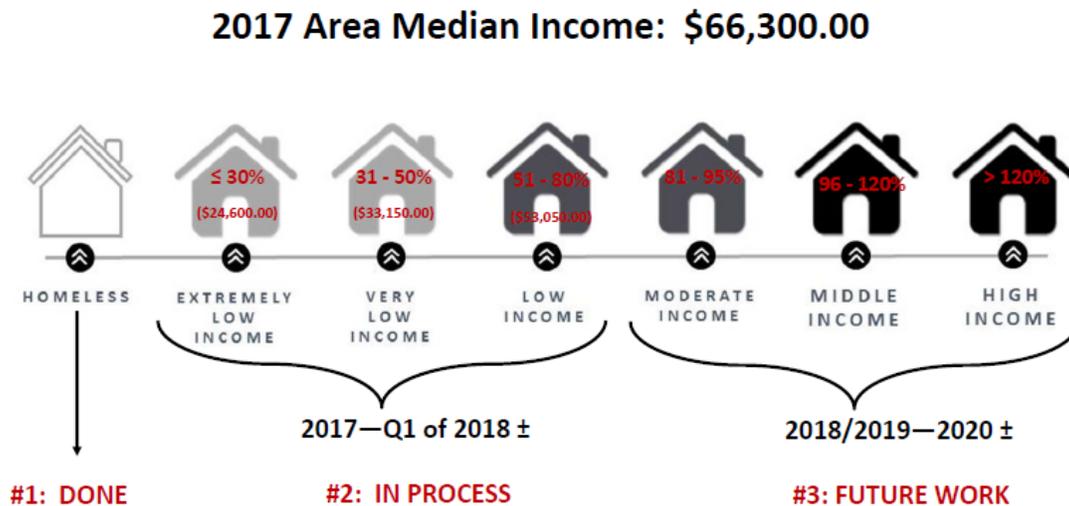


2017 AFFORDABLE HOUSING CODE AMENDMENTS PHASE 1 PUBLIC OUTREACH

September 25, 2017
Mount Vernon City Hall
910 Cleveland Ave., Mount Vernon

BACKGROUND INFORMATION:

In 2016 the City adopted a new Housing Element into the Comprehensive Plan that included a number of Goals, Objectives and Policies regarding affordable housing. Following this the City created an implementation strategy involving the adoption of code amendments aimed at helping those with the least resources first. This is illustrated in the graphic below.



To-date the City has adopted regulations that will allow a new permanent supportive housing facility to be constructed with up to 80 dwelling units within the City. With this completed staff has turned the focus onto code amendments aimed at creating affordable housing for those earning 80% AMI and below.

I've attached a copy of a memo prepared by BERK regarding potential approaches to housing affordability for your review prior to meeting with Erika Rhett next week.

Thank you again for agreeing to meet with Mrs. Rhett.

MEMORANDUM

DATE: September 18, 2017

TO: Rebecca Bradley-Lowell, Senior Planner, City of Mount Vernon

FROM: Erika Rhett, Senior Associate, BERK

RE: Approaches to Housing Affordability

INTRODUCTION

Mount Vernon's Comprehensive Plan expresses a vision in its Housing Element as *"... a home-town atmosphere, with a diverse housing options available to a full spectrum of its residents throughout their lives..."* The housing analysis that follows shows that some of the current conditions in Mount Vernon will need to change for this vision to be realized. As housing becomes more expensive and thus harder to secure families are paying larger portions of their incomes on their rents and mortgages. Thirty six percent (36%) of all households in Mount Vernon spend more than 30% of their income on housing and 18.4% spend more than 50%. Overall, renters are more cost burdened than homeowners. Mount Vernon has the highest rate of overcrowding in Skagit County.

The Housing Element includes several strategies for achieving the housing vision. These strategies include: income and job creation, preservation of existing housing and new infill development, and creating diversity in home types.

Communities across the state and across the country face growing housing demand and challenges to housing affordability. Approaches include increasing the supply and variety of housing types and the development of affordable housing programs.

APPROACH

Implementation of the new Goals, Objectives, and Policies adopted within the 2016 Housing Element will be a major undertaking for the City. To tackle this work the City organized and prioritized their code amendment work as follows:

- 2017: code amendments to assist in locating a permanent supported housing facility in the city. City staff confirmed that this has been completed.
- 2017/2018: code amendments to incentivize and encourage the production of affordable multi-family housing for those at 80% area median income (AMI) and below and small scale in-fill development in single-and-multi-family residential districts. In addition, mechanisms to ensure housing is income restricted and remains affordable over the required 50 year timeframe, and regulations to create or maintain graceful transitions between higher and lower density areas. These are the amendments that BERK has been retained to facilitate.
- 2018 – 2020: code amendments to encourage the production of affordable market rate housing (targeted at those above 80% AMI), additional infill and mixed use developments.

DIVERSITY OF HOUSING TYPES

Goal 1 of the Housing Element is to: *“Enhance Mount Vernon’s cultural and economic vitality by encouraging the development of housing solutions of all types that provide for varied densities, sizes, costs and locations that are safe, decent, accessible, attractive, appealing, and affordable to a diversity of ages, incomes, and cultural backgrounds.”* This is reflected in several housing policies:

- *HO-1.1.2: In recognition of community needs, the City shall maintain a variety of future land use classifications and implement zoning to accommodate a range of housing types with varying densities and sizes.*
- *HO-1.1.4: Continue to promote plans and policies that encourage in-fill residential projects in close proximity to neighborhood centers, shopping and retail facilities, parks, transit routes and other service uses.*
- *HO-1.1.5: Continue to promote plans and regulations that allow incentives such as bonus densities and flexible design standards that support and promote the construction of new innovative or affordable housing styles, compatible with the planned uses of surrounding sites. Ground related housing types such as cottages, townhouses, zero lot line developments and other types are examples of housing choices that promote individuality and ownership opportunities. Consider adopting new development regulations that would offer new ways to encourage these types of housing choices.*

Vacant lands and lower density single-family areas, especially those closer to the center of town, present an opportunity for increasing the supply of housing, adding new housing types, and revitalizing neighborhoods. Costs related to the construction of utilities or roads can be reduced, providing a natural incentive for development if there are no other barriers to discourage innovation or significantly increase development costs. However, the strict application of development standards written without consideration to the challenges of infill housing or without consideration of varied housing types can be an obstacle. With appropriate development standards in place, communities can encourage a diversity of housing types as compatible infill in existing residential areas.

A greater diversity of housing types can make housing generally more affordable by supplying housing units that meet different community needs. Mount Vernon’s housing stock is predominantly single-family housing, with multi-family housing comprising only about a third of all housing units in the city. Small lot single-family development, townhomes, accessory dwelling units, small-scale multi-family housing types, and attached single-family developments could provide housing units that are compatible with existing single-family neighborhoods and meet many different needs.

Allowing a wide variety of housing types by right in the zoning code is the first step. However, additional flexibility is needed in development regulations such as lot size, setbacks, height, and coverage to meet the needs of different housing types and make infill development feasible (see also Flexible Development Standards, below). Simple design regulations help to ensure the compatibility of uses.

Examples

Bellingham's Infill Housing Toolkit (BMC 20.28) is a set of regulatory changes that allows nine new housing types to encourage infill housing in city neighborhoods, urban villages, and the urban growth area. The types are not applied in the lowest density single-family neighborhoods. Types include smaller house, small house, cottage, carriage house, detached accessory dwelling unit (ADU), duplex/triplex, shared court housing, garden court housing, and townhouses. Each housing type has its own simplified set of site, bulk, parking, and design standards that override the standards in the underlying zone. This allows for needed flexibility and also helps to manage neighborhood compatibility. In some allowed zones, infill types get a higher density allowance than the underlying zone. Portland, Oregon takes a similar approach.

Auburn has infill residential standards (ACC 18.25) that allow alternate standards for properties creating one new lot or dwelling unit in single-family residential zones or for properties under an acre in size in medium intensity residential zones. Modified standards allow changes of approximately 10-20% for lot standards, setbacks, parking requirements, height, and density. Simple design standards address potential compatibility issues.

Kirkland's Code (Chapter 113) allows for cottages, carriage houses, and two or three unit homes in single-family zones to promote a diversity of housing types. Each housing type has a full set of alternate development standards that include site standards, unit size, height, parking, and open space. Density is allowed at two times the number of detached dwelling units allowed in the underlying zone. Design standards require common open space, shared parking/garage, and low impact development storm water control in addition to addressing potential compatibility issues.

Recommendations

Mount Vernon's policies within the Housing Element of the Comprehensive Plan support infill housing and a diversity of housing types. ADUs, townhomes, and zero lot line development may be appropriate to encourage in different zones. The City should consider the following in developing and implementing code amendments:

- Encourage a variety of housing types with the following changes:
 - Allow ADUs in all residential zones including zoning districts R-2, R-3, and R-4.
 - Allow ADUs that are attached to a single-family structure, to a garage structure, or are detached.
 - Allow over the counter land use permitting for ADUs that conform to a standard template.
 - Eliminate notice requirements for ADUs.
 - Allow zero lot line housing¹ types (in addition to townhomes) in the R-2, R-3, and R-4 zones.

¹ Zero lot line housing has at least one wall placed on the boundary of the property. It can include attached housing such as row houses or townhomes, or detached housing and can be single story or multi-story. Zero lot line housing

- Allow ADUs to have separate utility service and meters.
- Require zero lot line development to have separate utility service and meters.
- Amend the impact fee structure to reflect that smaller unit housing types are closer in impact to multi-family types than single-family.
- Consider allowing modifications to development standards for height, setbacks, lot size and coverage, density, and parking that make it easy to create new housing but still maintain neighborhood character (see also Flexible Development Regulations, below):
 - Develop alternate dimensional standards for infill housing types such as ADUs and zero lot line development that do not require a variance.
 - Allow further modifications to development standards through an administrative deviation process.
- Implement design, open space, or parking requirements that enhance compatibility and attractiveness without adding overly burdensome regulatory complications.

AFFORDABLE HOUSING PROGRAMS

Mount Vernon's Housing Element Goal 4 states: *"Encourage safe, decent, accessible, attractive and affordable housing development that meets community needs and is integrated into, and throughout, the community including areas of higher land cost where greater subsidies may be needed."* This is supported by Objective HO-4.1 and related policies which promote the development of a voluntary or required affordable housing program consistent with federal rules and state law.

- *Objective HO-4.1 Encourage the creation of ownership and rental housing that is affordable for all households within the City, with a particular emphasis on low, very-low, and extremely low income households as defined by the U.S. Department of Housing and Urban Development (HUD).*
- *Policy HO-4.1.1 Evaluate the adoption of zoning regulations targeted at otherwise market-rate developments that require or incentivize a minimum percentage of new dwelling units and/or lots that are created (whether multi-family or single-family) be income restricted.*
- *Policy HO-4.1.2 Evaluate the adoption of zoning regulations that would allow multi-family residential developments that are income-restricted to those at or below 60 percent of the area median income for at least fifty years to be located in zoning districts other than multi-family residential.*
- *Policy HO-4.1.3 Evaluate the adoption of zoning regulations that provide bonuses in density for developments that create income restricted units aimed at those earning less than 80% of the area median income (AMI) with greater bonuses provided to housing reserved for those earning 60% of the AMI and below.*

allows for ownership of the land associated with the housing unit, even though the land associated with the unit can be very small. This distinguishes it from other types of multifamily housing in which units share a common parcel of land that is either owned by a single owner or by several owners through condominium ownership.

- *Policy HO-4.1.6 Maintain and explore enhancing regulatory incentives to encourage the production and preservation of affordable ownership and rental housing such as through density bonuses, impact fee reductions, permit fast-tracking, or other methods.*

The U.S. Department of Housing and Urban Development (HUD) defines affordable housing as housing in which the occupants pay no more than 30% of their gross income for housing costs, including utilities.² It also establishes income categories that are used in the application of its affordable housing programs as shown in

Figure 1. Income categories are based on the area median income (AMI) and adjusted for family size.

Figure 1- HUD Family Income Definitions

Income Category	Maximum Family Income
Moderate Income	95% AMI
Low Income	80% AMI
Very Low Income	50% AMI
Extremely Low Income	30% AMI

Source: U.S. Department of Housing and Urban Development

In Washington state, the Growth Management Act (GMA) authorizes affordable housing programs that aim to create low income housing units through development regulations or permitting decisions.³ It defines affordable rental units as affordable to households at 50% AMI, and 80% of AMI for ownership units. Affordability may be adjusted based on household size and total housing costs, including basic utilities, but may not exceed 30% of the household's income. These limits may be adjusted up or down if the local jurisdiction holds a public hearing and finds that different income levels will better meet local needs. However, affordable rental units may not exceed a standard of 80% AMI or 100% AMI for ownership units.

Under GMA, affordable housing units developed as part of a market rate development should be distributed throughout the development and be provided in a range of sizes comparable to the market rate units. Although the law encourages the development of affordable housing on-site, it authorizes off-site and fee-in-lieu alternatives to support the construction of affordable housing. Jurisdictions creating affordable housing programs must do the following: identify zones or geographic locations where new housing is consistent with local housing policies, provide increased development capacity through regulatory changes or incentives, and determine that the area targeted for increased housing has development capacity to allow the affordable housing program to be utilized. Affordable housing

² Office of Policy Development and Research, U.S. Department of Housing and Urban Development. https://www.huduser.gov/portal/glossary/glossary_a.html

³ RCW 36.70A.540 and WAC 365-196-870.

programs may include density bonuses, height and bulk bonuses, fee waivers or reductions, tax exemptions, or expedited permitting.

Incentive Zoning

Incentive zoning encourages developers to provide affordable housing as a public benefit. Incentive zoning is a system that allows development flexibility in one or more areas in exchange for building affordable housing. The incentive system is implemented on top of base zoning regulations and can be used to encourage other desired public benefits such as open space, environmental enhancement, or public art (this memo only focuses on affordable housing incentives). Incentive systems acknowledge that building affordable housing is difficult in areas where land prices are high because the rents do not cover the costs.

Incentive zoning is applied to specific zones or specific types of projects. It establishes an explicit list of public benefits and incentives and can be applied to single-family or multi-family zones, ownership or rental developments. Since incentive zoning is voluntary, provisions are unlikely to be implemented unless they are easy to use and attractive to developers. To be most effective, incentives are tailored to the local housing market, giving a desired bonus to developers in exchange for providing affordable units. Sometimes the incentives that work well in a strong housing market may not work as well in a weaker market. When providing incentives, it is important that they are easy to understand and apply so they do not complicate the development process or interfere with other planning goals. Incentives can include density bonuses, flexible development regulations, fee waivers or reductions, or tax exemptions.

Density Bonuses

Density bonuses allow developers to build at higher densities than normally allowed in a zone if they provide affordable housing units. Such bonuses can be part of an incentive zoning system. Density bonuses work best in strong housing markets with high land costs, high home prices, and high market rents where local government has identified a shortage of affordable housing for low and/or moderate income households. The additional density is intended to offset the cost of the affordable units with revenues from the additional market rate units, so the value of the bonus should be greater than the cost of providing the affordable units. Where developers can easily develop low density market rate housing, a density bonus is unlikely to be used.⁴

Examples

Poulsbo grants a density bonus of 20% to any project that includes at least 10% of the (pre-density bonus) units as affordable to those with low incomes. The City grants a 25% bonus for projects that include at least 15% affordable units.

Ellensburg allows a density bonus of one additional market rate unit for each affordable unit created, up to 50% of the pre-bonus density. Housing must be affordable to incomes at 80% of county AMI.

⁴ Puget Sound Regional Council. *Housing Innovations Program*.
<http://www.psrc.org/growth/housing/hip/>.

Redmond incentivizes the creation of housing for people with very low incomes by providing a bonus of two market rate units for every very low income unit (50% AMI) produced, versus a bonus of a single market rate unit for the production of a low income unit (80% AMI).

Monterey, California grants a density bonus for affordable housing created for low, very low, or moderate incomes in accordance with California's Density Bonus Law.⁵ This law allows up to a 35% density bonus according to a sliding scale. It also has provisions for flexible site development regulations where development can earn one, two, or three site concessions, depending on the amount of affordable housing that is provided. Affordability must be preserved for 55 years.

Flexible Development Regulations

Flexible development regulations allow and encourage development that is denser and more diverse by permitting variable development standards in exchange for providing affordable housing. By permitting lot size, setback, sidewalks, street widths, height, etc. to be varied, the developer can save some development costs. Some communities allow flexible development regulations through a Planned Unit Development (PUD) ordinance, but the ordinance may not necessarily link the use of the PUD to the production of affordable housing. Other communities may allow variances of standards, such as setbacks, street requirements, or heights specifically associated with an affordable housing program.

Examples

As part of Kirkland's program, affordable housing may be allowed to include additional height, additional capacity, or bonus units (up to 25% of the underlying zoning) in applicable zones. Development standards may be modified for maximum lot coverage, parking requirements, structure height, required yards, and common recreational space to accommodate the affordable units.

Monterrey uses flexible development standards in coordination with incentive zoning to support affordable housing (cited in the example above).

Waivers, Reductions, Exemptions

Impact fees, mitigation fees, and building permit fees increase the costs of developing housing. GMA allows cities to exempt affordable housing from impact fees under RCW 82.02.060. Jurisdictions may also waive other fees for projects including affordable housing units such as permitting fees or utility connection charges. By lowering some of the upfront costs, developers can recoup the cost of building affordable housing. Fee waivers or reductions can encourage affordable housing across the spectrum of housing including single-family and multi-family, ownership and rental units.

Similarly, RCW 84.14 allows cities to establish a tax exemption to encourage the construction of multi-family housing in designated areas. Qualifying projects receive an 8 or 12-year tax exemption on the value of the residential improvements. Only projects with at least 20% affordable housing are eligible for the 12-year exemption. Multi-family tax exemption is a tool used by many communities to help stimulate a market for multi-family housing and affordable housing.

Local governments need to understand the financial implications of waivers or reductions to ensure that there is adequate revenue to support on-going programs. Tax exemptions and reduced permitting fees,

⁵ California Government Code Sections 65915 – 65918.

impact fees, or utility fees may need to be subsidized with other funding sources, particularly as the affordability program becomes successful.

Examples

Puyallup's Municipal Code 17.04.080, allows a waiver of building permit fees for the construction, alteration, or repair of single-family dwellings when the structure is intended for low income families, the project involves some volunteer labor, and is being constructed by a non-profit organization. This waiver is carefully crafted to apply to a particular type of affordable housing development project.

King County Code 21A.43.080 exempts low or moderate income housing projects developed by public agencies or non-profit housing developers from impact fees. The amount of school impact fees is paid through other public funds set aside by the County. Private developers who create affordable housing units may apply for a reduction in impact fees. Low or moderate income purchasers, who are purchasing homes within income limits consistent with the County's Affordable Housing Strategy, are exempt from impact fee payment. King County requires a covenant ensuring affordability for ten years for individual owners and 15 years for private developers.

Kirkland exempts affordable housing units from the payment of transportation and parks impacts fees as well as planning, building, mechanical, and electrical permit fees in Kirkland Municipal Code 112.20(5).

A number of communities have included multi-family tax exemptions as part of their affordable housing toolbox. For example, Bellingham provides a 12-year exemption to affordable projects in selected neighborhoods (Bellingham Municipal Code 17.82.030). Renton provides both an 8-year and a 12-year exemption for projects in selected neighborhoods (Renton Municipal Code 4-1-220).

Expedited Permitting

Delays during the development process can add to the cost of new housing. Any efforts to reduce the time, costs, and uncertainty of obtaining permits and approvals will support affordable housing.

Expedited permitting could include:

- Prioritized review where affordable projects are moved to the front of the line.
- Process reduction and streamlining where some types of permits are offered over the counter, permit checklists and pre-application assistance are used to simplify submittals, or administrative procedures are simplified (for example raising categorical exemptions for SEPA).
- Coordinating review of permits through the use of a permit expeditor, concurrent review by departments or agencies, reducing the number of people involved in review, reducing the number of rounds of review, or setting reduced permit review times.
- The creation of architectural drawings and site plans for simpler construction projects like accessory dwelling units (ADUs) that the City could provide to property owners wishing to construct these types of units. This would cut costs and expedite the permitting process for these types of infill housing projects.

Expedited permitting techniques make use of existing City staff and resources so it can be inexpensive. It requires a careful look at permitting regulations and processes, and often interdepartmental or interagency cooperation, to implement these measures. Some of the expedited permitting techniques

could also place additional demands on staff. For example, prioritized review is a benefit for affordable housing projects, but there needs to be adequate staffing to conduct all permitting operations within statutory timelines, even if they are a lower priority than affordable projects. Likewise, expedited permitting techniques that provide more certainty for the affordable housing developer can add to workloads if staff need to take on additional coordination roles.

Recommendations

Mount Vernon's policies support the development of an affordable housing program. The City may consider the following in developing code to support this:

- Talk with the local development community to better understand which development incentives would increase the production of affordable housing.
- The affordable housing program should apply a density bonus and flexible development standards as a package in the R-1 zones with maximum densities of 4.54, 5.73, and 7.26 du/acre, R-2, R-3, and R-4 zones.
- Encourage the development of housing at 60% AMI or less by providing additional incentives, such as impact fee reductions, additional density, or other provisions that are attractive to local developers.
- Use partial or full impact fee reductions to reduce the costs associated with the development of affordable housing. Ensure that there is adequate funding for facilities and services needed to support new growth if impact fees are reduced.
- Review processes and procedures to develop fast-track permitting options for affordable housing review that work for the City and developers.

MANAGING AFFORDABLE HOUSING

HUD Benchmarking⁶

HUD encourages benchmarking for all of the nation's housing stock, but is in the process of developing standards for housing developed with federal funds. Benchmarking is a management practice that involves tracking, analyzing, and reporting utility consumption and utility costs for a property. It provides key performance information on energy and water usage that can be used to reduce operating costs, meet tenant needs, and achieve environmental goals. Participating projects go through a planning process to develop a benchmarking plan for collecting, verifying, analyzing data, and communicating results.

Ensuring Affordability

Once affordable housing is created, it is important that it stays affordable for the length of time specified by law. Units created under the affordable housing program provisions in RCW 36.70A.540 are to remain affordable for 50 years. To guarantee long-term affordability, housing must be managed to

⁶ HUD Exchange: <https://www.hudexchange.info/programs/utility-benchmarking/>

ensure that owners or tenants comply with income restrictions and any other conditions that may be put into place. Communities that did not plan for the management of affordable housing provisions have found it difficult to maintain their affordable housing stock over the long term.⁷

Although there are several mechanisms that can be used, covenants are the most common tool local governments use to ensure that housing created through an affordable housing program remains available to people with low incomes over time. Jurisdictions typically mandate a covenant that runs with the land and will specify provisions for income eligibility and the duration of the affordability requirement. Kirkland requires a binding covenant to be approved by the city attorney that covers price restrictions, homebuyer or tenant qualification, long-term affordability, and other applicable topics. Pousbo requires a development agreement that requires deed restrictions on the designated affordable units to prevent their resale, rental, or lease without written approval of the City confirming that the property will continue to be reserved for low income households. Montgomery County, Maryland has a covenant template that can be filled out and recorded to ensure long-term affordability.

Once housing is created and covenants, agreements, or deed restrictions are in place, it is still necessary to price units for rent or sale, market the properties to eligible residents, screen and select residents, educate residents about program requirements, monitor units to ensure compliance, enforce requirements as needed, and manage the process again when tenants move out or owners wish to sell. At the very least, local government needs to ensure annually that affordable housing units comply with income and other requirements. If a community accepts fee-in-lieu payments, it will also need a plan in place for managing those funds.

Management Options

Around the country, communities have managed affordable housing compliance with five different structures for service delivery:

- **Local government.** In this structure a city, county, or housing authority manages aspects of the affordable housing program, hiring permanent staff to do so. This approach works well with larger programs where local government handles the entire process, but could be adapted for a smaller effort. With a more limited effort, local government could monitor compliance annually, requiring property managers of rental units or affordable unit homeowners to submit compliance documents for review.
- **Multi-jurisdictional collaboration.** In this model, several local jurisdictions collaborate on a regional basis to address and manage affordable housing. ARCH (A Regional Coalition for Housing) in King County's Eastside is an example of such a collaboration. The sixteen member jurisdictions set their own affordable housing programs, but contribute funding to ARCH and the ARCH Housing Trust Fund. ARCH assists in housing development, establishing pricing and income qualifications, marketing, education, annual monitoring, and sales and resales of ownership units. Such a model can be very effective in creating and managing affordable housing programs, but depends on the collaboration of multiple jurisdictions within the region.

⁷ Policy Link. Delivering on the Promise of Inclusionary Housing: Best Practices in Administration and Monitoring.

- **Private contractor.** Local government contracts with a private company to manage aspects of the affordable housing program such as monitoring compliance. A private contractor can work well for a community with limited local staff by collecting and processing information from property managers and individual owners and submitting an annual report to the local jurisdiction.
- **Non-profit housing agency.** Local government contracts with a non-profit to manage aspects of the affordable housing program. This can work similarly to hiring a private contractor if there is a local non-profit with the experience and capacity to take on this work.
- **Community land trust.** This model only works for ownership housing. Developers build units and sell them to the land trust who manages the program. In a community land trust, the trust retains ownership of the land and sells the homes to income qualified buyers. The trust ensures compliance with all conditions of ownership designed to keep the housing affordable.

Funding Sources

With any of these delivery structures there needs to be a reliable source of funding to pay for administrative costs or contracts. Potential sources of funding could include:

- **Local government general funds.** This can be a reliable source of funds to support in-house staff, regional collaboration efforts, or contracting. However, local government needs to have a strong commitment to affordable housing since this funding will compete with other local needs and priorities every budgeting cycle.
- **Permit fees.** A portion of the permitting fees can be set aside for management of the program. While in theory this helps development to pay for itself, it is another cost that must be accounted for when developing an incentive-based affordable housing program, particularly if fee reductions or waivers are part of the incentive package.
- **Local housing funds.** These funds can come from a variety of sources including in-lieu-fees, local housing trust funds, or federal HOME or CDBG dollars. While most of these sources allow (or can be set up to allow) money to be spent on staffing and administration, this pool of money could also be spent on the creation of new housing.
- **Sales and resale fees.** Home ownership units are charged a fee (typically 1-4%) that funds the management of the resale process. Although less than a typical 6% real estate commission, the fee is borne by the seller who is already selling below market rate as required by agreement to keep the unit affordable. Owners may also need to retain a real estate agent to complete their transaction, particularly in cases where the affordable housing program is not comprehensively managed through a local government or regional collaboration effort.
- **Application fees.** This model charges a fee to those who apply for housing (either rental or ownership). While this can generate some revenue to support program administration, there is an equity consideration with this option since all applicants pay the fee whether or not they ultimately receive housing.
- **Administration fees.** Annual or monthly fees are charged to residents of affordable units to cover the costs of compliance monitoring. While this is more commonly used in rentals, a few

communities charge such a fee for ownership units, and community land trusts sometimes charge a small monthly land rent. In any case, the cost of the fee is borne by the resident and may increase their need for subsidy.

Recommendations

How Mount Vernon ensures the long-term affordability of its housing program will depend on the type of affordable housing program it chooses. Consider the following:

- Consider options for contracting out the services needed to ensure compliance with affordable housing program rules to either a non-profit, private contractor, or through a collaborative model.
- Establish the funding mechanisms necessary to support compliance.
- Recognize that the model used to deliver and fund affordable housing compliance could change over time as the affordable housing program achieves success.

NEXT STEPS

1. BERK will conduct outreach with property developers, builders, and others involved in affordable housing issues to discuss and gain insight into the best practices presented herein.
2. Once BERK has completed this outreach, City Council will be briefed on the results and will be asked for initial direction and input.
3. The best practices presented within this memo will be refined and additional details will be provided focusing on the direction and input from City Council. BERK will solicit public comments and input on the new materials.
4. BERK will assist City staff in completing the procedural requirements when development regulations are amended including the SEPA process, Department of Commerce review, and public meetings and hearing before the Planning Commission and City Council.

ADDITIONAL REFERENCES

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