

**Snohomish City Council Workshop Minutes  
April 3, 2018**

1. **CALL TO ORDER:** Mayor Kartak called the Snohomish City Council Workshop to order at 5:00 p.m., Tuesday, April 3, 2018, in the Snohomish School District Resource Service Center, George Gilbertson Boardroom, 1601 Avenue D, Snohomish, Washington.

**MAYOR/COUNCILMEMBERS PRESENT**

Larry Countryman  
Steve Dana  
Karen Guzak  
John Kartak, Mayor  
Tom Merrill  
Linda Redmon  
Lynn Schilaty

**STAFF PRESENT**

Pat Adams, HR Manager/City Clerk  
Debbie Burton, Finance Director  
Glen Pickus, Planning Director  
Steve Schuller, City Administrator

**COUNCILMEMBERS ABSENT**

Jason Sanders

2. **DISCUSSION ITEM:** Alliance for Affordable Housing (AHA)

Planning Director Glen Pickus explained the Alliance for Housing Affordability (AHA) was created in 2013 through an Interlocal Agreement (ILA) signed by the City of Snohomish, Snohomish County, the Housing Authority of Snohomish County (HASCO), and ten other cities in the County. The mission of the AHA is to increase the supply of affordable housing in Snohomish County by addressing the issue on a regional basis through interjurisdictional cooperation and collaboration. It currently does this by:

- Providing its members technical expertise related to housing;
- Gathering and analyzing housing data; and
- Providing education and outreach to the public and to elected officials.

For the past year, AHA has been investigating the establishment of a trust fund to provide financial assistance for affordable housing projects and to facilitate the development of more affordable housing units in the region. AHA would administer the trust fund.

AHA is governed by a board consisting of representatives from each member of the Alliance. It is supported by annual dues paid by the member jurisdictions, with the exception of HASCO, which does not pay dues, but does provide office space and support to Mr. Collier, the sole AHA staff member. The City's 2018 AHA dues are \$1,639 (increasing to \$1,688 in 2019).

Mr. Pickus introduced Mr. Chris Collier, Program Manager for the Alliance for Affordable Housing to the City Council.

Mr. Collier stated he would be providing an update on current projects and major AHA work plan elements.

Mr. Collier explained rents in the Puget Sound region have exceeded incomes - with housing affordability outpacing income. In 2014, rents began to rise considerably when compared to the previous fourteen years, while incomes have not increased at the same pace. Ideally, housing should be 30% of monthly incomes. If citizens are paying more than 30%, they are considered "cost burdened" as defined by the Federal Government.

Councilmember Guzak asked for clarification on the rent and income analysis provided.

Mr. Collier explained for a two-bedroom unit, rents began at approximately \$1,300 per month on average in 2000, and are currently over \$1,700. A studio unit was approximately \$800 per month and is now averaged at approximately \$1,000 to rent in Snohomish County. He then reviewed incomes of various professional classifications, such as pharmacy technician, bus driver and child care worker. It was shown that rents have exceeded the growth in income significantly. In 2000, the classifications could comfortably afford a one-bedroom unit and for a brief period of time, a two-bedroom unit. However, based on current trends, they will not be able to afford a one-bedroom unit in 2018. Home values are experiencing similar trends. Single family home affordability is also outpacing incomes.

Mr. Collier described the supply and demand trends related to housing. There is currently more demand than units available. In Snohomish County from 2014 through 2016, the surplus has decreased significantly and rents have steadily increased.

Mr. Collier explained the impacts of the housing shortage as follows:

*Social*

- Rising housing instability – more people live month to month
- Decreased health, education attainment for children
- Rising homelessness
- Increased demand for emergency services

*Economic*

- Local employers struggle at hiring and retaining workers
- Workers that do stay, live further from where they work
- Business may start to look elsewhere

Mr. Collier indicated his assertions are supported by other sectors. For example, WSDOT Secretary Roger Millar in his testimony to the House Transportation Committee on January 8, 2018 stated, “We have a disconnect between land use, housing, jobs and transportation. “We’re adding new jobs, but ... are we keeping up with housing and transportation choices for the people who work at those jobs?”

Mr. Collier noted the impact is that people are living further and further away due to a lack of affordable housing in the urban cores, which impacts the roads. People can’t afford to live where they work and are traveling longer distances. Concerning the jobs and housing balance, it was explained that some Mayors speak with pride about a jobs/housing balance, but if executive housing is being created with service jobs, he feels that is not balance.

Mr. Collier stated to address some of these concerns on a local level, the following actions can be taken:

*Changes to Code, Zoning and Incentives*

- Accessory Dwelling Units, smaller lots, cottage housing, etc.
- Multi-Family Tax Exemption (MFTE), incentive/inclusionary zoning, mixed use development
  - MFTE permitted by RCW 84.14
  - 8 to 12-year property tax exemption for eligible projects that apply
  - 4+ unit properties eligible, if 20% of units are low to moderate income restricted, project is eligible for 12-year exemption
  - Examples in Bellingham, Issaquah, Moses Lake, Spokane, Tacoma and more

Mr. Collier stated the majority of Snohomish County jurisdictions are zoned for detached single family. With the exception of Everett, no jurisdiction in Snohomish County is zoned less than 75% detached single family. Seattle is zoned 8% detached single family.

Changing Single Family to Multi-Family zoning is something that needs to be recognized across the County. In regard to supply and demand solutions, solutions need to be developed that are appropriate to the specific jurisdictions. There is a lot creativity that can be dedicated to addressing the housing need and numerous ways to provide housing.

Mr. Collier stated on a regional level, Federal and State commitments to housing are at risk. The 4% tax credit to build affordable housing has been eliminated. Routinely, Block Grants are scheduled for elimination. AHA is a local solution to the problem of affordable housing. It provides an immediate, targeted response and helps the most in need that the market can't reach.

Mr. Collier indicated the Housing Trust Fund provides the following benefits:

*Flexible "just in time" funds*

- 5-15% of project funding – a small component of the overall budget
- First in money to show regional support and bring in other money
- Gap financing for projects with an unexpected shortfall at closing

*A round table for stakeholder discussion*

- AHA won't control where projects go or are proposed
- Can help cities make proposals and make projects happen

*Supported by AHA staff, projects voted on by AHA Board*

*Follow the proven success of the ARCH model*

- Has created 2000 units in 20 years
- Began with \$500k annually

*Through in kind contributions*

- Surplus land owned by jurisdictions being set aside for affordable housing
- Fee waivers and other incentives supporting affordable housing

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*Through jurisdiction funds*

- Voluntary and flexible year to year
- Snohomish County set aside \$500k REET 2 dollars for FY18
- Edmonds \$250k for homelessness in FY18

Mr. Collier summarized as follows:

- *The housing problem we all face is affecting people we know, work with and care about*
- *Supply and demand is at the core of the issue*
- *The market can provide options for middle incomes that are right for our community*
- *Solutions are needed for those the market doesn't reach*
- *Housing is a big issue, but it is something we can do something about if we work together*

Councilmember Merrill inquired if the Snohomish Affordable Housing Group has a current relationship with the AHA.

Mr. Collier responded they are not currently working together, but if the Snohomish Affordable Housing Group had a project which required some funding, AHA would certainly evaluate their proposal.

Councilmember Redmon asked how requests for funding are managed.

Mr. Pickus replied the City is still developing their process for evaluating applications. The idea is to conduct an application review process annually.

Councilmember Guzak stated there were past discussions that every jurisdiction, which included all the cities and the County would make a per capita contribution to the Housing Trust Fund. The City has about 10,000 citizens, which means the City would contribute approximately \$20,000. She noted the City is starting its budgeting process for 2019, and the City may want to discuss making a contribution to the Housing Trust Fund. The Housing Trust Fund would give the City the power and assistance to deliver some needed projects. She would like this issue to be addressed during the 2019 budget discussions.

Councilmember Dana would like to address the 70 to 80% Single Family designation issue. How is this concern being communicated to the jurisdictions?

Mr. Collier stated he has had one City indicate they need to “build up.” He understands cities being resistant to this idea. He explained he provides jurisdictions with the facts and lays the groundwork. However, how the cities choose to deal with their situations are left to the individual jurisdictions.

Councilmember Guzak noted the City of Everett is encouraging more accessory dwelling units, such as townhomes and small duplexes. Everett knows they need to plan for future growth, and are currently the largest populated city in Snohomish County. Lynnwood is going up and has proposed developing an 18-story apartment building close to the transit station on the south side of the Alderwood Mall. She stated the City’s Pilchuck District has the potential to handle a little more density, and she is pleased the City is contributing to the AHA Trust Fund.

3. **ADJOURN** at 5:57 p.m.

APPROVED this 17<sup>th</sup> day of April 2018

CITY OF SNOHOMISH

ATTEST:

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John T. Kartak, Mayor

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Pat Adams, City Clerk