

*Note – each numbered item corresponds to the page number on the PowerPoint slides.

Cover Page

1. Purpose of this Presentation:

The purpose of this presentation is to review recommendations from the Housing Affordability Regional Taskforce –known as “HART” -- and seek your input on next steps. We will cover:

- HART mission, members, process
- The housing affordability challenges in Snohomish County
- HARTs early action items, recommendations and next steps
- Finally, we seek your input on next steps

2. HART’s Mission: Early last year, Snohomish County Executive Dave Somers invited elected officials and tribes from every city to join him in an effort to collaboratively identify ways local government can respond to the housing affordability challenge. HART was launched in May of 2019. HART issued its report and recommendations in January of this year, and will continue to work on housing affordability issues in 2020.

This slide shows HART’s mission statement: *to identify priorities for action in the next 5 years, by Cities and the County, to accelerate our collective ability to meet the affordable housing needs of all County residents, and set a foundation for continued success through 2050.*

Note that the goal was to address housing affordability at all income levels.

3. HART Membership:

- a. All Cities and Tribes were invited to participate in HART; ultimately, 14 Cities, the County executive and 2 county councilmembers participated

HART PRESENTATION OUTLINE AND ADDITIONAL NOTES

- b. Membership includes elected officials. Each member was allowed an alternate. Each member has one vote.
 - c. HART is co-chaired by County Executive Dave Somers and Lynnwood Mayor Nicola Smith
4. HART's process:
- a. There were 8 meetings from May of 2019 to January of 2020
 - b. We engaged partners around 3 key issues:
 - i. Outreach and Community Education
 - ii. Policy and Regulatory Actions, and
 - iii. Funding.
 - c. We also obtained feedback from Snohomish County Tomorrow along the way.
 - d. HART's deliverable was a 5-year action plan
5. HART's work benefited from broad partnership: members included non-profit social service and housing organizations, developers, city and county governments, housing authorities and the U.S. House of Representatives Office of Congressman Rick Larsen, all helped inform the process. We had nearly 40 volunteers supporting our work, providing briefings to us about the ideas we were considering.
6. Housing Affordability Challenges in Snohomish County: We're turning now to re-cap some of the key data points on what we are seeing in Snohomish County in terms of housing affordability.
7. Population Growth: We are experiencing remarkable population growth. Snohomish County experienced a **12.4%** population increase from 2010-2017 and will experience a **26%** population increase from 2020-2040.

HART PRESENTATION OUTLINE AND ADDITIONAL NOTES

8. Local Rental Costs on the Rise: Another arena in which we see significant challenges is increasing rents that outpace income growth. From 2010 to 2017, the average rent for a two-bedroom unit increased by **50%**. However, the median household income only increased by **18%**. Fast forward to today and the average median rental listing for a 2-bedroom unit in 2019 is **\$1,650** according to Zillow.
9. Decline in Low Rent Stock: there has been a **50-67%** decline in low rent housing stock in our region (region meaning the Seattle-Bellevue, HUD Metro Fair Market Rent area) from 2011-2017 and new construction has not made up for these declines.
10. Recently Sold Homes Not Affordable to Median-Income Households: in our region, a median-income household could afford the monthly payments on only a **quarter to a half** of recently sold homes. Nationally, a median-income household could afford the monthly payment for **63%** of homes sold in 2017.
11. Housing Development Has Struggled to Keep Pace with the Booming Population: During the past two years, Snohomish County had a **61%** gap between the growing population and addition of housing units. Not only is this a local issue, but housing construction has barely kept pace with household growth in the nation for the past **8** years.
12. Change in Median Land Value: high land prices are one reason for the lack of middle-market housing. Residential land prices increased **50-99%** locally in the period from 2012 to 2017.
13. Defining Affordability: It's important that we share a common understanding of some of the basic terms.
 - a. **Affordability** - Housing is considered affordable if no more than 30% of household income is spent on housing costs, including utilities. This is a metric that applies to all households, regardless of income.

- b. **Area Median Income (AMI)** - AMI is the household income for the median household in the region. The 2019 AMI for the Seattle-Bellevue, Washington Metro area is \$108,600. That's how the federal data is tracked by the federal Dept. of Housing and Urban Development -- HUD. The census bureau estimates that for Snohomish County alone is significantly lower than the regional AMI: in our County, AMI is \$82,595.
- c. **Cost-burdened** – HUD considers a household to be cost-burdened if more than 30% of household income is spent on housing and utilities.
- d. **Severely cost-burdened** - Households that spend more than 50% are considered severely cost-burdened.
- e. **Low income** – for purposes of the report, HART has defined “low-income households as those making 60% or less of AMI.

14. Lower Housing Costs Require Greater Government Intervention: The private market, without some intervention, will not create or offer affordable housing at all income levels. If we break household income down into five segments, what we see is this:

- a. Government financial support is needed in all markets for households at or below 30% AMI.
- b. Support is also needed in many markets for households making between 31-50% AMI.
- c. Keeping housing affordable for those at or above 51% AMI can be addressed via policy, with some financial support from the government.
- d. The market is generally able to produce housing affordable to those making 125% or more of AMI but even here, there is a lot that local government can do to impact how many units are created, of what types.

15. Housing spectrum: HART's mission was to look at how to create more housing affordable across the income spectrum, not just the bottom or the top. Meeting the needs of households at all different income levels means finding a lot of different types of housing. Starting at the lowest end of incomes, we need supportive housing, which provides long-term housing options with service supports typically for those with disabilities, the elderly, chronically homeless and those with severe mental illness. From there, as incomes go up, you can see that a broad range of housing types are in demand, of course including home ownership.
16. Is this what you think of affordable housing: There's a common stigma attached to affordable housing. Many individuals picture in their mind previous housing projects such as Cabrini-Greens or Rockwell Gardens—developments in Chicago and elsewhere in the County that were pretty notorious. But this is not what we have seen in Snohomish County. We wanted to share with you some examples that were shared with HART members as to what public housing and low-income housing for special populations looks like here in Snohomish County.
17. Senior Housing: These are some examples of senior housing properties around Snohomish County. This includes Jackson House in Everett, Sound View Apartments in Edmonds, and Glenwood Apartments in Lake Stevens.
18. Affordable Market Rate/Workforce Housing: Here are some other examples in our county of market rate housing, either owned by the housing authorities (there are two – Snohomish County, and Everett), or by nonprofit agencies. These include Autumn Chase in Bothell and Carvel at Harbour Pointe in Mukilteo.
- *Note – workforce housing to mean affordable housing for households with earned income that is insufficient to secure quality housing in reasonable proximity to their workplace.

19. Snohomish County Current Inventory: What is the current mix of housing we have here in Snohomish County? As more people move here, and housing prices have gone up, there is more interest in this question. Snohomish County has a high prevalence of detached single-family home. There has been recent focus on also providing multi-family housing in areas served by transit. However, we don't have a lot of medium density housing –things like townhomes. This has been a recurring theme in recent policy and code updates.
20. Affordable Housing Needs will Continue to Grow: For no household to spend more than 30% of their income towards housing, Snohomish County would need **127,215** additional housing units by 2040, at price points affordable across the income spectrum. This covers both existing shortfalls in affordability and population growth. That's just over 6,300 new housing units each year in each of the next 20 years.
21. Out of Reach Snapshot: There's a lot of data on here, but let me point out a few of the most important items.
- a. HUD's 2019 Fair Market Rent for Snohomish County is **\$1,899** for a 2-bedroom unit.
 - b. The hourly wage necessary to afford a 2 bedroom rental in Snohomish County—how much you would need to make an hour in order to not spend more than 30% of your income on housing -- is **\$36.52 an hour**.
 - c. That translates to needing an annual income of **\$75,960** to afford that 2-bedroom unit.
 - d. If you are paid minimum wage, you would need to work **3 full time jobs** to afford that apartment.

- e. Today, there are over 95,000 renters in Snohomish County. Their estimated mean hourly wage is **\$18.60**. So, about \$6.60 more an hour than the current minimum wage of \$12.
 - i. At that income level, the average renter can afford to pay **\$967** a month on rent.
 - ii. It would take **2** full-time jobs at the average renter wage to afford a 2-bedroom unit in Snohomish County.

22. Occupations Struggling with Housing Costs: This slide shows that many occupations of people that we all probably know – your receptionist, many firefighters or police officers in your town, the list goes on... These folks typically cannot afford a 2-bedroom unit in Snohomish County without spending more than 30% of their income towards housing. We need to get beyond the idea that somehow this a problem about “other people.” It’s a problem for our own families and friends, for our kids, for our neighbors.

23. Key Takeaways from the HART Report:

- a. Housing supply is not keeping up with population growth in Snohomish County
- b. One-third of Snohomish County Households today are cost-burdened meaning they’re paying more than 30% of their income on housing expenses
- c. There are cost-burdened households at all income levels
- d. Lower-income households – those making 60% or less of Area Median Income – are particularly challenged by housing costs. Housing affordable to these households will typically not be built by the private sector without government incentives or subsidy

24. Key Takeaways from the HART Report continued:

HART issued its report in January 2020. Here are some of the major takeaways:

- a. There's a lack of middle income housing: townhomes, duplexes and small-scale multi-family homes
- b. New housing will need to be built at more than twice the current rate, across all income levels, to meet current shortfall and projected demand
- c. Local government has 3 main roles in addressing housing affordability:
 - i. Policy and Regulatory Actions
 - ii. Funding
 - iii. Community Outreach and Engagement

25. The purpose of the 5-Year Action Plan: To accelerate the ability of Cities and the County to help meet the affordable housing needs of all County residents, and set a foundation for continued success through 2050.

- a. HART has adopted 5 framework goals upon which the action plan is centered. The first 3 of these focus on WHAT we want to do, the last two are about HOW we want to work together.
 - i. Promote greater housing growth and diversity of housing types and improve job/housing connections
 - ii. Identify and preserve existing low-income housing at risk of rapid rent escalation or redevelopment, balancing this with the need for more density
 - iii. Increase housing density along transit corridors and/or in job centers, while also working to create additional housing across the entire county

- iv. Develop and implement outreach and education programs for use countywide and individual cities to raise awareness of housing affordability challenges and support for action
- v. Track our progress and support ongoing regional collaborations

26.8 HART identified 8 Early Action Items -- work on these will proceed in 2020. We have teams of elected and staff leadership from around the county who have stepped up to work on each of these items.

- a. Encourage cities to enter into cooperation agreements with the Housing Authority of Snohomish County (HASCO) and Everett Housing Authority.
- b. Implement the state sales tax shift to local governments for up to 20 years to fund low-income housing as authorized by HB 1406, as authorized by Legislature in 2019
- c. Lobby for changes in state and federal law that will enable more consolidated and streamlined funding to support low-income housing
- d. Review and consider recommendations from existing toolkits to engage communities around the issue of housing affordability
- e. Foster community conversations about density
- f. Engage private sector partners – large employers, others – in helping to finding solutions to our housing affordability challenge
- g. Confirm and support an ongoing structure for regional collaboration around production of housing affordable across the income spectrum
- h. Tracking progress on the Plan

27. Beyond the Early Action Items, HART identified thirty-seven (37) 5-Year Action Items: (*note – two strategies appear twice in support of different goals). You can see what each of these 37 strategies are in the summary of HART’s report. This slide shows you how many strategies are related to each of the 5 framework goals. There is more information about each of the strategies posted online in HART’s supplemental report.
28. Alignment with Regional and Local Planning Efforts: The HART work does not stand alone. As the region prepares to add more people and jobs in the coming years, the HART work can provide important guidance to the housing issues in the Puget Sound Regional Council Vision 2050 statement, as well as the upcoming update of our local and countywide comprehensive plans. The overall goals of those planning efforts are about sustaining a healthy environment, building a strong economy and thriving communities. Addressing the housing needs of our residents is an important component of those goals.
29. HART Members 2020 Action: Each of the HART members has committed to do a couple of important things in 2020.
- a. First, this presentation. We want to connect with all city councils and the county council early in 2020 to present the findings and recommendations in HART report, seeking their input and direction.
 - b. Second, HART will be pursuing the early action items we presented earlier.
30. HART Next Steps: HART will meet a minimum of two times in 2020 to:
- a. Work on early action items
 - b. Identify a future home or homes for this work
 - c. Determine key metrics to track our progress
 - d. Bring back input from individual City Councils and County Council

HART PRESENTATION OUTLINE AND ADDITIONAL NOTES

31. Discussion points with Councils: Here are a couple questions that we think can be a place to start a discussion about the HART report and where we go from here.
- a. How do you see housing affordability challenges impacting our community?
 - b. Is there information we've presented here, or that you have read in the HART report, that you think is particularly important or compelling? Has the information changed your perception of housing affordability issues?
 - c. What questions or observations do you have about the HART report and recommendations that you would like to explore further?
 - d. Do you have feedback for HART when it next convenes?
 - e. Do you have ideas about our next steps, or additional briefings that would be helpful to you?
32. End: Thank you for your time. For more information, please visit the HART website. All the meeting materials are posted, it includes a HART Report website as well as a resource page. Additionally, if you'd like to submit comments or questions to HART, please email: HART@snoco.org