

AGENDA
Affordable Housing Commission
City Council Chambers
501 N Anderson Street
Ellensburg, WA 98926
Wednesday September 18, 2019 – 4:30 P.M.

- 4:30 1. CALL TO ORDER

- 2. APPROVAL OF THE AGENDA

- 3. APPROVAL OF MINUTES
 - a. September 4, 2019

- 4:35 4. OLD BUSINESS
 - a. RFP update

- 4:45 5. NEW BUSINESS
 - a. Traffic Impact fees

- 5:50 6. STAFF UPDATE/DISCUSSION ITEMS

- 5:55 7. CITIZEN COMMENT (as time allows)

- 6:00 8. MEETING ADJOURNED



For more information on the Affordable Housing Commission, contact the City Manager's office at 509-962-7221

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**COMMUNITY DEVELOPMENT DEPARTMENT
501 North Anderson Street, Ellensburg WA 98926**

MINUTES OF ELLENSBURG CITY AFFORDABLE HOUSING COMMISSION

Date and Time: Affordable Housing Commission meeting, September 4, 2019 - 4:30 p.m.

Place of Meeting: City Hall Council Conference Room

Present: Charlie Sorenson, Hannah Tower, Nancy Goodloe, John Perrie, Nathan McQuinn, Sarah Bedsaul

Absent: Dolores Gonzalez

Others Present: Long Range Planner, Angela San Filippo; Senior Planner, Shannon Johnson; Linda Kelley, Habitat for Humanity Interim Director, Delano Palmer, Habitat for Humanity Board Member

1. CALL TO ORDER

Chairwoman Goodloe called the meeting to order at 4:32 pm.

2. APPROVAL OF THE AGENDA

Commissioner Sorenson, made a motion to approve the agenda. Commissioner Bedsaul seconded. All in favor of approving the agenda, motion passed.

3. APPROVAL OF THE MINUTES

Commissioner Perrie made a motion to approve the minutes from August 21, 2019. Commissioner McQuinn seconded. All in favor of approving the minutes, motion passed.

4. OLD BUSINESS

a) Land Development Code Updates

San Filippo presented and summarized the September 4, 2019 Land Development Code Updates staff report. She went over the purpose of the Affordable Housing Commission (AHC) as codified in Ellensburg City Code Chapter 1.86. To date, the AHC been focused on developing a program for allocating revenues. With much of that work complete, the AHC will begin working on policies and strategies to address affordable housing in the City of Ellensburg.

San Filippo went over what it means for housing to be affordable and the importance of addressing a continuum of housing options. In the City of Ellensburg Housing Needs Assessment it is apparent that the City is lacking in what has been termed 'missing middle housing". In order to address this need, the City is reviewing the Land Development Code to identify barriers to missing middle housing as well as to evaluate and revise the City's existing density bonus program to incentivize affordable housing.

San Filippo noted the goal is to get a pulse from both the AHC and the Planning Commission that will provide staff direction on which items to pursue additional technical analysis and public feedback. San Filippo noted that the Planning Commission did not get to this item of discussion at their last meeting as planned.

San Filippo referred the group to page 2 of the staff report to begin discussion on the mandates portion of the staff report and gave some examples. She asked the commission for their recommendation on requiring developments to incorporate affordable housing and discussed the importance of political support. The commission's consensus was yes, they would like to see this mandate taken to City Council. Commissioners began discussing the mandates and suggesting ideas on how to come up with a mix of mandates and creative ways to require the inclusion of a percentage of affordable housing into residential development.

San Filippo noted that other communities have provided a fee in lieu of the mandate and asked how the commission felt about this idea. Discussion ensued which resulted in the majority of the commission not in favor of the fee in lieu idea. Further discussion ensued regarding different case scenarios and how the mandate and fee schedule could work in each scenario. Bedsaul discussed prorating for smaller

developments. San Filippo reminded the group that while the developer would be paying the costs up front, these costs ultimately get passed along to the renter or buyer.

San Filippo summarized the AHC support for inclusionary zoning with the reservation of final decisions being based on the actual fees proposed, and therefore it could be passed along to the City Council for their review. Commissioners asked to be informed of the date of this City Council meeting.

San Filippo moved forward to the incentives portion of the staff report and explained the reduced off-street parking requirements incentives for using either a case by case analysis based on project specific parking study or a prescriptive off-street parking requirements for affordable housing. Sorenson discussed being supportive of the prescriptive off-street parking requirements, and the rest of the group was in agreement.

San Filippo moved to the option to reduce development standards, Perrie discussed reasons for not being supportive of this idea. San Filippo and Johnson explained some of the development standard requirements. Bedsaul discussed alternative ideas for cost reduction such as less expensive interior appliances. Goodloe discussed concerns regarding added expenses such as yard upkeep. Bedsaul and Sorenson promoted the incentive allowing for smaller lot sizes/density. The group decided they were not in support of reducing the development standards.

San Filippo began discussion on incentives for smaller lot sizes/density bonus and explained the current code language for density bonus incentives. Our community and other communities have not been utilizing this incentive. Bedsaul and Sorenson suggested positively reframing and or renaming this code section. Goodloe asked if this would fall under the Planning Commission's purview. San Filippo answered yes, and noted that what she was hearing from the group was that the group was in support.

Discussion ensued in regards to reduction of impact fees. San Filippo gave a brief update on this item of discussion. Question from Linda Kelly, if applications should factor in impact fees to funding proposals. San Filippo responded impact fees should be factored into proposals, however, there may be an opportunity for reduction requests.

Sorenson asked about other fee reductions for affordable housing. San Filippo gave a brief update regarding fee reductions, she and Director Sackett decided a larger discussion and further update is needed at a future meeting.

San Filippo moved on to the "missing middle housing" incentives. The incentives listed are ways to outright permit missing middle housing types as well as incentives to encourage specific housing types. Development projects in this category would not include specific affordability requirements and would not require annual reporting. Perrie provided background history on lot sizes, densities, and parking requirements. San Filippo gave examples of how other communities have addressed parking issues. She went over options for reducing the parking requirements for smaller housing units and noted that ultimately, these reductions will require a city wide parking study. Discussion continued regarding neighborhood parking issues, increasing the residential parking zones, staff time and resources needed, and incentives for smaller housing. She then explained parking reductions based on public transit Goodloe noted that the new routes have reduced waiting times. The Commission is in support of pursuing this parking reductions for smaller housing units and proximity to transit.

San Filippo discussed the next steps. The recommendations from the AHC and the Planning Commission will be used to frame focus groups with local builders, developers and housing organizations. The focus groups will be used as a mechanism to engage housing developers into the conversation and to better understand how the potential land development code revisions will impact housing development.

6. STAFF UPDATE/DISCUSSION ITEMS

San Filippo gave a brief update on the RFP process and spoke about potential applicants reaching out to her with questions.

Chair Goodloe noted that she would like to discuss the recent state legislation regarding Tiny Homes and the other state law which provides additional funding for affordable housing at the next meeting.

8. CITIZEN COMMENT

Delano Palmer, Habitat for Humanity Board Member introduced himself to the commission.

9. MEETING ADJOURNED

Goodloe adjourned the meeting at 6:00 pm.



**COMMUNITY DEVELOPMENT DEPARTMENT
501 North Anderson Street, Ellensburg WA 98926**

DATE: September 18, 2019
To: Affordable Housing Commission
FROM: Angela San Filippo, Long Range Planner
RE: Traffic Impact Fee Waivers for Affordable Housing

BACKGROUND

The City of Ellensburg collects traffic impacts fees to ensure that public facilities and services necessary to support development shall be adequate to serve the development, at the time the development is available for occupancy without decreasing current service levels below established minimum standards for the City. Currently Ellensburg City Code (ECC) Chapter 14.04.050 allows exemptions for specific development activities because they do not have a measurable impact on the city's transportation facilities, or because the city has chosen to exempt them pursuant to the Revised Code of Washington (RCW) 82.02.060(2).

Under RCW 82.02.060 state law allows two different mechanisms for the City to allow traffic impact fee exemptions for low-income housing:

1. RCW 82.02.060(2) states that an exemption for low-income housing may be provided if the impact fees for such development activity shall be paid from public funds other than impact fee accounts. (Currently in effect in the ECC.)
2. RCW 82.02.060(3) states that an exemption for low-income housing may be granted by either a partial exemption of not more than 80% of the impacts fees, with no explicit requirement to pay the exempted portion of the fee from public funds other than impact fees; or provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts.

Ellensburg City Code currently allows for low-income housing exemption from traffic impact fees as allowed by option 1 above. The wording of ECC 14.04.050(E) is as follows:

Low-income housing, as defined by ECC 14.04.030, shall be exempted from the payment of traffic impact fees.

Low-income housing is defined by Ellensburg City Code 14.04.030 as:

Housing with a monthly housing expense that is no greater than 30 percent of 80 percent of the median family income adjusted for family size for Kittitas County, as reported by the United States Department of Housing and Urban Development. In addition, the developer and/or owner shall have entered into a binding, irrevocable programmatic commitment with one or more federal, state, or local government agencies and/or nonprofit agencies qualified as 501(c)(3) under the Internal Revenue Service Code. Development activity that is comprised of a mix of affordable and market rate housing and/or affordable housing and commercial space shall be defined as low-income housing only for those specific units that are set aside as low-income housing with the aforementioned income limits. Programs that may otherwise be defined elsewhere as “low-income” housing and/or “affordable housing,” but have income eligibility limits above those described above or no income limits, shall not be defined as low-income housing.

Recently, the City of Ellensburg received the first request for an exemption of traffic impact fees. Upon City Council receiving and granting this request, staff interpreted the code language to mean that the City must exempt low-income housing from traffic impact fees, provided it meets the code requirements. In addition, in accordance with RCW 82.02.060(2) the exempt traffic impacts must be paid through other public funds. The purpose of this is to ensure that the impact fee fund will continue to remain whole, and actually meet the purpose of ensuring that new development pays its proportionate share of costs for the associated new facilities and services.

At their July 17, 2019 meeting, Ellensburg City Council directed staff and the Affordable Housing Commission to review Ellensburg City Code and state law in consideration of aligning city code with RCW 82.02.060(3), rather than (2). This would allow the City to exempt low-income housing from traffic impact fees without the requirement for the City to pay the impact fees through other public funds.

RECOMMENDATION

Staff recommends the Affordable Housing Commission review Ellensburg City Code 14.040.050 (included as Exhibit 1) and RCW 82.02.060 (included as Exhibit 2) and provide a recommendation to City Council on amending Ellensburg City Code.

EXHIBIT 1

Ellensburg City Code 14.04.050 Exemptions

The following development activities are exempt from paying traffic impact fees because they do not have a measurable impact on the city's transportation facilities, or because the city has chosen to exempt them, pursuant to RCW 82.02.060(2), as development with broad public purposes:

- A. Existing Dwelling Unit. Any alteration, expansion, reconstruction, remodeling, replacement, or demolition/removal of an existing single-family, duplex or multifamily dwelling unit that does not result in the generation of additional peak hour trips.
- B. Existing Nonresidential Building. Any alteration, reconstruction, remodeling, replacement, or demolition/removal of an existing nonresidential building that does not result in the generation of any new peak hour trips.
- C. Any development activity in the central commercial district is considered to be redevelopment, not new development, and therefore is not subject to this chapter.
- D. The director of public works and utilities shall be authorized to determine whether a particular development activity falls within an exemption from traffic impact fees identified in this section or under other applicable law. Determinations of the director of public works and utilities shall be in writing and shall be subject to appeal to the city council as provided in ECC 14.02.300.
- E. Low-income housing, as defined in ECC 14.04.030, shall be exempted from the payment of traffic impact fees.
 - 1. Any claim for an exemption under this section must be made before payment of the traffic impact fee. Any claim not so made shall be deemed waived.
 - 2. The claim for exemption must be accompanied by a draft lien and covenant against the property guaranteeing that the low-income housing will continue for a period of not less than 15 years. Before final approval of the exemption, the department shall approve the form of the lien and covenant. Within 10 days of exemption approval, the applicant shall execute and record the approved lien and covenant with the county auditor. The lien and covenant shall run with the land.
 - 3. In the event that the housing unit is not used for low-income housing for the prescribed period, or in the event that other exempted development activity is converted to a nonexempt use during the prescribed period, the

current owner shall pay the traffic impact fees then in effect plus interest to the date of the payment.

- F. Transitional Exemption. This chapter is not applicable to building permits for development projects for which the city's SEPA official has issued a final SEPA determination prior to the effective date of the ordinance codified in this chapter for which a final traffic impact mitigation has been determined. For purposes of this exemption, a SEPA determination will include the issuance of a final declaration of nonsignificance (DNS), final mitigated declaration of nonsignificance (MDNS), and, if an environmental impact statement (EIS) was required, issuance of a final EIS.

EXHIBIT 2

RCW 82.02.060 Impact Fees – Local Ordinances – Required Provisions

The local ordinance by which impact fees are imposed:

1. Shall include a schedule of impact fees which shall be adopted for each type of development activity that is subject to impact fees, specifying the amount of the impact fee to be imposed for each type of system improvement. The schedule shall be based upon a formula or other method of calculating such impact fees. In determining proportionate share, the formula or other method of calculating impact fees shall incorporate, among other things, the following:
 - a. The cost of public facilities necessitated by new development;
 - b. An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or proratable to the particular system improvement;
 - c. The availability of other means of funding public facility improvements;
 - d. The cost of existing public facilities improvements; and
 - e. The methods by which public facilities improvements were financed;
2. May provide an exemption for low-income housing, and other development activities with broad public purposes, from these impact fees, provided that the impact fees for such development activity shall be paid from public funds other than impact fee accounts;
3. May provide an exemption from impact fees for low-income housing. Local governments that grant exemptions for low-income housing under this subsection (3) may either: Grant a partial exemption of not more than eighty percent of impact fees, in which case there is no explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts; or provide a full waiver, in which case the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts. An exemption for low-income housing granted under subsection (2) of this section or this subsection (3) must be conditioned upon requiring the developer to record a covenant that, except as provided otherwise by this subsection, prohibits using the property for any purpose other than for low-income housing. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing, and that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion. Covenants required by this subsection must be recorded with the applicable county auditor or recording officer. A local government granting an exemption under subsection (2) of this

section or this subsection (3) for low-income housing may not collect revenue lost through granting an exemption by increasing impact fees unrelated to the exemption. A school district who receives school impact fees must approve any exemption under subsection (2) of this section or this subsection (3);

4. Shall provide a credit for the value of any dedication of land for, improvement to, or new construction of any system improvements provided by the developer, to facilities that are identified in the capital facilities plan and that are required by the county, city, or town as a condition of approving the development activity;
5. Shall allow the county, city, or town imposing the impact fees to adjust the standard impact fee at the time the fee is imposed to consider unusual circumstances in specific cases to ensure that impact fees are imposed fairly;
6. Shall include a provision for calculating the amount of the fee to be imposed on a particular development that permits consideration of studies and data submitted by the developer to adjust the amount of the fee;
7. Shall establish one or more reasonable service areas within which it shall calculate and impose impact fees for various land use categories per unit of development; and
8. May provide for the imposition of an impact fee for system improvement costs previously incurred by a county, city, or town to the extent that new growth and development will be served by the previously constructed improvements provided such fee shall not be imposed to make up for any system improvement deficiencies.

For purposes of this section, "low-income housing" means housing with a monthly housing expense, that is no greater than thirty percent of eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development.