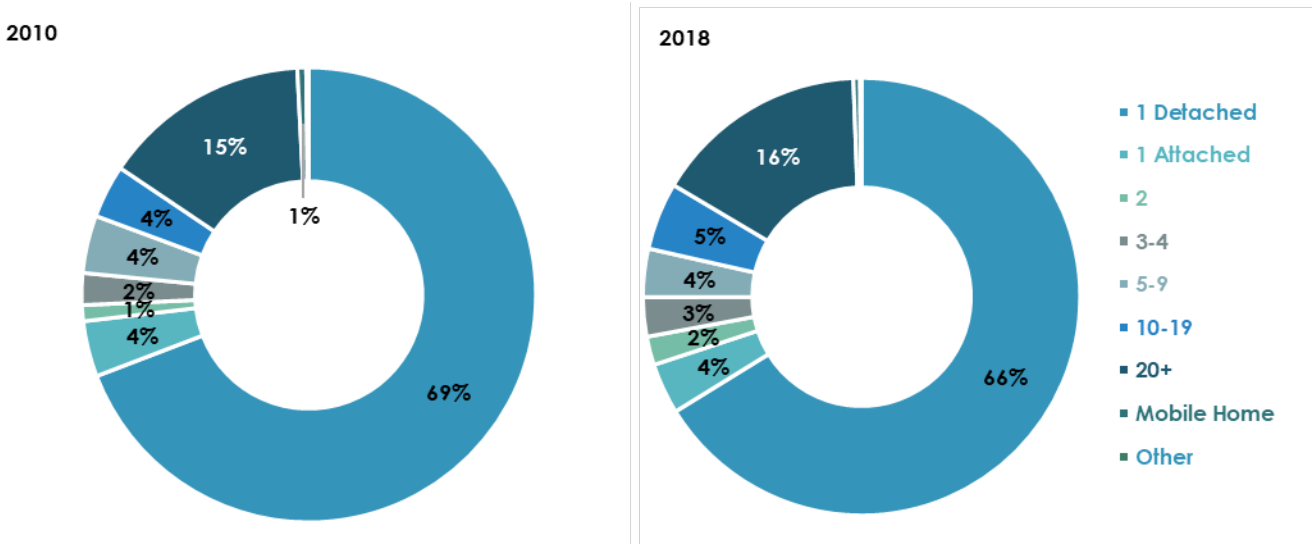
Exhibit 24. Annual Housing Unit Change, Shoreline, 2010-2019



Sources: Washington State Office of Financial Management, 2019.

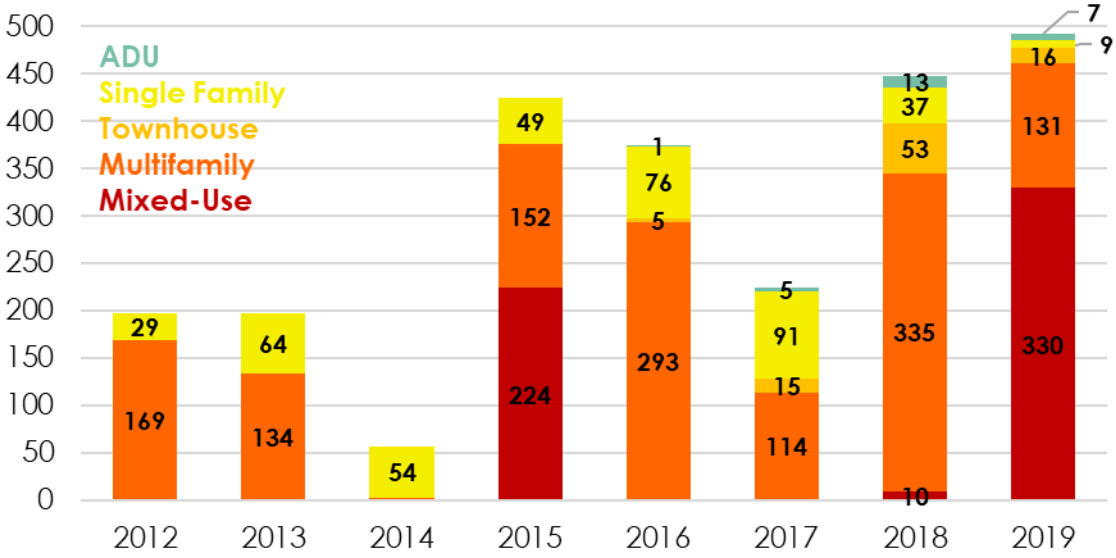
This shift toward multifamily development has been significant enough that, from 2010 to 2018, the City's overall single family detached housing share dropped by 3%. Residential buildings are permitted in higher intensity commercial districts without density limits. Combined with proximity to bus rapid transit this has led to a rise in apartment development. While the largest portion of Shoreline's multifamily units are in complexes with more than 20 units, the City is also seeing growth in smaller scale multifamily. **(Exhibit 25)**

Exhibit 25. Housing Units by Number of Units in Structure, Shoreline, 2010 and 2018



Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018

Exhibit 26. Permitted Units by Type, Shoreline, 2012-2019



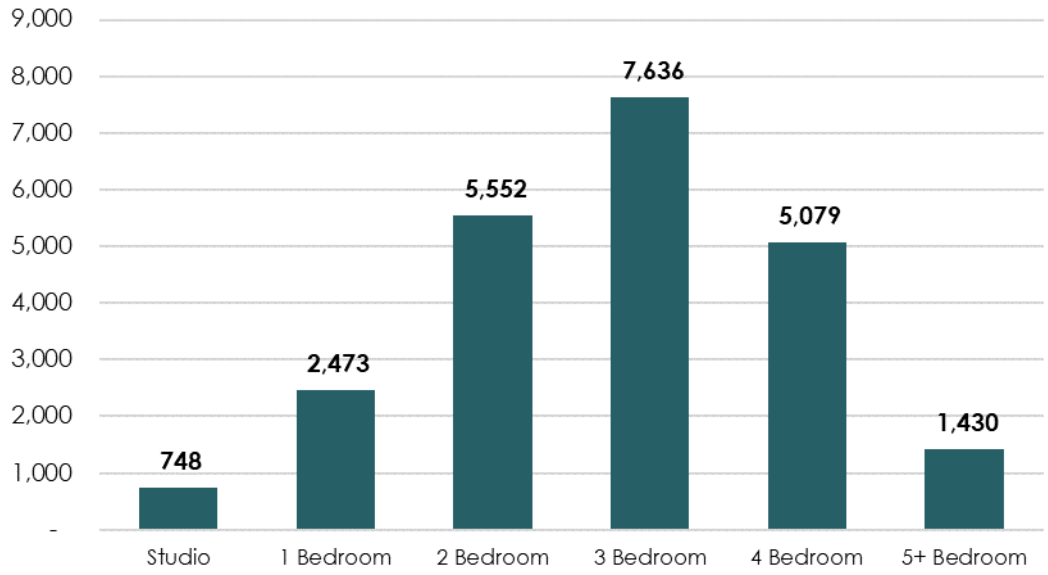
Source: City of Shoreline, 2020

Recent permit data also reflects a heavy shift toward multifamily development and increased townhouse development. Much of this recent surge in multi-family development has been related to the 2015 rezoning of single family areas adjacent to the new 145th and 185th Link Light Rail Stations to allow higher density townhouses and apartments. Accessory Dwelling Unit (ADU) permitting increased significantly in 2018, though ADUs currently only represent a small share of permitted units per year. (**Exhibit 26**)

It is possible that the rise in multifamily housing is influencing transience. The share of residents who moved into their home in the past year has increased from 14% in 2010 to 16% in 2018, but it is difficult to say whether these people moved in with the intention to remain long term or not or if they moved between different dwellings in the same area.

The largest share of Shoreline's homes by size are three bedroom units. This is consistent with a city that is predominantly single family housing. Today, Shoreline's households are mostly one or two people, and there is likely demand for more smaller units. Stakeholder engagement will test preferences with regard to smaller units and unit types. (**Exhibit 27**)

Exhibit 27. Housing Units by Number of Bedrooms, Shoreline, 2018



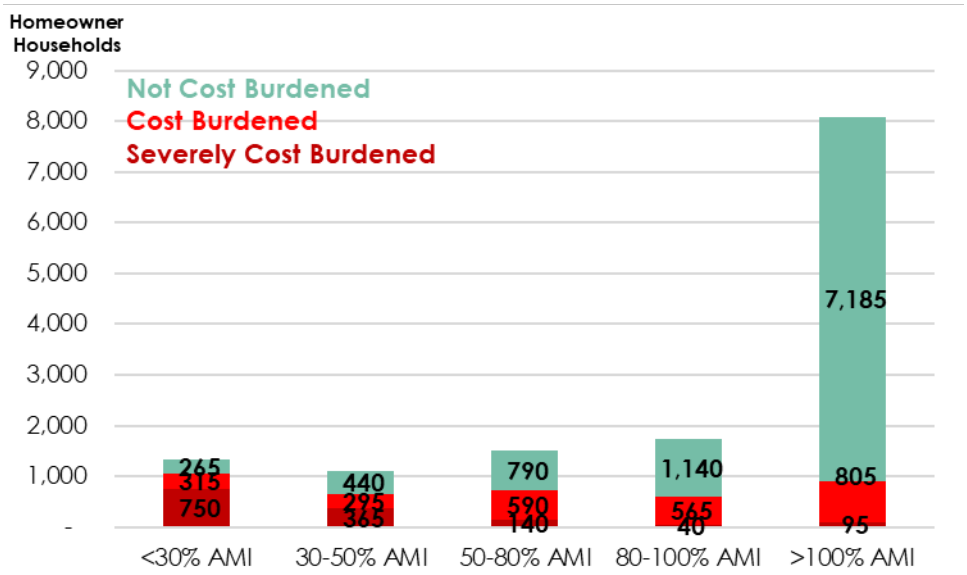
Source: US Census Bureau, American Community Survey 5-Year Estimates, 2014-2018

Housing Affordability

Shoreline has a distinct renter household income distribution. There is a large group of renters with the lowest incomes, then the number of renters decreases as income rises. This trend does not continue above median

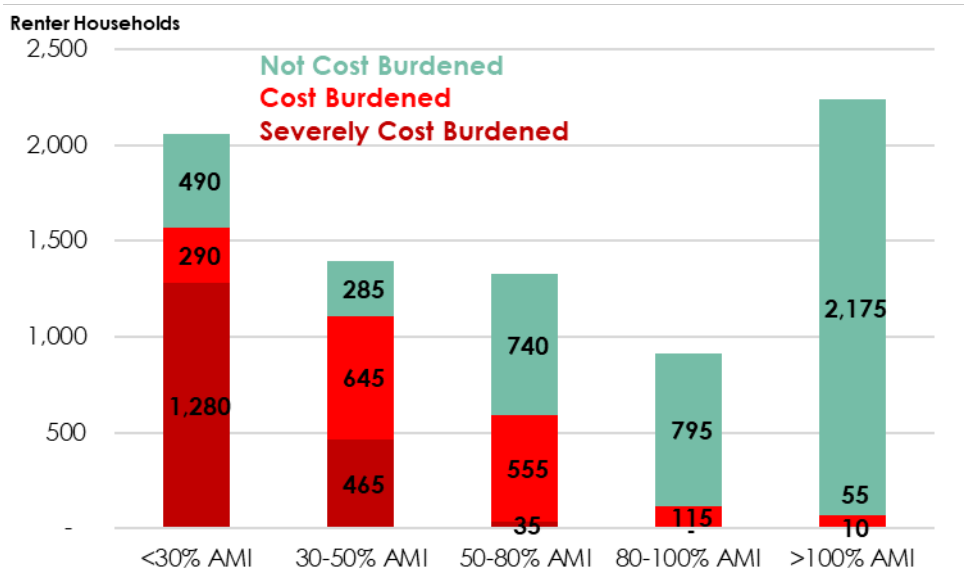
income, and the City has a large concentration of higher-income renters. While most of the City's lowest income renters are severely cost burdened and devote more than 50% of their income to rent, only a fraction of its highest income renters are cost burdened. In general, Shoreline's renters earning less than 50% AMI have the most serious housing affordability issues. Cost burden is still significant for renters between 50 and 80% AMI, but more than half of this group is not cost burdened.

Exhibit 28. Cost Burden by Income Level, Homeowner Households, Shoreline, 2016



Source: HUD CHAS, 2012-2016

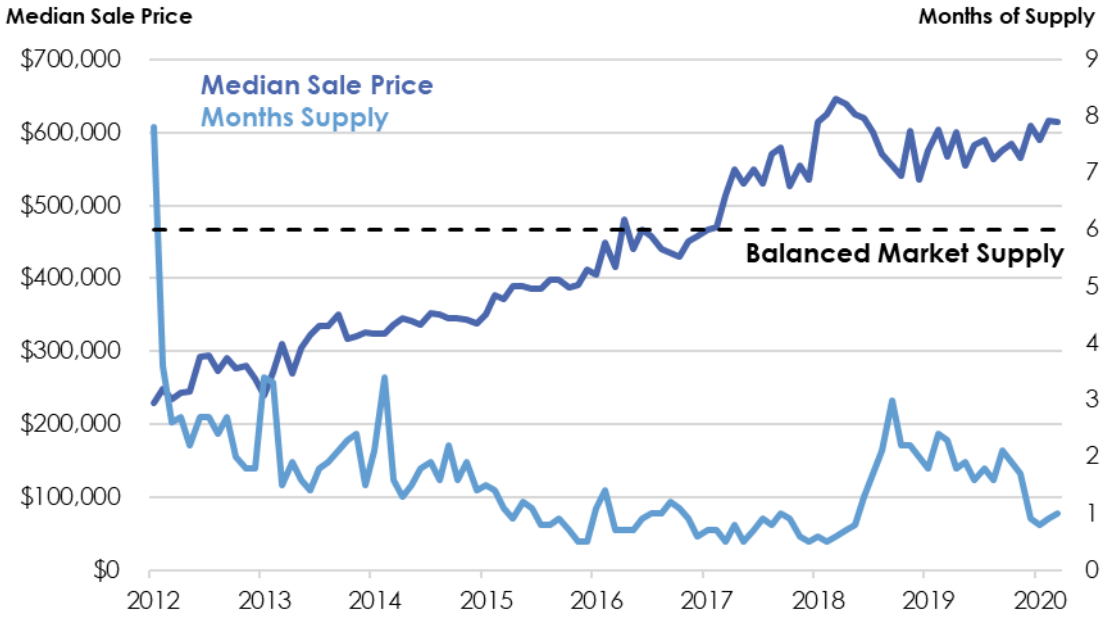
Exhibit 29. Cost Burden by Income Level, Renter Households, Shoreline, 2016



Source: HUD CHAS, 2012-2016

Shoreline's sale housing market has been consistently tight since January 2012. Housing markets are considered balanced when six months' supply is available for sale. Since 2012, Shoreline has typically had less than three months' supply available at any given time, and supply has fallen as low as 15 days on several occasions. There is a regional housing shortage, however, and Shoreline's market is similar to its neighbors and peers. This has driven price increases, which will likely continue while the current regional lack of supply persists. (**Exhibit 33**)

Exhibit 30. Median Sale Price and Residential Market Months' Supply, City of Shoreline, 2012-2019



Source: Redfin, 2020

Assisted Housing

Nursing Homes

Shoreline currently has 490 nursing home and rehabilitation facility beds across four facilities. This translates to roughly 49 beds per 1,000 residents age 65 and above. Across the western US, there are 46 nursing home and residential care beds per 1,000 people in this age group[1], which suggests that Shoreline's supply is typical for the region. Projecting future needs is complex. Today, more seniors are choosing to continue living independently instead of living in nursing homes, which has reduced demand for certain

[1] US Department of Health and Human Services, "Long-term Care Providers and Service Users in the United States, 2015-2016", 2019

facilities. Demand will continue for facilities that serve individuals living with specific ongoing care needs, such as those with Alzheimer's. (**Exhibit 28**)

Exhibit 31. Nursing Homes and Rehabilitation Facilities, Shoreline, 2020

Facility	Beds
The Oaks at Forest Bay	90
Fircrest School	92
Total Nursing Home Beds	182
CRISTA Rehab & Skilled Care	168
Richmond Beach Rehab	140
Total Rehabilitation Beds	308
All Beds	490

Source: US Department of Health & Human Services, Medicare.gov Nursing Home Compare, 2010

Financially Assisted Affordable Housing

Shoreline currently has four properties with 493 income-restricted units, all funded by low income housing tax credits (LIHTC).

Affordable LIHTC units have maximum rents based on income limits and can only be occupied by households earning less than the upper income limit. However, affordable rents are based on the upper income limit, so households with much lower incomes can still be cost-burdened while living in a LIHTC unit. There are other affordable housing funding sources which provide an ongoing subsidy so that a household never pays more than 30% of their income. Most of these are federal, notably the Section 8 Housing Choice Voucher Program.

There are two types of tax credits: one which subsidizes 30% of the units in a project and one which subsidizes 70% of the units. The 70% program is highly competitive and projects must typically meet deeper affordability goals to be successful. These projects often combine multiple funding sources to offer deep subsidies and supportive services to residents.

Shoreline has one 70% project which is owned and operated by Compass housing. Compass at Ronald Commons offers units to households earning up to 30% AMI and up to 50% AMI, though its 30% AMI units are only available by referral through the King County 2-1-1 Coordinated Entry process. Shoreline's three 30% projects have income-restricted units for households earning less than 60% AMI. (**Exhibit 32**)

Exhibit 32. Income-Restricted Multifamily Housing, Shoreline, 2020

Facility Name	Year Built	Credit Type	Income-Restricted Units
Colonial Gardens	1999	30%	71
Blakely at Echo Lake	2009	30%	199
Polaris Apartments	2014	30%	164
Compass at Ronald Commons	2017	70%	59
		Total	493

Source: HUD, 2020

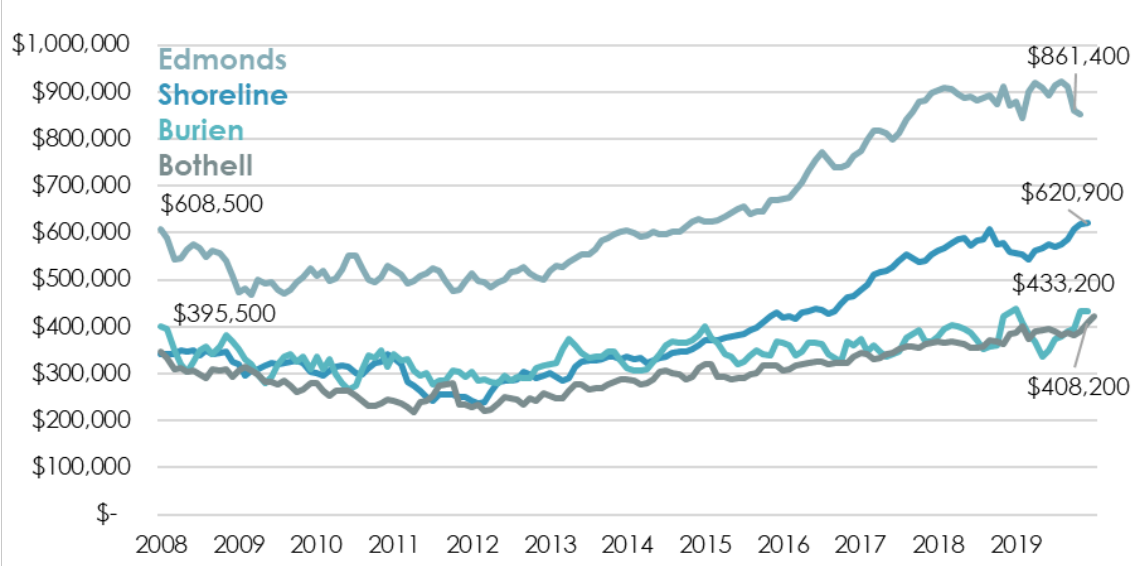
LIHTC units must remain affordable for 30 years, though credits can only be "recaptured" when properties fail to comply within the first 15 years. As a result there are few options for enforcement after 15 years. Of the four properties, only Colonial Gardens is more than 15 years old. Colonial Gardens is also owned and operated by King County Housing Authority, so these units will remain affordable throughout the compliance period and possibly beyond.

Housing Market

Prices

In the immediate post-recession years, Shoreline's housing market appeared to be similar to Burien and Bothell. While Burien and Bothell have remained similar over time, Shoreline sale prices pulled away and began climbing rapidly after 2015. (**Exhibit 33**)

Exhibit 33. Median Home Sale Price, Shoreline, Peers and Neighbors, 2008-2020

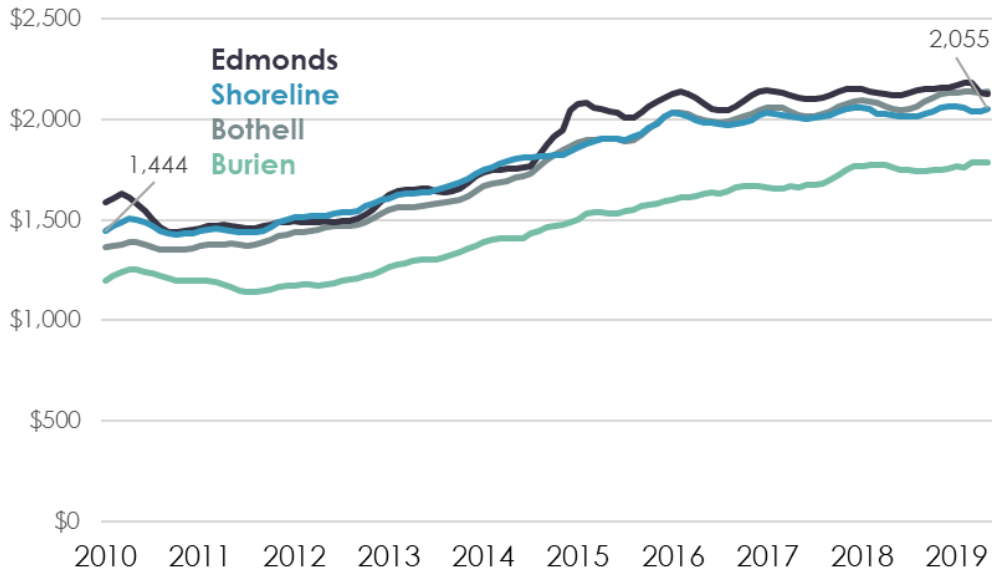


Source: Zillow, 2020

A home costing $620,900, the most recent monthly median price in Shoreline, would require an estimated minimum income of $117,000 to afford the monthly cost of loan principal, interest, property tax and insurance. This takes 30% of household income as a benchmark for affordability. By comparison, the median Shoreline family earns $100,756. The median income for all types of households is $80,489.

From 2010 to 2018, Shoreline's median rent has climbed at a similar rate to Edmonds and Bothell. The 2010 median rent of $1,444 would require an annual income of around $57,700. This is between 50 and 80% AMI for single people and couples according to 2020 HUD limits. The most recent median rent of $2,055, by contrast, requires at least $82,000 for affordability. This is nearly 100% AMI for single people and couples. As rents rise, fewer higher-income renters will be able to build sufficient savings to purchase homes. **(Exhibit 34)**

Exhibit 34. Median Rent, Shoreline and Peer Cities, 2008-2020



Source: Zillow, 2020

FORECASTS AND HOUSING NEEDS

Growth targets from Shoreline's last comprehensive plan update projected the City to add 5,000 net new housing units from 2006 to 2031. As of 2019, the City has added nearly half of that total. Since 2019 is also roughly halfway between 2006 and 2031, the City has been growing consistent with projections. However, this period has featured periods of more rapid and more slow growth. If one of these extremes is sustained, the growth trajectory could change.

Shoreline's population and employment projections will be updated in 2021. Once available, the Housing Action Plan will use projections to assess how many units the City will require by type and income level to serve future growth.

For interim planning purposes, **Exhibit 35** details several potential growth scenarios for Shoreline, based on trends the City has experienced in the past in terms of unit production per year. While these scenarios may differ from growth targets adopted in the future, they provide a general sense of the scale of Shoreline's housing needs.

If Shoreline's current household income distribution remains constant, the City will require between 50 and 150 new units *per year* serving households earning less than 50% AMI. This does not include the number of affordable units required to serve existing cost-burdened low-income households. (**Exhibit 35**)

Exhibit 35. Shoreline Housing Needs Analysis

Citywide Housing Units	Total Units	Annual Growth
Housing Units, 1996	19,153	
Housing Units, 2000	21,338	546
Housing Units, 2010	22,787	145
Housing Units, 2019	24,127	134
Assumed Multifamily Share of New Units	75%	
Assumed 2050 Household Size		
Single Family	2.2	
Multifamily	1.8	
Household Growth Scenarios, 2020 to 2050		
High Growth (1996-2000 Growth Trend)	16,500	550
Current Trend (2015-2019 Growth Trend)	12,000	400
Previous Plan Housing Target	6,000	200
Low Growth (2010-2015 Growth Trend)	4,500	150
Total Housing Units Required w/Vacancy of	**5.0%**	
High Growth Scenario	17,300	578
Current Trend Scenario	12,600	420
Previous Plan Scenario	6,300	210
Low Growth Scenario	4,700	158
Housing Units Required to Serve Households Below 50% AMI	**27.1%**	
High Growth Scenario	4,700	150
Current Trend Scenario	3,400	100
Previous Plan Scenario	1,700	50
Low Growth Scenario	1,250	50

Sources: City of Shoreline, 2020; US Census Bureau, American Community Survey 2018 5-Year Estimates; Washington Office of Financial Management, 2019; CAI, 2020

- The households most likely to be cost burdened in Shoreline are renters below 50% AMI. Shoreline needs more dedicated affordable units serving renters in this income segment. This is best accomplished in partnership with nonprofit and public housing providers.
- Shoreline has an overall housing shortage that is part of a regional lack of supply. This has had upward pressure on prices, particularly home sale prices. The current median home is now out of reach of the typical Shoreline family.
- Rents have risen so that renters between 50% and 80% AMI will now struggle to find affordable housing in Shoreline. Renters above 80% AMI will now struggle to build sufficient savings to buy a home.
- Most of Shoreline's households consist of one or two people. Among these households there are two potential subgroups to consider for housing planning purposes – seniors and young adults. There is strong demonstrated demand for townhouses, consistent with this demographic. There may be untapped demand for additional small housing types, such as cottage housing and small-lot single family development.
- Shoreline's midcentury single family homes will be attractive for redevelopment as prices rise. This will bring a shift toward more multifamily development in multifamily zones, and more high value, large homes in single family zones. As prices rise, Shoreline will likely attract more high-income households.

Shoreline Housing Toolkit Regulatory Review

July 31, 2020

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CITY OF SHORELINE

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EXECUTIVE SUMMARY

This regulatory review presents Shoreline's policies and programs to support desired housing goals in the city, and provides an assessment of performance. This summary presents high level findings from the report, and includes discussion of opportunities for Shoreline to better achieve its housing goals. The City can use this list to inform potential actions for the Housing Action Plan.

In general, Shoreline's housing policies and programs intend to achieve the following goals:

- Increase supply of housing in the city
- Increase the variety of housing (specifically multifamily and cottage housing developments)
- Provide more affordable housing citywide
- Serve low income households and minimize displacement

Assessment

The City has employed several highly effective strategies to increase its housing supply, including a multifamily tax exemption (MFTE) and several planned actions. It also has several highly effective programs to increase affordable housing for low-moderate renters, including inclusionary zoning in its station areas. The MFTE program may be able to encourage development of more affordable housing units, particularly in combination with the City's other tools, though this should be tested with market analyses.

Several programs are either underutilized or have the potential to be more effective with adjustments. The City's density bonus and parking reduction programs have not been well utilized. This may be explained by aspects of the programs themselves, along with a lack of awareness among the development community about all the incentives Shoreline offers. Clear marketing materials compiling all local incentives and demonstrating how they can benefit typical projects could bolster multiple programs.

There are several strong opportunities to increase housing variety. These include revising requirements for ADUs, permitting cottage housing, and regulating more residential areas based on form to accommodate more flexibility in density.

In general, the most significant gap areas to prioritize for new strategies are serving very low-income households and minimizing displacement.

Partnerships with local affordable housing and service providers will be important in advancing these goals.

Potential Actions for Consideration

Comprehensive Plan

- Add goal(s) and policies on minimizing displacement of low-income residents.
- Describe the connection of comprehensive plan elements to housing goals (infrastructure investments, parks plans, and more, for example).

Funding and Related Resources

Multifamily Tax Exemption

- Complete a market analysis to determine if the market can support a lower income limit in target areas where the program is well-utilized. This analysis should incorporate the City's other incentives, including fee waivers and parking reductions.
- Complete a pro forma analysis to evaluate if there are cases where the rehabilitation program can improve the prospects of new development of affordable housing.
- Assess potential barriers to development in the target areas where MFTE has not been used, and consider the benefit of an 8-year exemption without affordability requirements.

Permit Waivers for Affordable Housing

- Develop a public framework for estimating the value of fee waivers for typical projects under a set of typical scenarios.
- Prepare marketing materials, such as a dedicated website, that compile all the City's affordable housing incentives and demonstrate how they can be combined.

Sales and Use Tax Credit

- Develop priorities for use of funds that are appropriate for Shoreline's priorities and the level of funding available.
- Evaluate opportunities to pool funds with other jurisdictions for greater impact.

Zoning and Regulatory Strategies

Accessory Dwelling Units (ADUs)

- Eliminate or ease parking requirements, particularly in areas with access to transit.

- Eliminate owner-occupancy requirements.
- Allow more than one ADU per lot, such as by allowing both an attached and detached unit or granting greater flexibility for large lots.
- Develop "pre-approved" ADU plans, providing the community with the opportunity to provide input on designs.
- Develop educational materials for homeowners portraying the full range of possibilities for ADUs, including converting basements and garages.

Deep Green Incentive Program

- Periodically analyze the program to ensure incentives remain sufficient to not impede development in mandatory zones.
- Reduce or eliminate the minimum lot size.
- Expand eligibility to more zones.

Density Bonuses

- Clarify if additional code departures are possible to accommodate the bonus, such as lot coverage and height limits.
- Conduct a developer's forum to identify opportunities to make the program more attractive.
- Model the potential benefit to the developer of providing additional affordable units, and consider alternate scenarios that achieve a deeper affordability level on fewer units.
- Assess whether the bonus can be combined with an MFTE, and market this opportunity along with the MFTE program if it is feasible.

Inclusionary Zoning

- Monitor program participation over time.
- Develop requirements for home ownership units.
- Study and weigh impacts of a fee per square foot instead of fee per unit.

Parking Reductions

- Establish clear criteria to achieve the maximum parking reduction
- Complete a parking demand study to evaluate if parking requirements can be reduced in light rail station areas.

Planned Action EIS

- Periodically review and refresh as needed
- Identify any long-range priority areas that may benefit from a new planned action

INTRODUCTION

Background and Purpose

The City of Shoreline is developing a Housing Action Plan with support from the Washington State Department of Commerce. Washington State House Bill 1923 enacted one-time planning grants for cities to complete specific actions to support housing affordability. Shoreline received a grant to develop a Housing Action Plan, one of the eligible options under the grant program.

The Housing Action Plan will provide city-led actions and initiatives to encourage sufficient affordable and market rate housing at prices accessible to all of Shoreline's households, now and in the future. The Plan's content will be informed by two products – the Housing Needs Assessment and the Housing Toolkit. The Housing Needs Assessment provides the quantitative data and analysis required to understand Shoreline's housing needs. The Housing Toolkit will assess Shoreline's existing strategies relative to its needs, and identify appropriate options to address those needs.

The purpose of this regulatory review is to identify Shoreline's existing housing efforts and assess their performance and alignment with Housing Action Plan objectives. This assessment will help inform priorities for the Housing Toolkit.

Methods

Analysis in this report uses internal City of Shoreline data to assess existing housing program outcomes.

Organization of this Report

The remainder of this report is organized as follows:

- **Housing Policy Framework** explains high-level objectives for the Housing Action Plan, and how the City's existing plans connect to these objectives
- **Existing Housing Tools** summarizes existing housing strategies, their purposes, recent performance, and actions to consider for improvement
- **Assessment** summarizes how existing tools align with housing objectives, both in terms of potential and as currently applied, and identifies gap areas for the Housing Toolkit

HOUSING POLICY FRAMEWORK

Housing Action Plan Objectives

State law identifies a set of broad objectives for Housing Action Plans to address. (*RCW 36.70A.600*) Different cities have different needs, and Shoreline's Housing Action Plan will address these objectives based on its specific context. This report will assess Shoreline's existing housing strategies and tools for alignment with the following objectives:

- Increasing housing supply
- Increasing variety of housing types
- Increasing supply of housing affordable to all income levels
- Minimize displacement of low-income residents resulting from redevelopment
- Support preservation of existing housing *(Recommended but not required for the Action Plan, required for Housing Element per RCW 36.70A.070(2))*

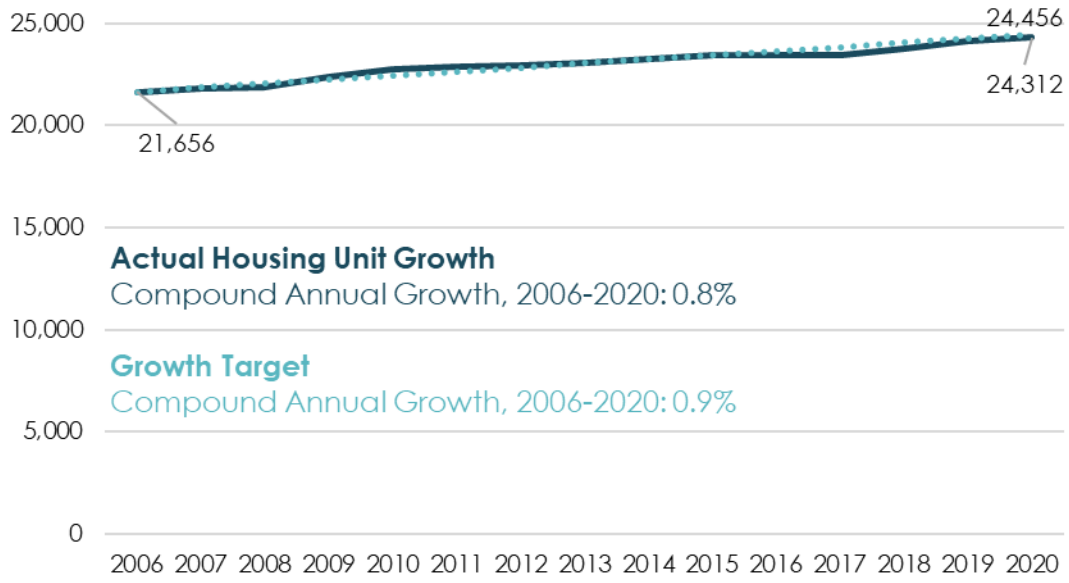
Comprehensive Plan

Growth Targets

Shoreline's 2012 comprehensive plan incorporates a housing growth target of 5,000 units between 2006 and 2031, or approximately 200 net new units per year. Since 2006, Shoreline's housing supply has grown by 0.8% per year on average, compared to a target of 0.9%. The strongest growth occurred from 2008 to 2010 and 2017 to 2019, while the weakest growth occurred from 2011 to 2012 and 2015 to 2017. Production has been strong in recent years, growing by 1.2% per year since 2017. If this recent production rate continues, Shoreline's housing stock will surpass the growth target by 2022. (**Exhibit 1**)

Shoreline's growth targets will be updated early in 2021. Once available, the Housing Action Plan will assess how many units will be required to serve different income levels, and whether there is sufficient land available.

Exhibit 1. Actual and Planned Housing Unit Growth, Shoreline, 2006-2020



Sources: Washington State Office of Financial Management, 2020; King County, 2016

Housing Element

Exhibit 2 organizes Shoreline's Housing Element goals and policies in alignment with the Housing Action Plan objectives. Shoreline's previous plan has identified policies that are relevant to each objective, though it lacks direct goals or policies on minimizing displacement.

Exhibit 2. Shoreline Housing Element Alignment with Housing Action Plan Objectives

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Housing Supply	**Goal H I:** Provide sufficient development capacity to accommodate the 20 year growth forecast and promote other goals, such as creating demand for transit and local businesses through increased residential density along arterials; and improved infrastructure, like sidewalks and stormwater treatment, through redevelopment.	**H3:** Encourage infill development on vacant or underutilized sites. **H4:** Consider housing cost and supply implications of proposed regulations and procedures.

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Housing Supply (cont.)		**H2:** Provide incentives to encourage residential development in commercial zones, especially those within proximity to transit, to support local businesses
Increase Variety of Housing Types	**Goal H II:** Encourage development of an appropriate mix of housing choices through innovative land use and well-crafted regulations.	**H1:** Encourage a variety of residential design alternatives that increase housing choice. **H5:** Promote working partnerships with public and private groups to plan and develop a range of housing choices. **H6:** Consider regulations that would allow cottage housing in residential areas, and revise the Development Code to allow and create standards for a wider variety of housing styles. **H24:** Explore the feasibility of implementing alternative neighborhood design concepts into the City's regulations.
	Goal H VI: Encourage and support a variety of housing opportunities for those with special needs, specifically older adults and people with disabilities.	**H26:** Support development of emergency, transitional, and permanent supportive housing with appropriate services for people with special needs, such as those fleeing domestic violence, throughout the city and region. **H27:** Support opportunities for older adults and people with disabilities to remain in the community as their housing needs change, by encouraging universal design or retrofitting homes for lifetime use.
Increase Supply of Housing Affordable to All Income Levels	**Goal H III:** Preserve and develop housing throughout the city that addresses the needs of all economic segments of the community, including underserved populations, such as households making less than 30% of Area Median Income.	**H7:** Create meaningful incentives to facilitate development of affordable housing in both residential and commercial zones, including consideration of exemptions from certain development standards in instances where strict application would make incentives infeasible. **H8:** Explore a variety and combination of incentives to encourage market rate and non-profit developers to build more units with deeper levels of affordability. **H9:** Explore the feasibility of creating a City housing trust fund for development of low income housing.

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Supply of Housing Affordable to All Income Levels (cont.)		**H10:** Explore all available options for financing affordable housing, including private foundations and federal, state, and local programs, and assist local organizations with obtaining funding when appropriate **H11:** Encourage affordable housing availability in all neighborhoods throughout the city, particularly in proximity to transit, employment, and educational opportunities. **H13:** Consider revising the Property Tax Exemption (PTE) incentive to include an affordability requirement in areas of Shoreline where it is not currently required, and incorporate tiered levels so that a smaller percentage of units would be required if they were affordable to lower income households. **H15:** Identify and promote use of surplus public and quasi-publicly owned land for housing affordable to low and moderate income households **H16:** Educate the public about community benefits of affordable housing in order to promote acceptance of local proposals. **H17:** Advocate for regional and state initiatives to increase funding for housing affordability. **H18:** Consider mandating an affordability component in Light Rail Station Areas or other Transit-Oriented Communities. **H19:** Encourage, assist, and support non-profit agencies that construct, manage, and provide services for affordable housing and homelessness programs within the city. **H25:** Encourage, assist, and support social and health service organizations that offer housing programs for targeted populations. **H29:** Support the development of public and private, short-term and longterm housing and services for Shoreline's population of people who are homeless.

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Increase Supply of Housing Affordable to All Income Levels (cont.)	**Goal H VII:** Collaborate with other jurisdictions and organizations to meet housing needs and address solutions that cross jurisdictional boundaries.	**H28:** Improve coordination among the County and other jurisdictions, housing and service providers, and funders to identify, promote, and implement local and regional strategies that increase housing opportunities. **H30:** Collaborate with King and Snohomish Counties, other neighboring jurisdictions, and the King County Housing Authority and Housing Development Consortium to assess housing needs, create affordable housing opportunities, and coordinate funding. **H31:** Partner with private and not-for-profit developers, social and health service agencies, funding institutions, and all levels of government to identify and address regional housing needs. **H32:** Work to increase the availability of public and private resources on a regional level for affordable housing and prevention of homelessness, including factors related to cost-burdened households, like availability of transit, food, health services, employment, and education. **H33:** Support and encourage legislation at the county, state, and federal levels that would promote the City's housing goals and policies.
Minimize Displacement of Low-Income Residents Resulting from Redevelopment		**H14:** Provide updated information to residents on affordable housing opportunities and first-time home ownership programs.
Support Preservation of Existing Housing		**H12:** Encourage that any affordable housing funded in the city with public funds remains affordable for the longest possible term, with a minimum of 50 years. **H20:** Pursue public-private partnerships to preserve existing affordable housing stock and develop additional units.

Housing Action Plan Objective	Associated Shoreline Housing Element Goals	Associated Shoreline Housing Element Policies
Support Preservation of Existing Housing (cont.)	**Goal H IV:** "Protect and connect" residential neighborhoods so they retain identity and character, yet provide amenities that enhance quality of life.	**H21:** Initiate and encourage equitable and inclusive community involvement that fosters civic pride and positive neighborhood image. **H22:** Continue to provide financial assistance to low-income residents for maintaining or repairing health and safety features of their homes through a housing rehabilitation program.
Additional Local Priorities	**Goal H IX:** Develop and employ strategies specifically intended to attract families with young children in order to support the school system. **Goal H V:** Integrate new development with consideration to design and scale that complements existing neighborhoods, and provides effective transitions between different uses and intensities.	**H23:** Assure that site, landscaping, building, and design regulations create effective transitions between different land uses and densities.

EXISTING HOUSING TOOLS

Funding and Related Resources

Multifamily Tax Exemption (MFTE)

The Multifamily Tax Exemption (MFTE) program was established under state law in 1995. Under this legislation, cities in Washington with a population of more than 15,000 and certain cities specified under RCW 84.14.010(3) may establish a property tax exemption program to incentivize the construction of new, rehabilitated or converted multifamily housing within designated centers. The exemption may extend for 8 or 12 years, with a minimum affordable housing requirement for any 12-year exemption. Cities may establish additional requirements for either exemption beyond these minimum standards.

Shoreline offers a 12-year MFTE for developments with four or more units. The program is only available for rented units, but applies to both new construction and rehabilitated properties. To be eligible, applicants must

rent 20% of the project's units to income-qualified households through the 12-year exemption period. The mix of affordable units by size and type must be comparable to the project overall. The income limits are as follows:

- Studio and One Bedroom Units: 70% AMI
- Two Bedroom and Larger Units: 80% AMI

Rehabilitation projects must add at least four additional residential units to be eligible for the program, unless the project has been vacant for at least 12 consecutive months. The property must also fail to comply with one or more standards of state or local building or housing codes. The property tax exemption only applies to value added through rehabilitation. If the property is not vacant prior to rehabilitation, the applicant must provide each tenant housing of comparable size, quality, and price.

The City has defined nine target areas where the program is available. (*SMC 3.27.030*) These areas are as follows:

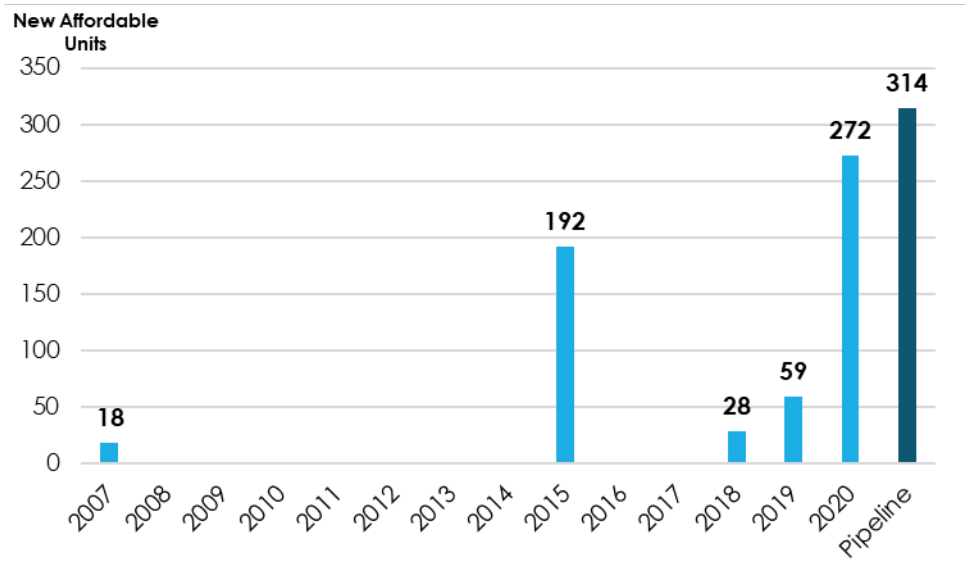
- Aurora Avenue North Corridor
- Ballinger Way NE Commercial Area
- Hillwood Commercial Area
- Richmond Beach Commercial Area
- Southeast Neighborhood Commercial Area
- North City Business District
- Ridgecrest Commercial Area
- 145th Street Station Subarea
- 185th Street Station Subarea

Associated Housing Objectives

- **Increase Housing Supply:** MFTEs are effective in generating more multifamily development than may otherwise occur.
- **Increase Variety of Housing Types:** MFTEs can be effective in encouraging denser development and increasing multifamily housing supply.
- **Increase Supply of Housing Affordable to All Income Levels:** Units serve renters earning 70-80% AMI. These units will not be affordable to households earning less than 50% AMI, but they may reduce these renters' cost burden level.
- **Support Preservation of Existing Housing:** Rehabilitation projects are also eligible for Shoreline's program.

Outcomes
Shoreline's MFTE program has produced 568 affordable units since 2007. Eighteen of these units are no longer subject to affordability requirements, with another 192 set to graduate the program in 2027. (**Exhibit 3**)

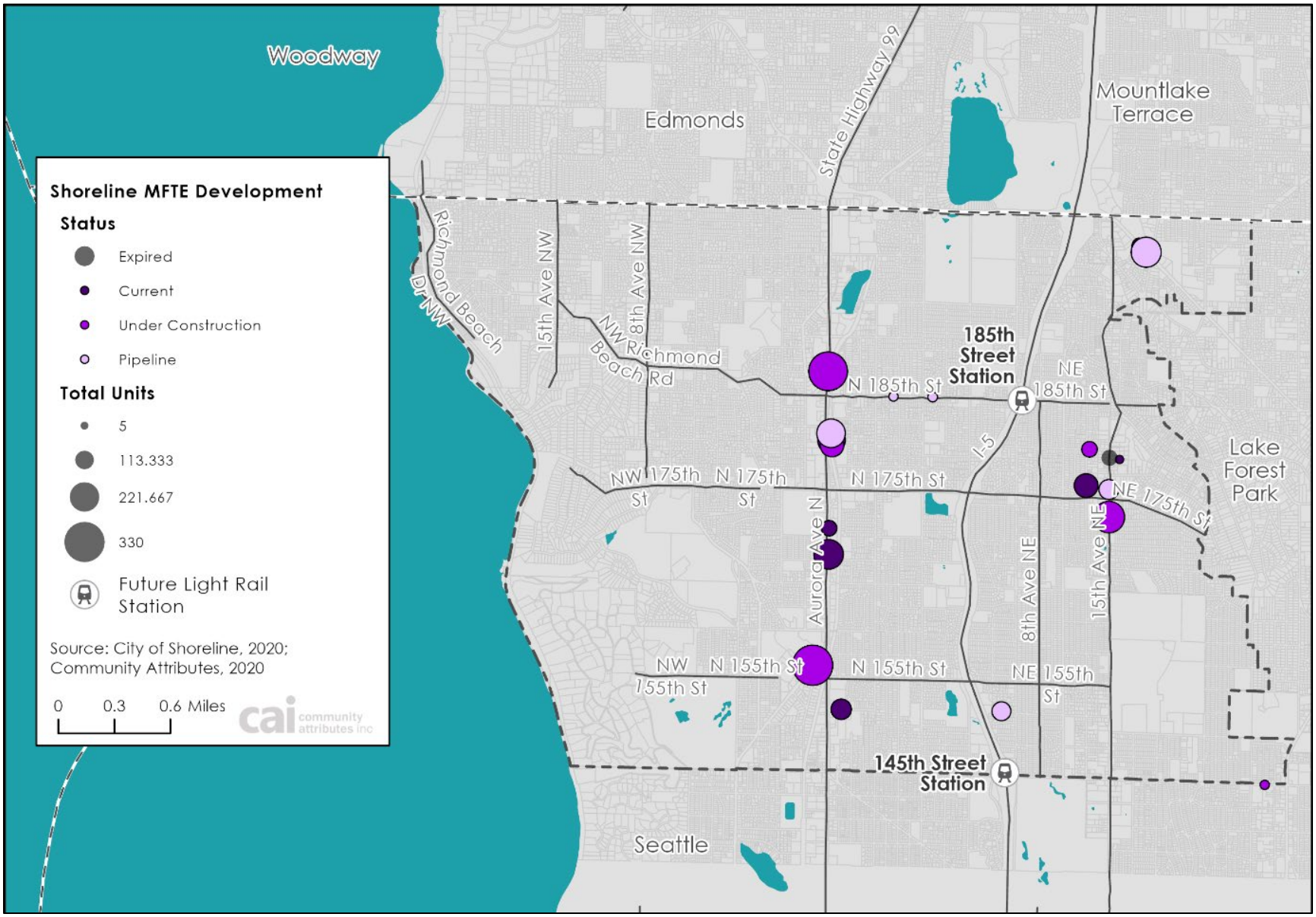
Exhibit 3. Affordable MFTE Units by Year Built, Shoreline, 2007 - 2020



Source: City of Shoreline, 2020

Interest in the program is likely increasing as Shoreline's light rail service opening draws closer, and the City anticipates another 314 affordable units from projects currently under construction. Five of the eight MFTE projects in the pipeline are located in station areas and also subject to the inclusionary housing program. (**Exhibit 4**)

Exhibit 4. MFTE Developments by Size, Shoreline



All of Shoreline's MFTE projects have been new construction projects, rather than rehabilitation or conversion projects. MFTE development is concentrated along Aurora and in North City. Three target areas have no past or planned MFTE projects: Hillwood, Richmond Beach, and Ridgecrest. While the Aurora Avenue North target area has attracted more development than any other area, it is also much larger than the other target areas.

Exhibit 5. Shoreline MFTE Development by Target Area and Development Status

	Existing Development		Under Construction		Pipeline Projects		Total	
Target Areas	Projects	Total Units	Projects	Total Units	Projects	Total Units	Projects	Total Units
Aurora Avenue North	3	430	4	1,011	1	210	8	1,651
Ballinger Way NE	2	132	-	-	1	227	3	359
Hillwood	-	-	-	-	-	-	-	-
North City	2	93	1	243	1	124	4	460
Richmond Beach	-	-	-	-	-	-	-	-
Ridgecrest	-	-	-	-	-	-	-	-
Southeast Neighborhood	-	-	1	16	-	-	1	16
145th Street Station	-	-	-	-	2	150	2	150
185th Street Station	1	165	1	81	3	59	5	305
							-	-
	8	820	7	1,351	8	770	23	2,941

Source: City of Shoreline, 2020

Actions for Consideration

MFTE programs are most effective in encouraging more multifamily development overall. They can help make a marginal project feasible, and help mitigate uncertainty for feasible projects, but the benefit is insufficient to make an infeasible project work without additional funding. When market rents are very high, the benefit of the property tax exemption can be smaller than the foregone revenue under affordability requirements. While the following opportunities for improvement may help increase program participation and affordability, an MFTE is never likely to serve households below 50% AMI without additional subsidy.

Per state law, Shoreline uses the area median income for King County established by HUD for its income limits, adjusting for household size. These limits may be high compared to Shoreline's income distribution. As a result, many of this policy's beneficiaries might not be the target population the city envisioned when creating the policy. For example, the Shoreline MFTE rent for a two bedroom apartment at 80% AMI would be $2,039 per month, or $1,893 if the tenant pays all utilities. By comparison, the average market asking rent for a Shoreline two bedroom apartment built in 2015 or later was $2,055 in Q2 2020, according to CoStar data. As a result, 80% income limits based on the King County standard are likely producing units that are close to market rate in Shoreline. In the same survey, the average one bedroom rent was $1,591, compared to a 70% AMI rent of $1,586, or $1,466 without utilities.

To encourage more below-market rent units, Shoreline may complete an analysis to determine if there is a deeper income target that is still feasible in the local market. This analysis should combine the MFTE benefit with other applicable benefits, such as permit waivers and reduced parking requirements. It should also consider alternate scenarios, such as retaining the existing income limits but increasing the share of affordable units.

The City may also consider analyzing barriers to MFTE development in the three target areas which have not yet attracted development. Once the land capacity analysis is updated, the City may assess whether there are appropriate buildable sites in these target areas to accommodate MFTE development. Program requirements may be adjusted for different target areas. If the market is not strong enough to support development with affordable units in certain areas, the City may also consider offering an 8-year MFTE without the affordability requirement.

To date, no projects have used the rehabilitation MFTE program. Shoreline's program is consistent with the minimum restrictions established by state law. Under current state limits, the program is unlikely to be useful beyond isolated cases. Potential issues include:

- **Code compliance.** Rehabilitation projects must fail to comply with at least one standard of the building or housing code. It is a common strategy for certain commercial real estate investors to acquire older properties, complete cosmetic improvements, and then command a significantly higher rent. These properties may not have code compliance issues, but have a dated appearance and naturally lower market rents. This program will not be effective in preserving affordability in these cases.
- **Adding units.** Rehabilitation projects must add units, unless the property has been vacant. If zoning and site characteristics do not support adding density, and the City is unaware of any code issues, there is no incentive for rehab and units may continue to be rented in a substandard condition.
- **Value of exemption and affordability requirements.** Because the MFTE only applies to the value added through rehab, the impact of affordability requirements may outweigh the benefit of the tax exemption.

The City may perform a pro forma analysis to evaluate situations when the rehabilitation program is economically beneficial. If the affordability requirement is not feasible, it may consider an 8-year exemption without an affordability requirement for rehabilitation projects. If the City is experiencing issues with substandard multifamily properties not being

rehabilitated and not being redeveloped, the 8-year exemption may be desirable.

Permit Waivers for Affordable Housing

Affordable housing developers may apply to have permitting fees waived for projects serving renters at or below 60% of AMI. This opportunity applies citywide. The amount of money saved by the waived fees varies based on individual project specifics, and the director has discretion over the exact amount of the reduction. (*SMC 20.40.230 (H))*

Associated Housing Objectives

- **Increase Supply of Housing Affordable to All Income Levels:** This policy serves projects for renters earning no more than 60% of AMI.

Outcomes

While the program has been in the code since 2015, to date only one project has applied for an affordable housing fee waiver. It is currently in permitting. This 227-unit project has accumulated $246,500 in fees with more anticipated during project review. The director has yet to determine the share that will be waived.

Actions for Consideration

The City's other affordable housing strategies use a 70% or 80% AMI limit, and the fee waiver may not provide enough incentive for private developers to pursue the required deeper income level.

There may be a lack of awareness that the City offers this opportunity. The City may consider developing marketing materials for this and other affordable housing incentives, including a dedicated website clearly demonstrating the benefits to a typical project. This could include a publicly available framework showing a range of expected fee reduction outcomes for projects with a given set of attributes.

Sales and Use Tax Credit

In 2019, Washington House Bill 1406 established a revenue sharing program that allows cities like Shoreline to impose a 0.0073% sales and use tax, credited against the state sales tax for housing investments. These funds can be used for acquiring, rehabilitating, or constructing affordable or supportive housing; toward operation and maintenance costs for new affordable or supportive housing; or for direct tenant rental assistance.

Shoreline passed an ordinance to participate in this program in late 2019. (*SMC 3.17*)

Associated Housing Objectives

- **Increase Supply of Housing Affordable to All Income Levels:** Per state law, the funding must serve households with incomes at or below 60% AMI.
- **Minimize Displacement of Low-Income Residents Resulting from Redevelopment:** Funds can be used to provide direct tenant rental assistance.
- **Support Preservation of Existing Housing:** Funds can be used to help rehabilitate or acquire affordable housing units at risk of market-rate conversion.

Outcomes

As of June 2020, Shoreline has collected $14,600 in revenue from the sales and use tax credit. The City estimates that the sales tax credit can provide up to $85,929 per year for up to 20 years. These revenues will fluctuate with local economic activity and may be lower in recessionary years. The City estimates 2020 revenues could be reduced by 20% due to COVID-19 impacts.

Opportunities for Improvement

The City should establish priorities for the Fund's use and procedures for how funding will be distributed. The City may enter into an interlocal agreement to pool its funds with other local governments or public housing authorities. It may also use tax credit revenue to issue or repay bonds for authorized projects.

Zoning and Regulatory Strategies

Accessory Dwelling Units (ADUs)

An Accessory Dwelling Unit (ADU) is a smaller, independent dwelling unit located on the same lot as a single-family home. It may be enclosed within the home, as with a "mother-in-law suite", or be a fully detached unit. ADUs are permitted outright in all of Shoreline's residential zones, per SMC 20.40.120, subject to the following limitations:

- One ADU per single-family dwelling
- The ADU may be located in the primary residence or detached
- The property owner or an immediate family member must occupy one of the two units
- ADUs must not be larger than 50% of the primary residence's living area
- One off-street parking space required per ADU
- ADU cannot be subdivided in ownership

- Development applicant must record a document establishing the owner and committing to owner occupancy and informing any prospective buyers of the requirements

ADUs are market-rate units but are likely to be more affordable to rent compared with traditional single family homes. They also represent an opportunity to increase density and housing supply in single family neighborhoods without substantially changing neighborhood character.

Associated Housing Objectives

- **Increase Housing Supply:** ADUs provide an opportunity to add units on lots that would otherwise not be part of the buildable land supply
- **Increase Variety of Housing Types:** ADUs provide an alternative to larger single family homes and apartments which may be particularly attractive to both seniors and young adults. They also work well for multigenerational families occupying both units.
- **Increase Supply of Housing Affordable to All Income Levels:** ADUs are more likely to be affordable compared to larger homes
- **Minimize Displacement of Low Income Residents:** Ongoing rental income may support housing stability for existing lower-income homeowners as property taxes increase
- **Support Preservation of Existing Housing:** The increased value an ADU provides may make the lot less likely to be redeveloped. Rental revenue can also help offset maintenance costs for homeowners.

Outcomes

Shoreline's ADU code was established in 2000. The most significant adjustment to the requirements was in 2010, when the City removed a requirement only permitting ADUs on lots larger than 10,000 square feet. ADU permitting only increased significantly in 2017. From 2012 to 2019, 26 new ADUs were permitted (**Exhibit 6**). Of this total:

- 18 (69%) were detached
- 12 (46%) were conversions of existing structures, such as basements and garages, including one illegal duplex conversion
- 2 (8%) benefited from expedited permitting through the Deep Green Incentive Program

Exhibit 6. Permitted Units by Type, Shoreline, 2012-2019

	2012	2013	2014	2015	2016	2017	2018	2019
Mixed-Use	0	0	0	224	0	0	10	330
Multi-Family	169	134	3	152	293	114	335	131
Townhouse	0	0	0	0	5	15	53	16
Single Family	29	64	54	49	76	91	37	9
ADU	0	0	0	0	1	5	13	7
Total	198	198	57	425	374	220	435	486

Source: City of Shoreline, 2020

Opportunities for Improvement

Shoreline's ADU policy may produce more units if parking requirements were eased, particularly in areas with access to transit. Eliminating parking requirements would represent a significant reduction in barriers to development. Besides elimination, some other policies to reduce parking development burden include allowing ADUs to share parking with adjacent uses, including underutilized neighboring residential parking. In this case, neighbors could combine proposals to achieve the lower parking ratio.

The City may consider removing owner-occupancy requirements for properties with ADUs. The requirement may prevent a homeowner from obtaining a construction loan, as the lender may not consider the additional rental income. If the property is foreclosed, the bank cannot rent out both units. Shoreline's code also requires ADU builders to record a document committing to owner occupancy, including a statement that they will inform future buyers of the requirements and remove the unit if requirements are violated. This is not encouraging, and homeowners may have concerns about future resale value under these requirements. There is also an equity case for removing this requirement, as owner-occupancy is not required for other types of housing units. Individual single family homes are available to renters, so ADUs should be treated similarly.

The City may evaluate permitting more ADUs per single family dwelling. This could include allowing both one attached and one detached ADU on a lot, or allowing more flexibility for larger lots.

Even though they are small, ADUs can still be prohibitively expensive to build. To encourage ADUs further, the City can work with architects to develop "permit ready" ADU plans and make them available to property owners for free. The community can be engaged to provide input on design considerations. This can help both reduce cost and increase the property owner's confidence in their project.

There have been relatively few new attached ADUs compared to detached in Shoreline. The City may also consider developing additional educational materials for homeowners to understand the full range of possibilities for ADUs, including converting basements and existing garages.

Deep Green Incentive Program

Shoreline's Deep Green Incentive Program (DGIP) offers a set of tiered incentives for projects that achieve requirements for one of several established green building programs. Incentives include density bonuses, parking reductions, and fee waivers (*SMC 20.50.630*). All MUR zones are eligible, but Tier 4 DGIP is required in station areas.

The following density bonuses are available:

- Up to 100% bonus when meeting full Living Building Challenge or Living Community Challenge Criteria
- Up to 75% bonus when meeting Emerald Star or Living Building Petal Certification Criteria
- Up to 50% bonus when meeting LEED platinum, 5-Star, PHIUS+ SourceZero/Salmon Safe or ZE/Salmon Safe Certification Criteria
- Up to 25% bonus when meeting PHIUS+ or 4-Star Criteria

There is a minimum lot size of 10,000 square feet for eligibility. Bonuses are not permitted in R-4 and R-6 zones.

Projects can apply for parking reductions from 5-50% based on participation tiers within the Deep Green Incentive Program. These cannot be combined with reductions for other purposes. (*SMC 20.50.400 (B)*)

Outcomes
One detached accessory dwelling unit has been completed, and two apartment projects with a combined 533 units are in development. One of these projects received a parking reduction and 25% fee reduction, while the other received a height increase and 50% fee reduction.

Associated Housing Objectives

- This program advances community health and environmental quality, but does not directly serve any of the five Housing Action Plan objectives

Opportunities for Consideration
If the City wishes to encourage more widespread use of green building programs, it can consider expanding the program to include more zones and reducing the minimum lot size.

Tier 4 DGIP is required in Shoreline's station areas. The goals of the DGIP should be weighed against their impact to development costs and affordability. The City offers a range of incentives to help offset the cost, but it should regularly analyze the value over time to ensure that the program is not limiting the City's ability to accommodate growth.

Density Bonuses

Shoreline offers up to a 50% bonus over base density if the additional units are dedicated as affordable to households earning less than 80% Area Median Income. The program applies to rental and for-purchase housing units. It does not apply to the construction of one single family home on a lot that can only accommodate one unit, or if providing accessory dwelling units. The program is only relevant to residential zones, as mixed-use and commercial zones do not have density limits. (*SMC 20.40.230)*

Associated Housing Objectives

- **Increase Housing Supply:** Density bonuses increase the number of units a site can otherwise produce
- **Increase Supply of Housing Affordable to All Income Levels:** ADUs are more likely to be affordable compared to larger homes

Outcomes

This policy has not been used yet.

Opportunities for Consideration

It is not clear if developers are eligible for other departures from the code such as height limits or lot coverage along with the affordable housing density bonus. Without these departures, there may be barriers to physically accommodating the density bonus.

Because all additional units must be affordable, the developer may not be gaining enough from the density increase to justify the cost. This is likely especially true for home ownership units. The City may conduct pro forma analysis to a test this question. The City may also model the impact of allowing market rate units as part of the bonus, provided the developer meets a deeper affordability level on a fewer number of units. One scenario where the bonus could be attractive would be if the bonus could be combined with an MFTE, and the bonus affordable units could count toward MFTE requirements. The City may be able to leverage this combination to require a deeper affordability level.

Conducting a "developer's forum" to discuss this and other housing tools can be helpful to identify additional practical barriers to development.

Similar to the permit waiver program, the density bonus program would benefit from clear, dedicated marketing demonstrating its potential value, particularly in combination with other incentives.

Inclusionary Zoning

Inclusionary zoning is a method to incorporate affordable housing units into private, for-profit development. Shoreline has developed an inclusionary zoning program for its light rail station areas. The program is voluntary in the MUR-35 zone and mandatory in MUR-45 and MUR-70 zones. Developers can provide affordable units following the requirements listed in **Exhibit 7**, or they can provide an in-lieu fee or comparable offsite in-lieu units. The in-lieu fee has been established as a flat amount per unit by zone. Currently, the program only includes rental units.

Exhibit 7. Shoreline Inclusionary Zoning Requirements and Incentives

	MUR-35	MUR-45	MUR-70	MUR-70+
Participation	Voluntary	Mandatory	Mandatory	Mandatory
Affordability Requirements	**Studio and 1 Bedroom Rental Units:** 20% of units affordable to households making 70% AMI or less; or 10% of units affordable to households making 60% AMI or less **2+ Bedroom Rental Units:** 20% of units affordable to households making 80% AMI or less; or 10% of units affordable to households making 70% AMI or less			**Studio and 1 Bedroom Rental Units:** 20% of units affordable to households making 60% AMI or less; or 10% of units affordable to households making 50% AMI or less **2+ Bedroom Rental Units:** 20% of units affordable to households making 70% AMI or less; or 10% of units affordable to households making 60% AMI or less
Incentives	No density limits	Same as MUR-35, plus 45 foot height entitlement	Same as MUR-35, plus 70-foot height entitlement	Same as MUR-35, and height may be increased about 70 feet with

	MUR-35	MUR-45	MUR-70	MUR-70+
	Eligible for 12-year MFTE Permit fees reduced Impact fees reduced			development agreement

Source: Shoreline Municipal Code, 2020 (SMC 20.40.235 (B)(1))

Associated Housing Objectives

- **Increase Supply of Housing Affordable to All Income Levels:** This program provides dedicated affordable units to households earning between 50 and 70% AMI

Outcomes

There are currently five multifamily projects in the pipeline subject to mandatory affordability in the MUR-45 and MUR-70 zones. A sixth large project was proposed for the 145th station area but may have been withdrawn. **Exhibit 8** compares permit activity in the station areas from 2015-2019 with the 2020 multifamily pipeline in these areas, including the uncertain multifamily project and townhouses not subject to inclusionary zoning. (The pipeline does not include single family or ADU permits.) As shown, multifamily development interest has increased significantly, but townhouse development remains very strong. Currently, inclusionary zoning does not apply to townhouses intended for ownership.

Exhibit 8. Station Area Permit Activity and Multifamily Pipeline, Shoreline, 2015-2020

	2015	2016	2017	2018	2019	Multifamily Pipeline	Total
Single Family	3	1	3	-	-		7
Multifamily	-	-	-	8	-	496	504
Townhouse	-	5	4	37	12	241	299
ADU	-	-	-	3	-		3
	3	6	7	48	12	737	813

Source: City of Shoreline, 2020; CAI, 2020

Actions for Consideration
The inclusionary zoning policy targets low- to moderate-income households and has the potential to significantly lower cost of living by combining affordable rents and high-quality transit access. Based on recent permit activity, local demand appears sufficient to support the mandatory program. The City should track participation over time to determine if adjustments are required as market conditions change.

The City should complete a market analysis to extend its mandatory affordable housing requirements to include housing for ownership as well as rental housing. It may be helpful to test an in-lieu fee charged per square foot, similar to Seattle's MHA program, instead of per unit to ensure the fee is not skewing the size or type of units provided.

Parking Reductions

Shoreline provides the opportunity to apply for parking reductions in several cases. Affordable housing projects serving households earning 60% of AMI or less may apply for parking reductions of up to 50 percent. (*SMC 20.50.400 (E)*)

Multifamily developments within one-quarter mile of a light rail station are eligible to apply for a 25% reduction to minimum parking. This cannot be combined with other parking reductions. (*SMC 20.50.400 (F)*)

Projects may also apply for a reduced minimum parking requirement up to 25% if fulfilling a combination of certain criteria. These include credits for on-street parking, shared parking agreements, a developer-paid residential parking zone, public access easements, traffic calming facilities, tree retention or replacement of trees removed from an MUR-70 site. (*SMC 20.50.400 (A)*)

Associated Housing Objectives

- **Increasing Housing Supply:** Physically accommodating required parking can put an upward limit on the number of units on a site, regardless of zoning
- **Increasing Supply of Housing Affordable to All Income Levels:** Parking, particularly structured parking, is a significant development cost driver

Outcomes
Since 2015, Shoreline has granted parking reductions to eight residential developments. Reductions ranged from 2% to 23%, with an average reduction of 12%. The greatest reduction was for a project in a light rail station area.

Actions for Consideration
Shoreline currently applies the same minimum parking requirements for residential uses Citywide, with the potential for reductions in specific cases.

Approved parking reductions are mostly far lower than the maximum potential deduction under code. It is unclear if this is because developers still wish to provide this much parking, or if requests for higher deductions have been rejected. Establishing clearer criteria to achieve the maximum parking deduction may be helpful.

Parking demand may decrease in light rail station areas when service arrives. The City may wish to complete a parking demand study to evaluate whether its requirements should be reduced outright or eliminated, particularly in the immediate station areas and for affordable housing projects.

Planned Action EIS

Planned actions complete an Environmental Impact Statement (EIS) for a subarea in advance of development. Once complete, future projects in planned action areas do not require SEPA determinations provided they are consistent with the development types, traffic assumptions and mitigation measures identified in the planned action. This reduces uncertainty for developers and helps streamline the review process.

Planned actions are intensive processes. Shoreline has completed planned actions for the following areas:

- Town Center
- Aurora Square (Shoreline Place)
- 185th Street Station Subarea
- 145th Street Station Subarea

Associated Housing Objectives

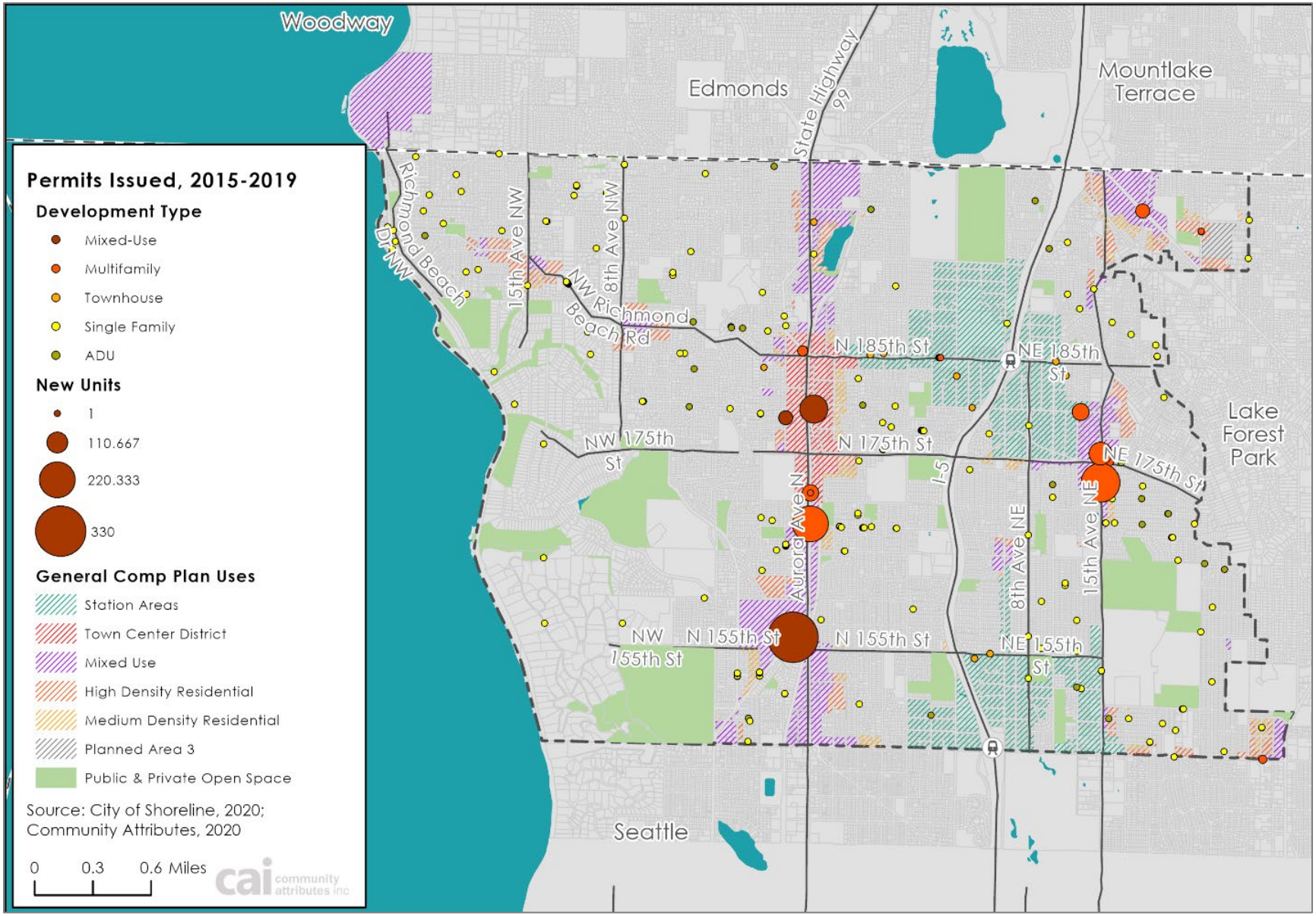
- **Increase Housing Supply:** Shoreline's planned actions help encourage development in its most urban subareas
- **Increasing variety of housing types:** Encourages multifamily development in areas with access to transit and services
- **Increasing supply of housing affordable to all income levels:** Does not directly produce more affordable housing, but may reduce development costs and reduce review timelines which impact feasibility

Outcomes
It is difficult to assess the impact of Shoreline's planned actions from permit data alone, as other incentives, requirements, and market conditions impact these areas. The largest project permitted from 2015-2019 is located in Aurora Square, and there have been several larger projects in Town Center. (**Exhibit 9**) While there was a lack of larger multifamily permits in the station areas during this time, there are several apartment buildings in the pipeline for the station areas, identified in "Inclusionary Zoning". Pro forma analysis and developers forums, as discussed with previous tools, can be useful to isolate and weigh the impact of specific incentives and requirements.

Actions for Consideration
Shoreline has completed planned actions for its subareas envisioned to receive the most future growth. Over time, the City should revisit these documents and evaluate whether revisions are required.

In the future, the City may consider if there are additional subareas which could benefit from a planned action. This may boost opportunities for any publicly-owned surplus sites outside existing planned action subareas.

Exhibit 9. Permits Issued by Type and Size, Shoreline, 2015-2019



ASSESSMENT

The purpose of this report is to identify high-priority opportunities for improvement, and gap areas to be addressed with new tools and strategies. **Exhibit 10** summarizes how impactful each tool can be to advance each goal, in ideal conditions. It also considers their current application in Shoreline, and whether adjustments may be required for these tools to achieve their potential benefit. The following pages summarize key considerations for each housing objective. While the housing toolkit should include strategies for each objective, some objectives may be a higher priority for Shoreline's needs.

Exhibit 10. Shoreline Housing Tools Assessment Matrix

	Increase Housing Supply	Increase Housing Variety	Increase Affordable Housing Supply	Minimize Displacement	Preserve Existing Housing
Funding and Related Resources					
Multifamily Tax Exemption	● ↑	● ↑	● ↔		○ ↔
Permit Waivers for Affordable Housing			○ ↔		
Sales and Use Tax Credit			○ ↔	● ↔	● ↔
Zoning Strategies					
Accessory Dwelling Units	○ ↔	● ↔	○ ↔	○ ↔	○ ↔
Deep Green Incentive Program					
Density Bonuses	● ↔		○ ↔		
Inclusionary Zoning			● ↑		
Parking Reductions	○ ↔		○ ↔		
Planned Action EIS	● ↑	○ ↑			

Tool Potential Score

- ● Can be highly effective to serve this objective
- ○ Can benefit this objective, but is not likely to have a major impact

Shoreline Application Score

- ↑ Program is appropriately designed to achieve its potential, opportunities for improvement may boost impact
- ↔ Improvements are required to achieve potential

Increasing Housing Supply

Shoreline recently completed a significant upzone for its light rail station areas, and development activity has increased in response. The City also offers several incentives that can increase the number of units in a given development. The MFTE program is effective in encouraging development, though program adjustments may be required if the City wishes to encourage more multifamily development in certain target areas.

Density bonuses and parking reductions are good tools to support this objective, but have not been well-utilized in Shoreline. Adjustments to these programs could support development, particularly in station areas. Accessory Dwelling Units (ADUs) are not likely to have a significant impact on the overall housing stock, but they are beneficial. There are several clear opportunities to boost ADU development, detailed in "Increasing Variety of Housing Types".

These tools may suffer from a lack of awareness among developers, so comprehensive marketing efforts may benefit multiple housing objectives.

Increasing Variety of Housing Types

The MFTE program is highly effective in encouraging denser multifamily development, particularly in areas with strong markets. Participation is uneven across target areas, and an 8-year exemption without an affordability requirement may be helpful to encourage development in areas where it has not occurred.

ADUs are an excellent alternative housing type. Reevaluating owner-occupancy requirements and parking requirements for ADUs have strong potential to increase ADU development.

There are more opportunities to encourage "missing middle" housing types, including permitting cottage housing. The City should consider opportunities for both rental and home ownership, particularly smaller home ownership units that support young adults and seniors. The City may also benefit from considering zoning adjustments to residential zones that regulate based on form and bulk, allowing greater flexibility for unit density.

Increasing Supply of Housing Affordable to All Income Levels

Shoreline has employed several effective tools to encourage more housing affordable to households earning 70-80% AMI. There is an opportunity to expand the inclusionary zoning program to include home ownership. There may also be an opportunity to enhance these tools to achieve a slightly deeper subsidy, though these tools are never sufficient on their own to serve

households below 50% AMI. Households earning less than 50% AMI are also the most likely to face affordability challenges and the most vulnerable to housing insecurity. The housing toolkit will explore opportunities for the City to partner with and support housing providers serving households with the lowest incomes.

Minimize Displacement of Low-Income Residents Resulting from Redevelopment

Shoreline currently lacks strategies to directly minimize displacement. The housing toolkit will outline appropriate new options based on Shoreline's specific displacement risks.

Support Preservation of Existing Housing

This objective is optional, but recommended, for the Housing Action Plan. Preservation goals should be balanced with goals to increase the housing supply to avoid market imbalances. Specific preservation goals which may be appropriate for the housing toolkit include identifying strategies to maintain the affordability of dedicated affordable housing as it reaches the end of its compliance period.

TO: Honorable Members of the Shoreline City Council

FROM: Laura Mork, Chair
Shoreline Planning Commission

DATE: March 9, 2021

RE: Housing Action Plan

The Shoreline Planning Commission has completed its review of the proposed Housing Action Plan.

With the assistance of grant funding from the Washington State Department of Commerce, the proposed Housing Action Plan was developed by the Planning and Community Development Department consistent with City Council Goal 1. The Planning Commission was first advised of the Housing Action Plan project in July 2020 and held study sessions on November 5, 2020 and January 21, 2021, with the later prioritizing the Toolkit actions that are contained within the Housing Action Plan so as to define which ones had a high priority. The Planning Commission held a public hearing on March 4, 2021.

While many of the actions listed in the Housing Action Plan were of interest to the Planning Commission, the Commission felt that the following were high implementation priorities:

- Update the Deep Green Incentive Program
- Develop Cottage Housing Regulations
- Develop Standards for Small Lot Single Family Development
- Partner with Affordable Housing Providers
- Support Community Land Trusts through Incentives or Partnerships
- Identify Surplus City Property for Development of Affordable Housing

Many Commissioners were interested in more inclusionary zoning that integrates a variety of social-economic groups throughout the City with an emphasis on addressing the "missing middle" of housing as well as tools to promote and market City-offered housing incentives to developers and the availability of down payment, homeowner stability and financial assistance programs offered by other governmental agencies.

In consideration of the Planning Staff's recommendations, written and oral public testimony, the Planning Commission respectfully recommends that the City Council adopt the proposed Housing Action Plan with the above high implementation priorities as attached to this recommendation.