



Affordable Housing Strategy

Bellevue City Council Study Session

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Purpose/Action Requested

Purpose:

- Update on work-to-date

And Council approval of:

- Problem Statement & Affordable Housing Goal
- Authorize up to \$75,000 from City Housing Fund for consultant assistance

Existing Policy Direction

City Council Priority:

Develop an affordable housing plan for the needs of our diverse population.

Comprehensive Plan Policy HO-24:

Develop and implement an effective strategy to ensure affordable housing opportunities are available in Downtown and throughout the city at a range of affordability levels....

Economic Development Plan Strategy E.1:

Develop a city-wide strategy to expand workforce housing options by exploring all manner of tools....

Council Principles

1. Recognize as sizeable problem; committed to addressing local challenges; be a regional leader.
2. Identify needs.
3. Focus on action.
4. Establish ambitious goals.
5. Build upon City's existing tools the & strengthen partnerships.

Council Principles

6. Draw on knowledgeable resources.
7. Consider full suite of tools.
8. Tailor approaches to different areas of City.
9. Leverage resources.
10. Monitor results & adjust as needed.
11. Ensure robust public outreach & engagement.

Affordable Housing Need

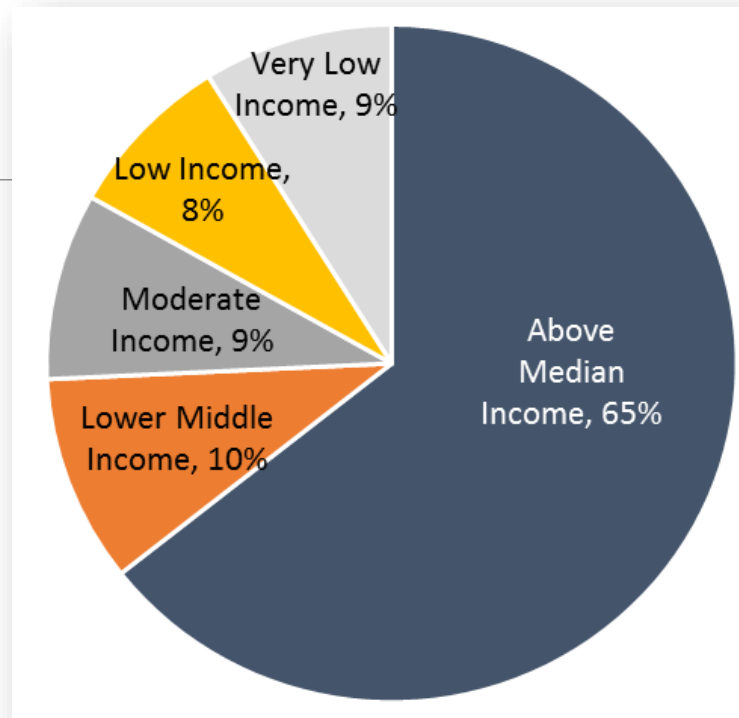
Human Services Needs Update 2015:

- 68% of survey respondents rate lack of affordable housing as number one community problem compared to 51% in 2013.

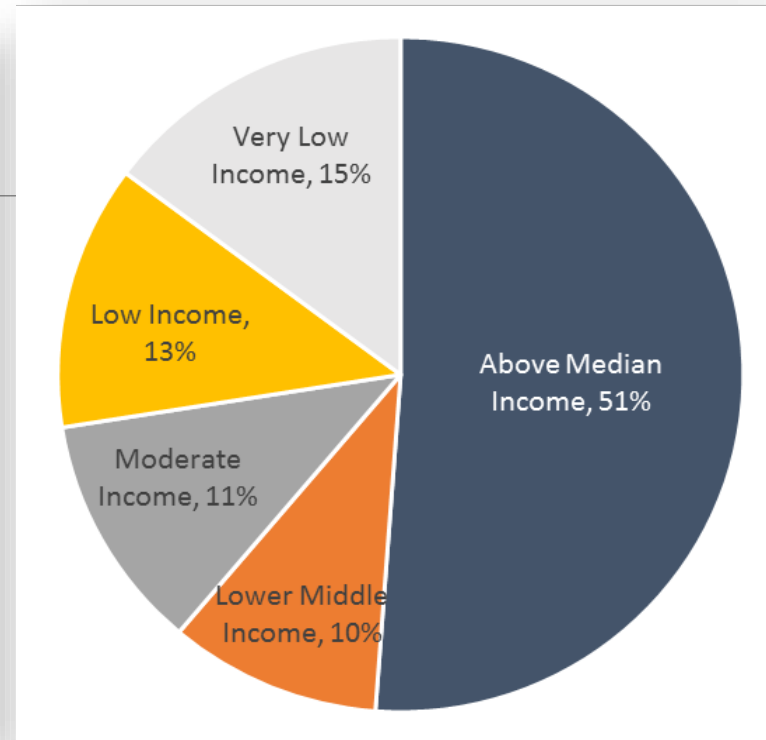
Survey of Businesses 2015:

- All business sectors rate Bellevue low on affordable housing options – workforce housing primary challenge
- 41% had difficulty finding trained/qualified staff (50% retail, 60% tourism)

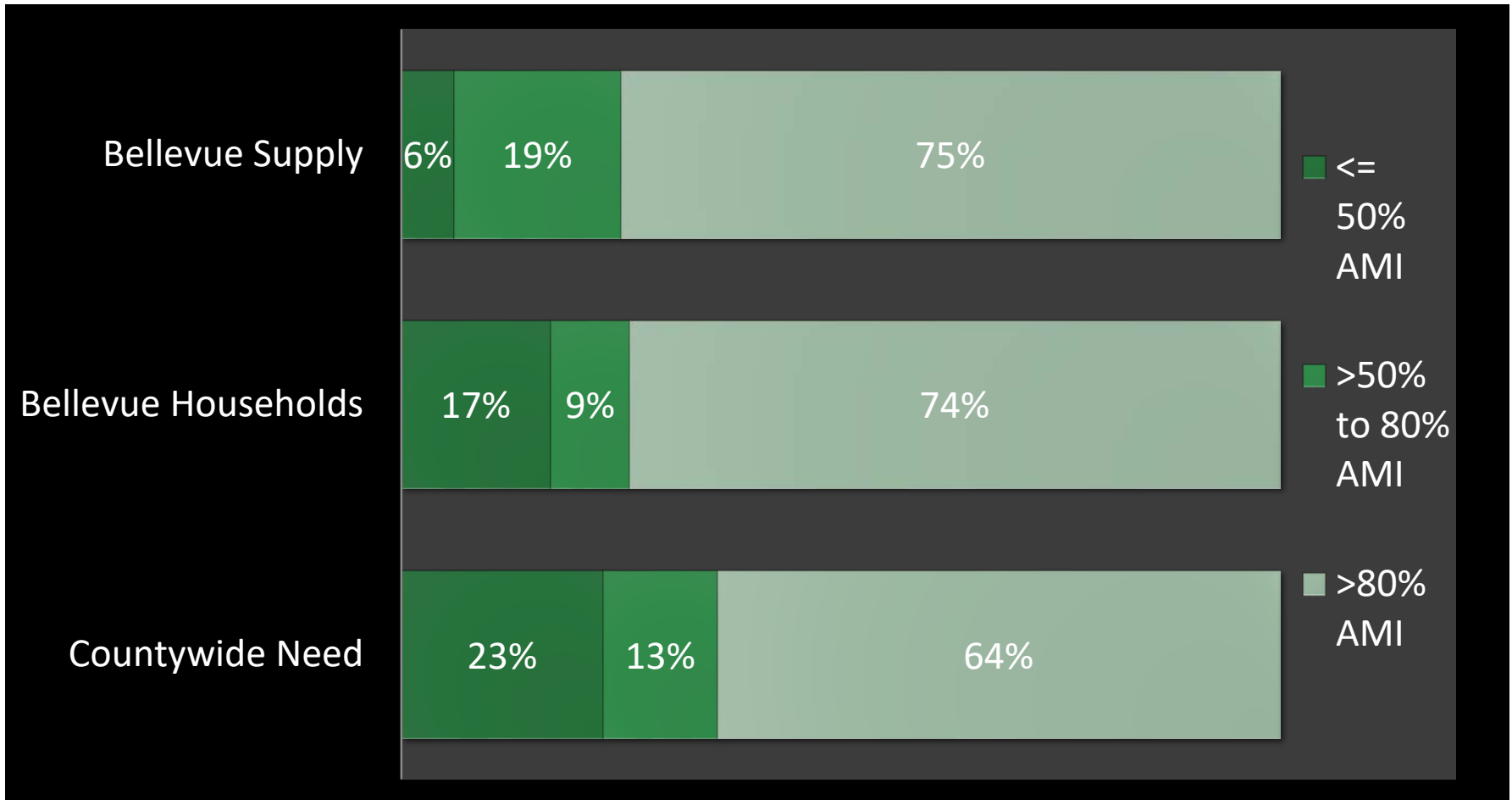
All Bellevue Households



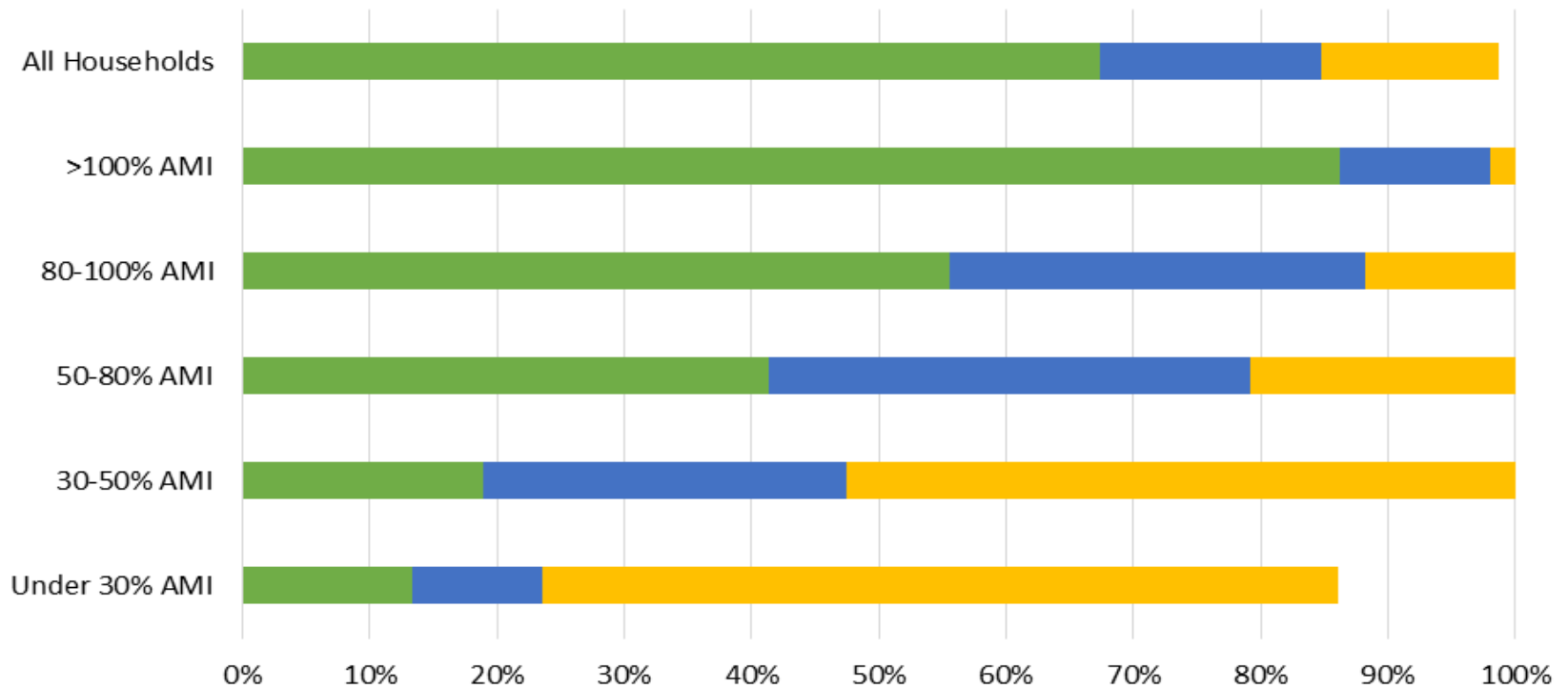
Bellevue Senior Households



- Almost one third (31%) of all Bellevue households spend more than 30% of their income on housing.
- 16% all renters & almost 1/3 senior renters spend >50% of income on housing.



- Over 9,100 Bellevue households (17%), about 22,000 people, earn <50% area median income.
- About 3,100 units (6%) affordable to income group.



14% of all Bellevue households spend at least half income on housing.

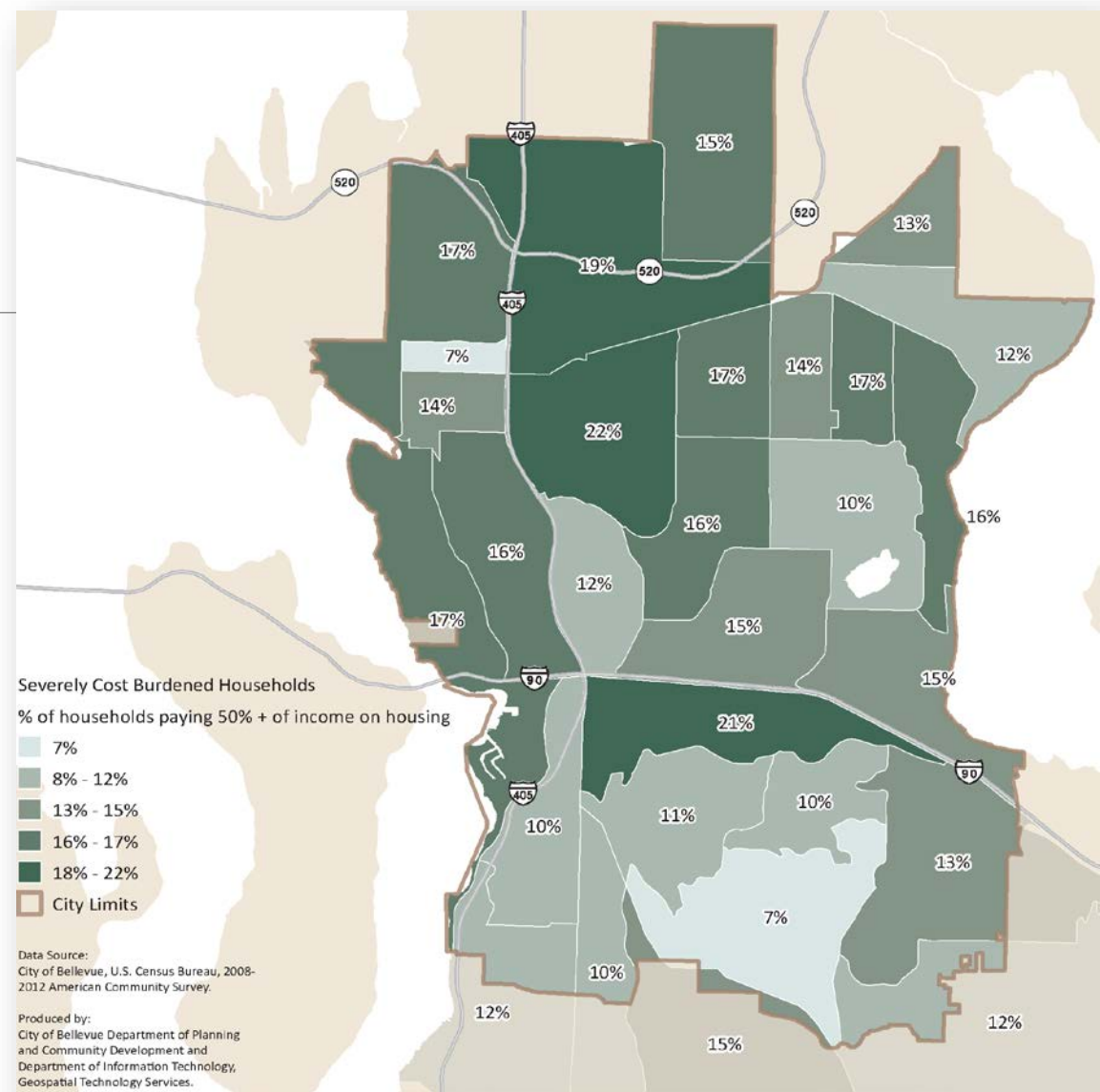
Annual production of subsidized affordable housing significantly less in last decade than in 1990's.

-Rents average \$2,000 some areas.

-Low & very low income affordable rents \$450 & \$1,000.

-High home prices – difficult to maintain ownership costs at 30% of income.

-Median SF sales price \$777,500 (Jan. 2016) – requires household income over \$160,000 to be affordable.



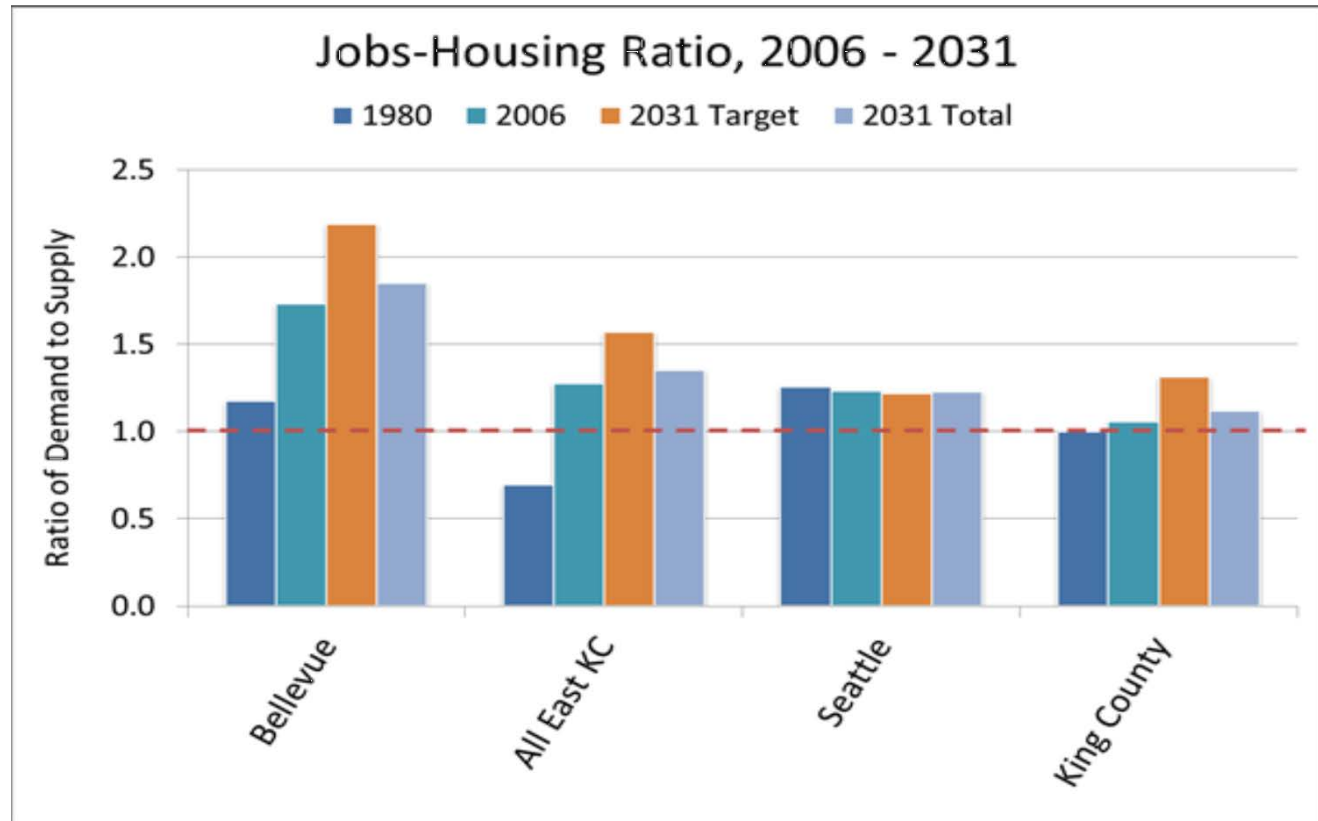
Affordability is a citywide issue.

Market Pressure

2031 Jobs
Target
53,000

2031
Housing
Target
17,290

Housing
Demand
37,850
based on
job growth



Amount & pace of job growth outpacing housing – upward pressure on costs

County residents making less than \$15.00 per hour*



SOURCE: WA Employment Security Dept
Workforce Explorer: King County, 2015

* (\$31,000 annually; or 50% median for a single person)

County residents making less than \$20.00 per hour*

Teacher (Entry)



**Customer
Service Rep**

\$18.68



\$20.86

**Medical
Assistant**

\$18.65



\$21.21

Bookkeeper



**Dental
Assistant**

\$20.35



SOURCE: WA Employment Security Dept.
Workforce Explorer: King County, 2015

* (\$42,000 annually; or 60% of median for a single person or 45% of median for a family of 4)

Problem Statement

The cost of renting or owning housing has been increasing at a faster rate than income for many households in the region, especially in Bellevue. As a result, housing is not affordable to a significant portion of the population. It is critically important to provide a safe, healthy and affordable place to live for people of all income levels in order to sustain Bellevue's livability and economic vitality.

Problem Statement

This project will identify what it will take to have a healthy housing market that:

- *Provides affordability across range of incomes mirroring population & workforce*

Problem Statement

This project will identify what it will take to have a healthy housing market that:

- *Provides variety of affordable housing choices that meet the needs of our community including:*
 - *Young persons in college or just entering job market*
 - *1st time home buyers or new employees ready to purchase a home*
 - *Aging population, especially those on fixed/limited income, who wish to remain in the community*
 - *Families with children that need rental & ownership options in opportunity areas*

Problem Statement

This project will identify what it will take to have a healthy housing market that:

- *Preserves integrity of single family areas while considering, through neighborhood planning process, housing that can accommodate a wider spectrum of needs & foster ongoing investments by individual homeowners.*

Project Goal

- 2,500 affordable units over 10 years
(average 250 per year)

Formula

- 36% of King County households <80% AMI
- %-age applied to 15,800 (number of new households per Comprehensive Plan annualized)

Technical Advisory Group (TAG)

Composition

- Real estate & finance
- For profit housing developers/builders
- Non-profit housing developers/providers
- Land development associations
- Legal (land use, housing, finance)
- Faith community
- Community liaisons

Technical Advisory Group (TAG)

Role

- Provide technical expertise & guidance
 - ❑ Development & testing of evaluation tool & performance metrics
 - ❑ Review & supplement list of potential actions
 - ❑ Input to evaluation, narrow list of potential actions
 - ❑ Identify advantages/disadvantages of actions
- Separate from stakeholder & public engagement – will receive input

Public Engagement

Who

- Market-rate & non-profit housing providers
- Real estate, land development & financial
- Neighborhood leaders group
- Local employers, business groups
- Affordable housing advocates
- Service providers – other agencies & city staff
- Overall public/community

Public Engagement

How

- Public information/education about need
- Printed material, video, websites, social media, expert speakers/panels, group discussions
- Solicit public comment on list of potential actions as it develops & evolves during process; draft plan prior to Council action

ARCH Trust Fund

PROJECTS FUNDED 1993 - 2014

<u>Housing Type</u>	<u># Units/Beds</u>	<u>Funding</u>
Family	1,942	\$24,020,000
Senior	676	\$ 10,206,000
Homeless	257	\$ 6,658,000
Special Needs	158	\$ 3,314,000
TOTAL	3,033	\$44,198,000*

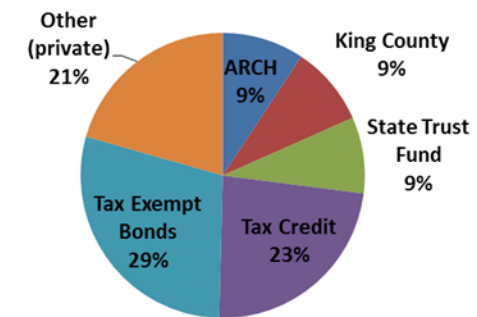
* over \$440 million in total project cost

ARCH TRUST FUND: HISTORIC USE (FINANCING)

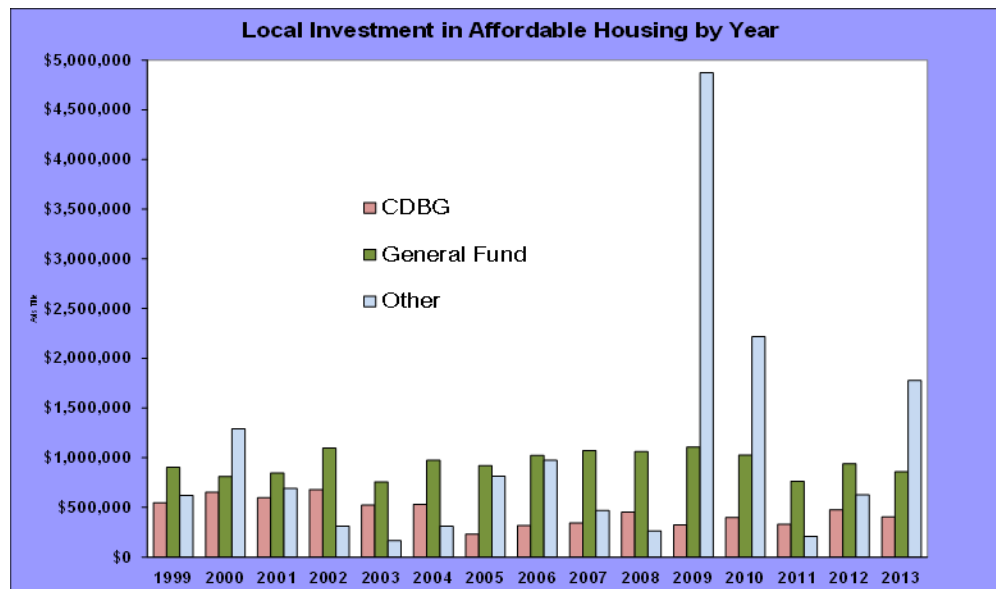
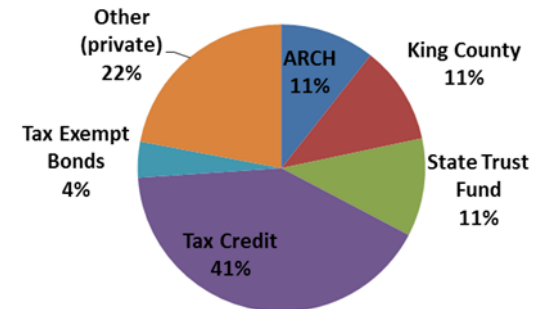
The amount of housing assisted in the last decade is significantly less (see table).

	1993-2002	2003-2013
Units Funded	1,892	1,054
Overall Cost	\$206,257,000	\$221,363,000
Overall Cost Per Unit	\$109,016	\$210,022
ARCH Total Assistance	\$19,216,188	\$23,133,833
ARCH Cost Per Unit	\$12,172	\$21,949

Funding Sources 1993-2002



Funding Sources 2003-2013



'Parity' Program Overview (1998)

Advisory Program – No mandate to provide assistance.

State goal for each city as a range .

Each city's range are based on several factors:

- Current Population
- Projected Housing Growth
- Projected Job Growth

Baseline goal (\$1 million annually) - based on past funding.

High end goal (\$2 million annually) - acknowledgment of needs.

Measure accomplishments over multiple years

Encourage a variety of means for cities to accomplish their goal:

- Direct monetary assistance from general funds or CDBG funds
- Indirect monetary assistance such as fee waivers
- In-kind contributions such as donated land

FUNDING STRATEGY FOR THE ARCH HOUSING TRUST FUND

- **Potential Sources for Funding Trust Fund.**

- Continued use of general fund and CDBG funds;
- One or more new 'Dedicated Funding Source' that each city would decide how to use;
- Voter approved housing levy at either the local or countywide level.

Steps for Proceeding. Over the next 12- 18 months, :

- State Legislation. Pursue state authority state 'enabling' legislation:
 - REET (Seattle is also seeking approval)
 - Demolition Fee
 - Condo conversion fee.
- Reconvene Workshop after Legislative Session.
 - Assess the results of the legislative session,
 - Consider updates to the ARCH 'Parity' goals
- City Action.
 - Maintain local flexibility
 - Councils deliberate as part of budget/other action.
- Advocate other Public Sources..

Major Milestone Timeline

Council launch; direction on project scope	Dec 2015
ARCH Consortium-wide outreach to stakeholders	Jan – Mar 2016
Updated Affordable Housing Needs Assessment	Jan – Mar
Council appoints Technical Advisory Group (TAG)	Mar
Stakeholder & public engagement	Apr - Nov
Develop & test evaluation tool with TAG	May – Jun
TAG narrowing of potential actions	Jun
Council check-in/direction on actions to evaluate	Jul
Evaluate narrowed list of potential actions, draft performance metrics	Jul – Aug
TAG review & feedback on actions based on evaluation & metrics	Sep
Public review on draft strategy	Oct
Council approves Affordable Housing Strategy	Nov – Dec

City Council

- July – update on evaluation tool, approve list of potential actions for evaluation
- October – update & preparation for public input on draft actions
- November – prioritize actions & review draft strategy, schedule for adoption

Council Action Requested

- Affirm problem statement & project goal
- Authorize up to \$75,000 from City Housing Fund for consultant assistance