

Housing Stakeholder Interviews

Mount Vernon Housing Code Amendments 2017

Interviews

Five interviews were held on September 25, 2017 with local housing stakeholders. BERK consulting introduced a series of questions related to the development of housing in Mount Vernon.

Questions for Developers/Builders:

- What kind of housing/development do you do now?
- Are you working in Mount Vernon now? Why or why not?
- What are the market trends and opportunities for housing development/construction in and around Mount Vernon?
- Would you ever consider trying a different housing market or housing product? What might influence your decision?
- In the communities in which you work do you ever use development tools or incentives offered by local government? Why or why not?
- Would you consider building affordable units as part of a future project?
- Is there anything that the City could do that would help you to include affordable units in your next project? (Here we can specifically ask about different incentives and bonuses)
- Would you ever consider partnering with a non-profit or public agency to build affordable housing?

Questions for Non-profit/Housing agencies:

- What is your role in housing development now?
- Are you working in Mount Vernon now? Why or why not?
- What do you see as the biggest gaps in the Mount Vernon housing market or housing supply?
- What needs to be done to fill the gaps you identified? Are there regulatory, geographical, or other solutions?
- In the communities in which you work do you ever use development tools or incentives offered by local government? Why or why not?
- Is there anything that the City could do that would help you to develop, construct, or manage your next project?

PARTICIPANTS

Paul Woodmansee – BYK Construction
Dave Prutzman – Samish Bay Land Company
Dan Mitzel – Hansel-Mitzel Homes
Jodi Monroe – Community Land Trust
Kent Haberly – Community Land Trust
Bill Henkel – Community Action
John J. Piazza – Piazza and Associates Consultants
Jay Manhas – JJ Place
Darren Bell – Bell and Sons Construction
Melissa Self – Skagit Council Housing
April Axthelm – Skagit Council Housing
Jim VanderMey – Skagit Council Housing
LuAnne Burkhart – Skagit Council Housing

Summary

This section summarizes the ideas presented by the participants in the interviews. The material is based on personal experiences and opinions. Since the interviews were conducted in five sessions, participants were not present to hear or respond to the input given by many of the other participants. There is no consensus opinion amongst the participants and some of the ideas presented may be in conflict. It is also worth noting that some participants held incorrect assumptions about the Mount Vernon Municipal Code. In such cases barriers were identified that do not exist. For example, participants mentioned allowing manufactured housing in the single-family zone and allowing multi-family uses in the C-1 zone. Yet both uses are allowed in the respective zones. The purpose of the interview summary is merely to report the results of the interviews.

Market Information

Mount Vernon is the residential center of Skagit County and its location makes it within acceptable commute distance of employment in Everett and even Seattle. The remaining land in Mount Vernon is not high quality and tends to be difficult to develop. The cost of development has many builders only looking at lots that are ready to go. They are not taking on development costs themselves. This has significantly slowed the pipeline of housing production in Mount Vernon.

There are areas of Mount Vernon that were suggested as good sites for new housing:

- Fairgrounds
- Area near Cleveland and Blackthorn (rehabilitation of housing)

Multi-family housing is a very hot market in the region. However, at the current densities, it is not

economically feasible in most circumstances in Mount Vernon. Higher density would allow fixed costs to be distributed across more units, thus making the units more affordable.

People making a median income cannot afford the median home price unless they have existing equity in a home. There are also few homes available to rent for families with modest incomes. There is demand for housing but the supply is limited.

For new construction of housing for people with incomes of 50% AMI or less, additional resources will be needed because it is very difficult to make that pencil.

Equity Considerations

The Latino community is disproportionately affected by the housing shortage. They have a strong sense of neighborhood and community and will double up to help prevent homelessness. This can create areas with tight density and neighborhoods with people of different classes and cultures, which is positive for the community. However, overcrowding also is subject to community bias and racism based on stereotypes.

Mount Vernon Code

There is a big increase in age-restricted senior housing because it has more relaxed requirements and does not pay as much in impact fees. This is an implicit incentive to develop age-restricted housing.

A mixed-use development on a two-acre lot in the Sedro Wooley CBD zone (equivalent to the Mount Vernon C-1 zone) produced 8,000 square feet of commercial and 48 residential units over three stories. These units are affordable at median income and could be developed as affordable to 80% AMI without additional bonuses. This is because the City of Sedro Wooley allowed increased density and relaxed parking requirements.

There were several suggestions for zoning changes that would make the development of new housing and affordable housing easier in Mount Vernon:

- Zoning changes:
 - Create more areas of multi-family zoning
 - Consider rezoning unused commercial parcels for multi-family use
 - Allow more mixed-use zoning
 - Allow additional uses in multi-family zones
 - Allow multi-family uses in the C-1 and C-2 zone
 - Allow horizontal mixed use (like Sedro Wooley)
 - Allow row houses, small lot single-family detached housing, co-op housing, zero lot line, cottages, compact housing types, ADUs, live-work units
 - Allow high end manufactured homes on single-family lots
- Density changes:
 - Allow additional density in all zones
 - Change the density calculation back to gross density not net density

- Consider the TDR program
- Allow densities of 45 units an acre and 6-10 stories in multi-family zones
- Density bonuses to consider:
 - If C-2 is a mixed-use zone (see above) allow density bonuses for commercial development on the ground floor
 - Allow increased density if development pays into an affordable housing fund (look at Burlington)
 - Density bonuses for setting aside land for the Community Land Trust or other affordable housing providers
 - Allow density bonuses for the percentage of affordable units in a project
- Development regulation and standards changes:
 - Reduce setbacks for buildings as they get taller, instead of the opposite
 - Allow smaller yards and setbacks
 - Consider relaxing development standards for infill projects
 - Reduce landscaping requirements and pay extra parks fee or fee in lieu
 - Allow fee-in-lieu for park requirements
 - Eliminate requirement for two car garage in R-2 and R-3 zones
 - Examine and reduce parking requirements
 - Eliminate requirements or incentives that involve structured parking
 - Reduce regulations on mobile home parks
 - Examine street standards and the costs to implement them
 - Examine conflicting requirements, e.g. street standards require more ROW but stormwater standards require less impervious surface
 - Adjustments to the clearing code, which is seen as costly and puts too much decision making to the arborist
 - Examine the costs associated with energy regulations
- Fee adjustments:
 - Allow impact fee waivers and fee reductions for affordable housing
 - Allow on-site improvements that will result in waived impact fees
 - Reduce impact fees for multi-family units and for smaller unit types like townhomes

Permit Streamlining

Permit streamlining was very important to many participants. Suggested ways to improve the permit

process included:

- Reduce the number of review processes that projects must go through
- Examine the land use approval process for efficiencies
- Examine the design standards process for efficiencies
- Reduce permitting requirements for home rehabilitation
- Consider developing templates for certain housing types that could have reduced review
- Add additional staff to help process permits
- Develop checklists for the whole process
- Estimate permitting fees up front for the whole process
- Create a guide to development and building, perhaps on video
- Develop a process so people with unique ideas can get approval without a code amendment
- Ensure that there is plenty of notice and opportunity to comment on regulation changes.

Supporting Affordable Housing Creation

Non-profit and affordable housing providers need land and cash most of all. Free or cheap land that is zoned and ready for housing is most needed. Zoning should be in the range of 20-50 units an acre. Inexpensive bank-owned lands are harder to come by now that the economy is recovered. Cash is needed to build the development itself.

Sources of support for affordable housing creation include:

- City money (from REET2) to pay impact fees
- Federal funds and HUD money, CDBG funds
- Donations of land and money
- Low Income Housing Tax Credits
- Working with builders who are willing to work at cost instead of at a profit
- Property tax levy (look at how Bellingham does it)
- HomeFirst (a successful housing trust fund model in Portland)
- Socially-minded investors willing to put at least 1/3 of the money down for a project
- The City supporting an embedded social worker to help with case management for special populations

Affordable housing should be located throughout the city, but located where there is transit and City services.

The City could act as an advocate by convening those interested in creating affordable housing and working on creating partnerships in the local community and in the region. It should also support land use changes for projects, such as Mount Vernon Manor, that would create affordable housing.

Community Land Trust would consider buying substandard homes and rehabilitating them, which would avoid impact fee costs, but they would need a partner or funding source to help them to the rehabilitation work.

Community Land Trust, Community Action, and Skagit Council Housing have all managed affordable housing in the past or present.

Next Steps

Based on the *Approaches to Housing Affordability* memo from August 2017 and input from the stakeholder interviews, the following code review is recommended:

- Examine densities in residential zones
- Allow and encourage a variety of housing types
- Examine regulations on manufactured housing and mobile home parks
- Consider reduced or flexible standards for infill development
- Identify regulations or standards that may be relaxed (or processes streamlined) for the development of affordable housing such as parking, landscaping, setbacks, height, design, etc.
- Look at the development of templates to improve permitting for ADUs
- Identify fee waivers or reductions that might be considered for affordable housing
- Look at impact fee reductions based on the size of the unit
- Examine density bonuses for affordable housing including land set-asides, fee-in-lieu, or on-site construction of affordable units
- Consider ways in which an affordable housing program could generate land or cash for non-profits to develop and build affordable housing projects in Mount Vernon
- Identify a management process for ensuring that affordable units will remain affordable

The following review could be tabled for the 2018-2020 review of increasing market rate housing production:

- Review the City zoning map to look for areas that can be rezoned for multi-family zoning
- Consider provisions for multi-family and mixed-use development in commercial zones
- Review how density is calculated
- Consider density bonuses for mixed use development
- Examine TDR program
- Look at the costs associated with development standards such as street standards, stormwater standards, land clearing, or energy codes
- Examine permit streamlining efforts