

## CITY COUNCIL STUDY SESSION

Council direction on specific strategies to increase staff capacity to accomplish more of the priority Next Right Work housing actions quickly. In particular: (1) encourage Detached Accessory Dwelling Units (DADU), Accessory Dwelling Units (ADU), and duplex, triplex, and quadplexes, including mechanism for separate ownership, and (2) simplify the permitting process and expedite permitting for affordable housing projects.

Liz Stead, Interim Co-Director, 452-2725

Nick Whipple, Planning Manager, 452-4578

*Development Services*

Emil A King, AICP, Planning Director, 452-7223

*Community Development*

## DIRECTION NEEDED FROM COUNCIL

### DIRECTION

Staff will present the findings of a capacity analysis on how the City can enhance capacity to undertake two additional Next Right Work actions in the next 12-18 months — (1) encourage DADUs, ADUs, and duplex, triplex, and quadplexes, including mechanism for separate ownership, and (2) simplify the permitting process and expedite permitting for affordable housing projects.

Based on the findings of the capacity analysis and the scopes of work for these actions, staff is seeking Council direction to deploy certain added resources and efficiencies, and to accelerate select components of the two actions in coordination with other ongoing City projects.

## RECOMMENDATION

Direct staff to deploy certain added resources and efficiencies, and to accelerate select components of the two Next Right Work actions (1) to encourage DADUs, ADUs, and duplex, triplex, and quadplexes, including mechanism for separate ownership, and (2) to simplify the permitting process and expedite permitting for affordable housing projects—in coordination with other ongoing City projects.

## BACKGROUND & ANALYSIS

### Next Right Work Background

Since the adoption of the Affordable Housing Strategy (AHS) in June 2017, the City has made significant progress towards achieving the target of 2,500 affordable housing units over 10 years. On July 5, in building upon the AHS, Council prioritized three “Next Right Work” actions to further increase housing production and affordable housing opportunities in the City to be undertaken by the end of 2023 to supplement ongoing housing work. The three actions are:

1. Remove barriers to micro-apartments (Council initiated on October 10)
2. Allow higher floor-area-ratio (FAR) or density for certain residential uses to incentivize residential over commercial developments (Council initiated on December 12)

3. Reduce permit fees for affordable housing projects (Council initiated on December 12)

In addition, Council directed staff to perform a capacity analysis on how the City can accelerate additional Next Right Work projects, and to scope two additional Next Right Work actions:

4. Encourage Detached Accessory Dwelling Units (DADU), Accessory Dwelling Units (ADU), and duplex, triplex, quadplexes, including mechanism for separate ownership, and
5. Simplify the permitting process and expedite permitting for affordable housing

For scoping, Council expressed their interest to also understand how parts or whole of these actions can be advanced alongside the three prioritized actions, or in the next 12-18 months.

This agenda item provides the findings of the capacity analysis and a proposal to advance components of the two actions in a phased approach and in coordination with other ongoing City projects.

### **Capacity Analysis**

At the July 5 study session, Council directed staff to perform a capacity analysis to see how the City could complete additional Next Right Work projects in the near term, alongside three other selected actions. This analysis began with engaging staff in Community Development (CD), Development Services (DS), and other departments who regularly work on policy and code development efforts with this question, "What do we need to do to accomplish more Next Right Work actions in the near term?" To answer, staff were asked to: (1) identify bottlenecks, constraints, and opportunities; (2) propose a solution; and (3) note any impacts from the proposed solution.

Because policy and code amendments involve many internal and external constituents over months and years (i.e. multiple pipelines are implicated for any given project), recommendations included adding staffing and resources, improving City processes, and being innovative in how planning efforts are done. This list of possible solutions to add capacity was reviewed for immediate effectiveness and level of impact, and the resulting recommendations are listed below. Longer-term strategies were also identified and will be saved for future use.

The capacity analysis effort also recognized that the interdepartmental (CD and DS) process to establish a framework for a standardized, timely and reliable approach for all Land Use Planning Initiatives (LUPI) was completed in the past two years. As part of this framework, CD and DS committed to integrate continuous improvement in all of the LUPI work. Thus, the recommendations described below seek to build on this base rather than supplant it.

The following are staff-recommended solutions to add capacity to do more Next Right Work actions.

#### Staffing and Resources

Utilize a portion of the new 2023-2024 affordable housing budget allocation of \$300,000 per year to:

- Add DS Code & Policy staff
- Utilize consultants for certain tasks, such as engagement, land use modeling, economic analysis, environmental review, and other technical work

#### Process Changes

Targeted changes in processing policy and code amendments:

- Prioritize NRW actions that have synergy and schedule alignment with other work plan items

- Utilize reasonably aggressive project timelines and clearly defined scopes of work, in partnership with all affected departments and the Council
- Accept trade-offs, including timeline adjustments or reprioritization of other work plan items, in the event changes or additions in scope are necessary
- Utilize mid-point Council check-ins, if needed to confirm direction
- Work with the Planning Commission to clarify role and Council expectations

#### Innovation in Planning Project Strategies

Being open to innovative or new ways for completing planning efforts:

- When appropriate to accelerate key project goals, consider demonstration, pilot, or interim projects, with a narrow scope
- Utilize phasing to streamline analysis, policy development, outreach, or other activities across multiple projects.

Based on the findings of the capacity analysis, staff is recommending deploying all of the identified solutions, as well as continuing to make process improvements as part of LUPI. The findings take into account how quickly the recommended solutions can be expected to produce positive outcomes, as well as balancing where increasing staff or consultant resources in one department could not be sustained without corresponding increase to the capacity of others. Staff's recommendation to mobilize all of the above solutions also considers other ongoing City projects and the need to properly coordinate with these projects. The Council's two additional priority actions could be advanced per the proposed scope and phasing explained below. There would be no change to projects included in the joint CD-DSD 2022-2023 workplan or the three already selected Next Right Work actions.

#### **Encourage Middle-Scale Housing Typologies**

As presented on July 5, this strategy would facilitate middle-scale housing across the City by encouraging DADUs (detached accessory dwelling units), ADUs (accessory dwelling units) and duplex, triplex, quadplexes, including mechanism for separate ownership. This strategy is being addressed in the Comprehensive Plan Periodic Update (CPPU). The CPPU is in the early analysis phase and is evaluating new policies supporting DADUs, ADUs, duplexes, triplexes, and quadplexes, with a mechanism for separate ownership. In addition to the Comprehensive Plan updates, code amendments will follow the CPPU adoption to implement these same housing typologies in City codes.

It is important to note that the CPPU effort includes opportunities for robust public engagement and examination of various housing typologies. In addition, the City is performing an environmental analysis related to all housing development in the City over the next 30 years, including preparing an Environmental Impact Statement (EIS), with engagement with stakeholders and the public. This work in the CPPU will significantly advance middle-scale housing opportunities City-wide.

The approach to encourage middle-scale housing typologies, described below, builds on the CPPU so that targeted code updates are informed by the updated 2024 Comprehensive Plan and current public engagement work. Accordingly, the following phased process is proposed.

Phase 1 – ADU (attached accessory dwelling unit) Reform Land Use Code Amendment (LUCA)

Objective: Encourage construction of ADUs in existing and new homes, with a mechanism for separate ownership

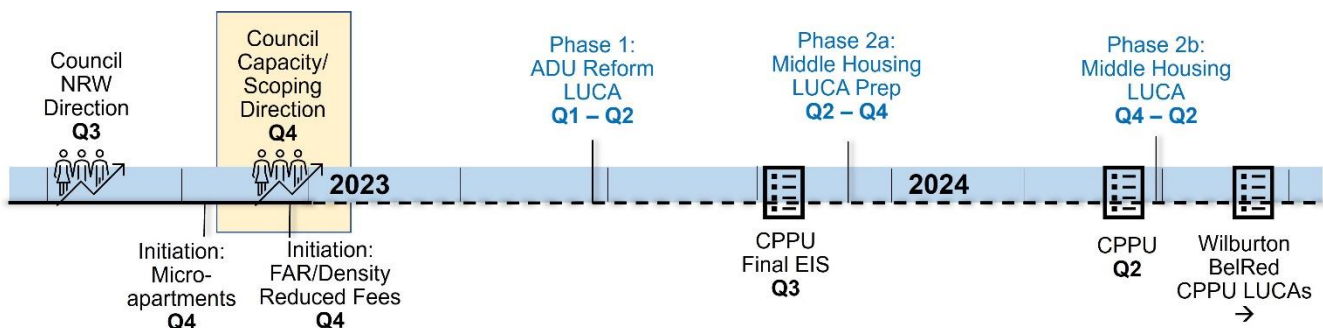
- Remove identified barriers to ADU creation, such as owner-occupancy requirement, off-street parking requirement, condominium prohibition, design controls, etc.
- No Comprehensive Plan Amendment (CPA) needed for this phase
- Requires Planning Commission process

Phase 2 – Prepare LUCA for Middle-Scale Housing (DADUs, Duplexes, Triplexes, and Quadplexes)

Objective: Encourage construction of DADUs, duplexes, triplexes, and quadplexes, with a mechanism for separate ownership

- Phase 2a: Coordination with CPPU
  - Utilize information and analysis from the CPPU and EIS, including public input and policy drafts
  - Ensure the CPPU considers related high-level policies (in topic areas such as dwelling units per acre, lot subdivision, or parking)
  - Perform code audit and analysis
  - Conduct additional engagement with stakeholders and the public, as needed
  - Develop LUCA draft framework
- Phase 2b: Draft LUCA and work with Planning Commission to recommend LUCA to encourage construction of Middle-Scale Housing typologies for Council consideration:
  - Develop LUCA to allow for DADUs, duplexes, triplexes and quadplexes within districts identified in the 2024 Comprehensive Plan and consistent with applicable policies to eliminate barriers to these typologies.
  - Planning Commission process

This phased approach will enable the City to achieve early wins, and accelerate the necessary code amendments in conjunction with the CPPU to accomplish Council’s goals related to these housing typologies more quickly. The timeline below shows the phasing of these efforts relative to the larger City planning context, and specifically, the CPPU.



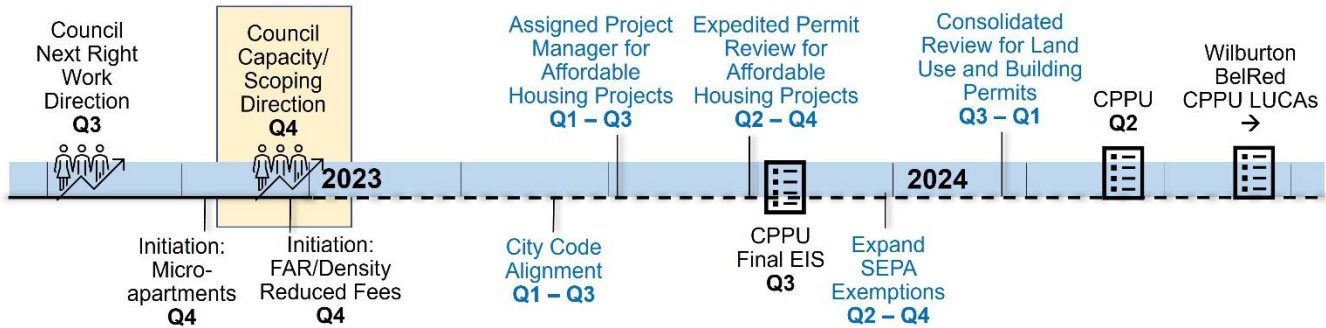
### Simplify the Permitting Process and Expedite Permitting for Affordable Housing Projects

The second scoping exercise that Council directed is to simplify the permitting process and expedite permitting for affordable housing projects. During the July 5 Council discussion, Council expressed the importance of this action and directed staff to return with a proposed scope that may fit as a Next Right Work action to be achievable in the next 12-18 months. Scoping for this item is focused on affordable housing projects only.

There are two categories for this action: internal process improvements; and code improvements. Under each category, many tools and methods can be employed to simplify the permitting process, with varying levels of effort, timing and anticipated outcomes. A subset of these tools and methods is also suited to expedite permitting for affordable housing projects and to use as pilots for future deployment. These tools and methods have been filtered to only those that can be undertaken in the near term, and to remove those that are already part of ongoing Development Services efforts. The filtered list of tools and methods is collated into the following table, which includes a description of each proposed new tool or method under each category, expected outcomes (with notation of whether the tool or method will expedite permitting for affordable housing projects) and proposed timing.

New Tool or Method	Expected Outcomes	Proposed Timing
<b>Internal Process Improvements</b>		
1. <i>Assigned Project Manager for affordable housing projects</i>	<ul style="list-style-type: none"> <li>• Single point of contact</li> <li>• Utilize staff resources</li> <li>• <u>Pilot for broader use</u></li> </ul>	Q1 – Q3 2023
2. <i>Pilot expedited review for land use entitlements for affordable housing projects</i>	<ul style="list-style-type: none"> <li>• Expedited review process</li> <li>• <u>Pilot for broader use, evaluate impacts on other project applications</u></li> </ul>	Q2 – Q4 2023
3. <i>Consolidated review of some land use entitlements with building permit review for affordable housing projects</i>	<ul style="list-style-type: none"> <li>• Expedited review process</li> <li>• More efficient staff use</li> <li>• <u>Candidate for pilot for broader use; would take multiple years to realize built projects</u></li> </ul>	Q3 2023 – Q1 2024
<b>Code Improvements</b>		
4. <i>City Code and process updates to implement previous Council decisions, i.e. Unit Lot Subdivisions</i>	<ul style="list-style-type: none"> <li>• Consistent code requirements for townhome projects regardless of ownership</li> <li>• Spur townhouse development</li> <li>• More efficient staff use</li> </ul>	Q1 – Q3 2023
5. <i>Maximize SEPA categorical exemptions up to state allowances for all project types as applicable</i>	<ul style="list-style-type: none"> <li>• Decrease number of projects subject to SEPA process</li> <li>• More efficient staff use</li> </ul>	Q2 – Q4 2023

This sequenced approach will enable the City to streamline certain permitting tasks while piloting new tools and methods to expedite affordable housing projects and learn from them for future deployment. The timeline below shows the proposed timing of these tools and methods and relationship to each other and other City projects.



## POLICY & FISCAL IMPACTS

### Policy Impact

The purpose of the capacity analysis and doing additional Next Right Work actions is to increase the amount of housing and affordable housing throughout the City. This is consistent with City Council Priorities, Comprehensive Plan Housing Policy, Affordable Housing Strategy, and Economic Development Plan Strategies.

### Fiscal Impact

Advancing the additional Next Right Work actions will require additional staffing and resources, consistent with the allocation in the budget for affordable housing.

## OPTIONS

1. Direct staff to deploy proposed added resources and efficiencies, and to accelerate select components of the two Next Right Work actions (1) to encourage DADUs, ADUs, and duplex, triplex, quadplexes, including mechanism for separate ownership, and (2) to simplify the permitting process and expedite permitting for affordable housing projects—in coordination with other ongoing City projects.
2. Provide alternative direction to staff.

## ATTACHMENTS

N/A

## AVAILABLE IN COUNCIL LIBRARY

N/A