

ATTACHMENT A
Affordable Middle-Income Housing Advisory Council
Proposed Ideas “So Far”

The following lists include ideas advanced thus far by members of the Advisory Council work groups. These are meant to be exhaustive lists to capture a range of ideas, and do not represent any agreement or consensus on the part of the Advisory Council members. City staff and Advisory Council facilitators will use these lists as discussion tools in upcoming meetings.

Final recommendations from the Advisory Council will comprise a shorter list of near- and medium-term actions the City could take, and will follow several additional months of analysis and discussion.

Proposed changes/recommendations from the Cost & Regulatory Strategies Work Group

- ***Structural changes***
 - Create an “ombudsman” position to review ongoing code and permitting changes and evaluate their impact on housing cost
 - Require new code and permitting changes to weigh impact on housing cost as well as potential benefits of change
 - Create continuous process improvement team to track permit times across multiple departments and address bottlenecks
- ***Reductions in the length of the permitting process***
 - Increase permit review staff
 - Raise SEPA thresholds
 - Create more clear and predictable solid waste standards
 - Allow “Street Improvement Plan lite” for small projects
 - Create faster design review process for small projects
 - Prioritize faster turnaround times for small corrections or those corrections that weren’t found in earlier correction rounds
 - Prioritize faster turnarounds for reviews of whether an application is complete
 - Extend length of Water Availability Certificates
 - Have consistent reviewers throughout utility reviews
 - Create more standardized requirements for utility connections and rooms
- ***Reductions in the cost of specific infrastructure or building improvements***
 - Allow development on corner lots to access water main on only one side
 - Address unintended consequences of recent bike parking changes such as requiring new basements, elevators, and stand-alone structures

- **Zoning**
 - Reduce density limit in LR1 zones to allow for more moderately sized townhouses
 - Allow congregate housing (small units with shared spaces) in more areas
 - Allow unit lot subdivisions of DADUs to encourage affordable home ownership
 - Consider other changes to code or development standards to allow increased capacity under current zoning
- **Other**
 - Shift timing of MHA payments from building permit to Certificate of Occupancy
 - Create more standardized and predictable utility permitting and connection fees
 - Consider reducing ground floor commercial space requirement in areas with weaker retail markets
 - Review whether any changes to City permitting, code or standards would help pre-fab or modular construction delivered more savings in time and cost
 - Invest in enlarging the labor force as a means to reduce the cost of labor
 - Reduce/eliminate sales tax on new housing provided for households <80% AMI
 - Monitor costs of construction materials and labor—to limit exorbitant prices for labor or materials for projects where there are multiple layers of sub-contracting

Proposed changes/recommendations from the Finance & Investment Strategies Work Group

- **Rental Market Strategies**
 - Create partnerships between developers and real estate owners so the developer doesn't have to "buy the dirt"
 - Drive cost of debt down, either through tax-exempt debt, or lower interest rates
 - Find investors willing to take lower rate of return
 - Provide guarantees for investors especially during the higher risk entitlement and construction periods—another guarantor
 - Explore tax-exempt bond financing combined with lower cost debt/equity
 - Provide rental subsidy for tenants in older housing
 - Modify MFTE (or enable Preservation Tax Exemption at state level) to apply to preservation of existing multi-family units, not just new construction
 - Use capability of Housing Authority to issue tax-exempt debt to finance projects that include at least half of the units <80% AMI, and the other half at market rates
 - Have SHA purchase existing properties to land bank them for future affordable housing development
 - Explore assembling larger portfolio of units to increase efficiencies of tax-exempt financing
 - Allow of SRO units for the rental market to drive down the cost of development

- Use Opportunity Zones to enable developers to defer or reduce capital gains taxes
- Explore the use of infrastructure financing models, similar to what the State of Washington uses
- Use public employee pension funds (teachers, fire fighters, police, etc.) to finance workforce housing – i.e. achieve lower rates of return in exchange for housing units close to places of employment. Would need to work through fair housing issues. (It was noted that the State pension funds have to achieve market rates of return, based on the requirements of their members.)
- **Home Ownership Strategies**
 - Allow homeowners at 60-80% AMI to participate in tax exemption program
 - Use cooperative model, used more extensively in other parts of the country, to convert rental units to cooperatives

Other ideas:

- B&O tax credits
- “A public finance district” - A governmental entity buys land and create long-term leases (75-99 years) for middle income housing development, providing reduced land costs for developers
- Greater use of social impact investing – take development of middle-income housing to a new level
- Create new tax abatement programs
- [placeholder for MFTE recommendations]
- [placeholder for Opportunity Zone recommendations]