

CITY OF REDMOND

Housing

ACTION PLAN



Acknowledgements

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This Housing Action Plan for the City of Redmond is a preliminary draft released for review and comment. The City of Redmond received a grant from the Washington State Department of Commerce through House Bill 1923 in early 2020 to develop a Housing Action Plan. The City is contractually obligated to approve and adopt the Housing Action Plan by April 1, 2021.

This grant has given the City of Redmond a rare opportunity to analyze the housing landscape, community needs, and the expected demand for the next two decades to identify ways to build more housing, diversify the housing options, and target resources to less advantaged households.

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Redmond Housing Action Plan Project Website: www.letsconnectredmond.com/housing

The project website includes project updates and materials including the following:

- Redmond Housing Needs Assessment which includes a review of housing policies and programs
- Redmond Housing Action Plan Public Involvement Findings

SECTION 1 - HOUSING ACTION PLAN CONTEXT



1.1. Housing Action Plan Purpose

The City of Redmond received a grant from the Washington State Department of Commerce through House Bill (HB) 1923 to develop a Housing Action Plan. The City is contractually obligated to approve and adopt the Housing Action Plan by April 1, 2021. The overarching aims for the Housing Action Plan are to build more housing, diversify the housing options, and target resources to less advantaged households. The grant requires that the Plan incorporate the following components:

- **Housing Needs Assessment:** Assess existing and projected housing needs for all income levels and include population and employment trends.
- **Community and Stakeholder Engagement:** Broadly engage the community and provide opportunities for participation and input from community members, community groups, local builders, local realtors, nonprofit housing advocates, and faith representatives.
- **Housing Policy Framework Review:** Evaluate progress to meet housing targets (including types and units), achievement of housing element goals and policies, and implementation of the schedule of programs and actions. Include recommendations to evaluate barriers to achieving goals and programs influencing housing production/preservation.
- **Housing Strategy Development:** Develop strategies to increase the supply of housing, and variety of housing types and actions to increase the supply of housing affordable to all income levels. Consider strategies to minimize displacement of low-income residents resulting from redevelopment. Evaluate and consider potential efficacy of proposed strategies.
- **Implementation and Monitoring:** Integrate a schedule of programs and actions to implement the recommendations of the Housing Action Plan. Implementation plan shall identify responsible parties, funding sources, and monitoring to track outcomes.

The purpose of this Housing Action Plan is to:

- Offer an overview of the housing landscape and planning environment,
- Help the City and its partners plan for additional housing over the next 20 years by providing key analysis on the current housing inventory and future housing needs,
- Provide insights on the development regulations and incentives that are working well, underperforming areas in need of improvement, and emerging issues requiring new solutions,
- Foster community knowledge about the current state of housing and the varied housing experiences to help build a case for actions,
- Identify key recommendations to encourage more housing development at all income levels needed to accommodate future and current residents, and
- Capture an updated community vision and set of values associated with housing.

All this information taken together, helps to inform a plan of action which strategically bridges the gaps between the on-the-ground conditions and updated aspirations for the community. In addition, the Housing Action Plan should include targeted actions that builds off the planning work done in Redmond in a way that enhances current plan performance, learns from past experiences, and addresses areas of improvement. Reviewing the existing programs and policies that shape housing development and identifying their gaps helped to inform how existing policies and programs could be fine-tuned and modified.

The Housing Action Plan is centered around answering the following key questions.

- Where will households live and in what housing types?
- How and where can Redmond accommodate a broader mix of housing to meet current needs and changing future demand?
- How can the City best support the need for more affordable housing, subsidized and unsubsidized, throughout the City?
- Where are areas of improvement and opportunities to pursue?

The answers to these questions and the ability for future households to meet their housing needs depends on decisions and policy choices that the City makes today. In response to the housing challenges facing many of its residents, the City of Redmond has worked locally and regionally to analyze data on the housing needs of current and future residents and to develop strategies that can support housing at a variety of price points to meet these needs.

Lastly, the Housing Action Plan will include a road map for implementing actions. The actions likely will consist of plan updates (e.g., Comprehensive Plan), or regulation updates, permit improvements, new programs, fee schedule revisions, partnership projects, etc.

1.2 Redmond Housing Action Plan Process

Public Involvement

Public input describing personal housing experiences and needs is crucial for understanding the on-the-ground situation for different people. Engaging in community conversations augments quantitative information and helps build a richer understanding of the needs that have not been met and where there are potential opportunities to pursue.

Throughout the Housing Action Plan development process, Broadview Planning with the support of the City of Redmond and ECONorthwest (the project team) has inclusively involved and educated Redmond communities and stakeholders on housing challenges, decisions, and policies/programs.

Incorporating ample opportunities for public involvement throughout the process of developing the Housing Action Plan has been an important priority. A wide range of ways to participate in the process and provide input on housing needs was integrated to ensure public involvement was inclusive and receptive to different needs. The public involvement was guided by the following goals:

- Collect qualitative data and community stories.
- Solicit different stakeholder perspectives and subject matter expertise.
- Remain focused, yet flexible, on authentic public involvement given the challenges of the pandemic.
- Build long-term buy-in for future action.
- Seek out populations that are historically underrepresented in traditional planning processes and ensure that input represents Redmond's rich diversity.

Despite barriers due to the COVID-19 pandemic, a variety of public involvement techniques were integrated to meet diverse needs of different stakeholders. Activities included:

- Stakeholder interviews,
- Focused conversations,

- An online questionnaire, and
- Outreach to citizens through a project website and presentations.

Housing Needs Assessment

As the Redmond community changes and the needs for housing evolves, it is crucial to capture the current conditions and to collect a robust baseline of information to assess where Redmond is heading. A detailed analysis was completed during the summer of 2020. This assessment provided a deep understanding of the current housing landscape including the community demographics, housing market dynamics, expected demand, evaluation of unmet housing needs, and housing projections. This assessment also included a review of the existing housing policies, programs, and efforts and when possible an evaluation of their performance (particularly in terms of program use, housing production, and funding).

Housing Action Plan Policy Analysis and Strategy Development

Preliminary Housing Action Plan strategies and best practices research commenced in Fall 2020. The project team met through a series of workshops to discuss, refine, and prioritize strategies. Key strategy options were evaluated to determine potential outcomes, effects, advantages, and disadvantages and this process helped identify a set of strategies for the Draft Housing Action Plan. This step delivered policy and implementation guidance and a Draft Housing Action Plan to meet the city's current and projected housing needs up to 2040.

Final Housing Action Plan and Implementation

Actions will be prioritized and refined and articulated further after Council, community, and stakeholder input is received. The final plan will include an implementation framework to measure and evaluate progress.

SECTION 2: THE HOUSING LANDSCAPE IN REDMOND



2.1. City of Redmond - A brief history

The City of Redmond is a highly desirable place to live, offering a high quality of life, a prime location, a vibrant downtown, and various community amenities. Redmond is located in east King County, east of Lake Washington and adjacent to Lake Sammamish, in the Puget Sound region. The broader Puget Sound region has grown rapidly over the course of several decades, intensifying the competition for a limited supply of housing and creating a region-wide scarcity of affordable housing.



Redmond's transition to an urban employment center was first spurred by a key period of growth occurring in the 1970s after building the Evergreen Point Floating bridge and an extension of SR 520 to 148th Avenue NE connected travelers from the City of Seattle to the communities east of Lake Washington. From the 1970s to the 1980s, Redmond's population surged to over 22,000 persons and the City

attracted high tech industries including Nintendo and Microsoft, which moved its headquarters to Redmond in 1986. By 1990, Redmond had a population of 35,800. At this time, Redmond's character was still primarily suburban and small-town, but its Downtown was maturing, adding services, shopping and entertainment/cultural attractions. Redmond continued to grow by gaining nearly 27,400 people from 1990 to 2018, settling at around 63,200 total residents in 2018. While the City only makes up a small portion of King County's total population, Redmond has grown at a faster rate than King County as a whole.

Redmond's housing market has not kept pace with this growth, and as a result, many workers commute to the City. Housing costs and rental rates have skyrocketed, making it nearly impossible for many first-time homeowners and low-to-middle income households to live in Redmond. Redmond's vibrant downtown, great neighborhoods and schools, and accessible open spaces continue to attract new people each day.

2.2 Public Involvement - What we heard

Themes from Public Input


Select themes were commonly mentioned by stakeholders regarding housing in Redmond. The following section synthesizes the input we received.

Housing affordability is an issue for many. The housing questionnaire confirmed that Redmond lacks affordable housing, and many have found it to be a serious financial burden especially for those more vulnerable to rent changes. More specifically, financial hardships were more pronounced for younger

respondents, households with children, those renting, and households earning below the area median annual income. Length of time in one's current home was a significant determinant of financial hardship. Around 52 percent of renters who have moved to Redmond between 6 to 10 years ago or less said housing payments were a serious financial burden – which is an overall higher rate than homeowners. The trends for homeowners were similar: those moving to the area more recently indicated having serious financial issues with making housing payments - specifically 39 percent of those moving within the last year and 26 percent of those moving to Redmond in the last 1 to 5 years.

Redmond is a highly desirable place to live. Redmond was described as having good schools, strong community connections, and great access to green/open space. The growth in Downtown Redmond has contributed to the vibrancy in the community. There is a need to develop reasonable transportation options supportive to housing and walkability. Many agreed that Redmond is a good place for families to live.

Homeownership is preferred over renting but seems out-of-reach for many. We received input stating that people would like to have options for smaller living with some outdoor space. Those renting expressed concern about potential rent increases and affordability being one of the biggest barriers to buying a home.



“We bought our house 40 years ago, but I can’t imagine being in this housing market. I always think about all the young teachers and nurses and City employees who have to commute to work because they can’t afford to live here.”

Redmond businesses have concerns over employee retention without affordable housing. Some respondents indicated that they commute up to 5 hours a day to work in Redmond. For many businesses, a primary concern is workforce housing, as many people want to work where they live.

New housing types could better reflect Redmond’s rich cultural diversity. Housing should incorporate space for recreation and activities such as outdoor gathering spaces or communal areas for cooking and eating together. Family-sized units are needed with space for multigenerational living. Financial literacy and planning classes for first generation homeownership and non-native English speakers should be provided.

Lack of housing diversity and more housing options are needed. Redmond should consider homes for larger families and multigenerational living, seniors with smaller incomes, townhomes that are affordable, and other smaller living choices with some outdoor space. The missing middle which includes options like cottages, townhomes, duplexes, triplexes, quad homes, accessory dwelling units should be available at varied price points.

People are experiencing stigmas about their housing that are real, pervasive, and dehumanizing. Lack of housing is real challenge for homeless people with disabilities (i.e. earning Social Security Income only). Stigmas about housing and privilege show up in school settings and affect children.

More detail on the results of this work can be found in the [Public Involvement Comprehensive Report](#).

2.3 Housing Needs Assessment (HNA)- What we learned

An initial step for developing the Housing Action Plan is to identify and define the range of housing needs by analyzing the best available data describing Redmond's housing stock, workforce, household demographics, housing market dynamics, and expected demand. The insights from this analysis help to ground strategies to the current climate and provide a deep understanding of the context. This housing analysis answers questions about the availability of different housing types, who lives and works in Redmond, and what range of housing is needed to meet current and future housing needs up to 2040. The HNA provides information about the factors that may affect residential development in Redmond over the next 20 years.

Redmond's diverse housing needs have not been met fully and the access to housing has not always been equal, especially for low to moderate-income families and households. Analyzing housing is not simple since it represents a bundle of services that people are willing or able to pay for, including shelter and proximity to other attractions (e.g., jobs, shopping, recreation); amenities (e.g., type and quality of home fixtures and appliances, landscaping, views); and access to public services (e.g., quality of schools, parks). Since it is difficult for households to maximize all these services and minimize costs, households must make decisions about trade-offs and sacrifices between needed services and what they can afford.

The following section will help build a deeper understanding of Redmond's housing trends by describing the results of the housing needs assessment. This assessment uses publicly available data including data from the U.S. Census Bureau, CoStar, A Regional Coalition for Housing (ARCH), Puget Sound Regional Council (PSRC), Washington Office of Financial Management (OFM), U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS), King County Department of Assessment, and the City of Redmond (see [Housing](#) Needs Assessment for more detail on the key data).

A Demographic Snapshot

Several demographic trends, such as household incomes, age, tenure, and household size, influence housing needs.

- **Median Income:** By 2018, the median household income in Redmond climbed well above the rate of King County and neighboring cities to an astounding \$123,449.
- **Ownership versus Renters:** Despite this high median household income and the tendency for homeownership rates to increase as income increases, the percent renting and owning homes in Redmond is evenly split (50 percent renters and owners) and Redmond now has the highest share of renters in comparison to neighboring cities. There is a strong correlation between income levels and what type of housing a household chooses (e.g., townhome, or stand-alone single-family home) as well as household tenure (e.g., rent or own).

COVID-19: Impact of Housing Insecurity

The COVID-19 pandemic has affected the ability to pay for housing consistently. One in three Redmond residents who responded to the Redmond Housing Action Plan questionnaire have lost or expect to lose income because of the pandemic. This has made housing precarious, especially for renters. Of those surveyed, around 53 percent of Redmond renters who lost income are likely to move from their current location.

- **Age of population:** Over the last two decades, Redmond's overall population and senior population (over 65) doubled and the millennials (24-44 years) became the most prevalent age group. Younger people are more likely to live in single-person households which tend to be smaller in size. Based on population estimates, the projected number of those older than 60 years in Redmond, would be around 18,818 persons by 2040, an increase of about 46 percent. As the rate of the senior population continue to grow, there will be increased need for more affordable senior housing, housing suitable for smaller household sizes, and varied needs (e.g. assisted living, age in place).
- **Household Size:** Redmond has seen an increased need for housing suitable for larger household sizes and this could reduce the demand for housing units, particularly those with fewer than two bedrooms. Redmond's household size expanded to almost 2.5 persons per household, with 78 percent of housing including over two bedrooms.
- **Race and Ethnicity:** Redmond's population has become increasingly more diverse. In 2000, 79 percent of the population identified as white followed by 13 percent Asian, 2 percent Black, 3 percent some other race alone, and 3 percent two or more races and in terms of ethnicity, 6 percent identified as Hispanic/Latino. In the 2014-2018 census period, 56 percent of Redmond's population was white, 35 percent Asian, 2 percent Black, 2 percent some other race alone, and 5 percent two or more races and in regard to ethnicity, 7 percent Hispanic or Latino.

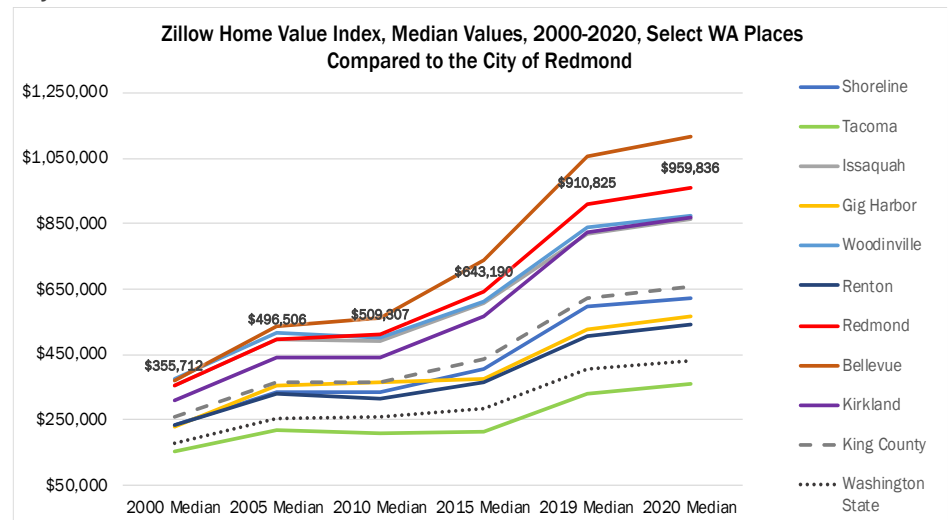
Housing Demand and Affordability

Housing costs have skyrocketed in Redmond. The housing underproduction in Redmond and low overall supply of affordable housing has contributed to rising home costs. Rental rates continue to rise above the area median income (AMI) which impacts half of Redmond's population since half of the total Redmond population rents rather than owns a home.

Home Sales: Median sales prices doubled since 2000, rising to \$823,300 in 2019. As shown below, this steep rise corresponds even with Zillow median sales values and shows a rate of increase above King County and Washington State and second only to the City of Bellevue. Escalating housing costs often are due to housing shortages but can also be partially attributed to high development costs.

Rentals: The average "asking" rent for a 2-bedroom apartment in 2019 was \$2,256 per month in the City of Redmond, compared to \$1,804 in 2009 (adjusted for inflation to 2019 dollars) which is a 25 percent increase. ^[1] For a family of four to afford rent for a 2-bedroom apartment, they would need to earn approximately \$90,000 per year.

Exhibit 1. Median Home Sales Values from 2000-2020, Select WA Places Compared to the City of Redmond



Data Source: Zillow Home Value Index (ZHVI) smoothed and seasonally adjusted including all housing types and typical values for homes in the 35th and 65th percentile range.

Vacancy rates: Vacancy rates are another measure to assess housing demand. The vacancy rate for studio units and one-bedroom units in Redmond is high, ranging from 9 to 11 percent while it is lower for 2-bedroom apartments, ranging from 4 to 6 percent from 2000 to 2019.¹

Housing cost burden: A household paying more than 30 percent of their income on housing is considered “cost burdened.” The data shows that lower income households and renters are paying a much greater share of their income on housing. In fact, about 1 in 4 households are cost burdened. Those most cost-burdened are the elderly, young adults under age 24, and low-income renters. Income level is strongly tied to cost burden – in fact, those earning 30 percent of the AMI or lower (very low income) are more likely to be severely cost burdened and low-income households are mostly either severely cost-burdened or cost-burdened.² This may mean trade-offs must be made between housing and other essentials, such as food and healthcare.

Employment trends

Workers in Redmond tend to commute to Redmond and not live in the City. Redmond’s workforce is dominated by information/tech sector jobs; however low wage jobs continue to grow in diverse sectors. Redmond has high rates of commuting both to and from the city and a declining share of residents living and working in Redmond. In fact, only 31 percent of residents in 2017 lived and worked in Redmond which is a decrease from 38 percent in 2010. Redmond’s workforce largely lives outside of Redmond (89 percent), in other areas with 15 percent living in Seattle and 11 percent living in Bellevue in 2017. These high commuting trends are like other cities east of Lake Washington. Redmond’s jobs to housing ratio has lowered in the last ten years, as the City has transitioned from a suburban town with a large multinational technical company to a thriving city, offering broad housing options. Still, Redmond’s jobs to housing ratio is much higher than that of Bellevue, Issaquah, Kirkland, and King County. The jobs-housing balance in Redmond is tilted toward jobs with around 3.4 jobs for each housing unit in 2018. Obtaining better balance between jobs and housing improves agglomeration benefits and reduces the traffic congestion in a region.

¹ Source: CoStar, 2020. Notes: The pre-inflation adjusted average rent was \$1,417 in 2009. Low vacancy rates (below 5% standard) may indicate a limited housing supply with inadequate housing production to satisfy demand while in contrast, high vacancy rates imply an over-supply of housing, reduced desirability of an area, or low demand.

² Notes: 0-30%AMI is very low income, 30-50% AMI is low income, and 50-80% AMI is moderate income. A household is cost burdened when they pay more than 30% of their gross household income for housing (rent or mortgage plus utilities) and severely cost burdened when they pay more than 50% (HUD). Cost burdening for owner-occupied households is not terribly common because mortgage lenders typically ensure that a household can pay its debt obligations before signing off on a loan, but it can occur when a household sees its income decline while still paying a mortgage. Households with incomes over 100% AMI are less burdened overall since their larger income will go farther to cover non-housing expenses. Cost burden does not consider accumulated wealth and assets.

Housing Stock

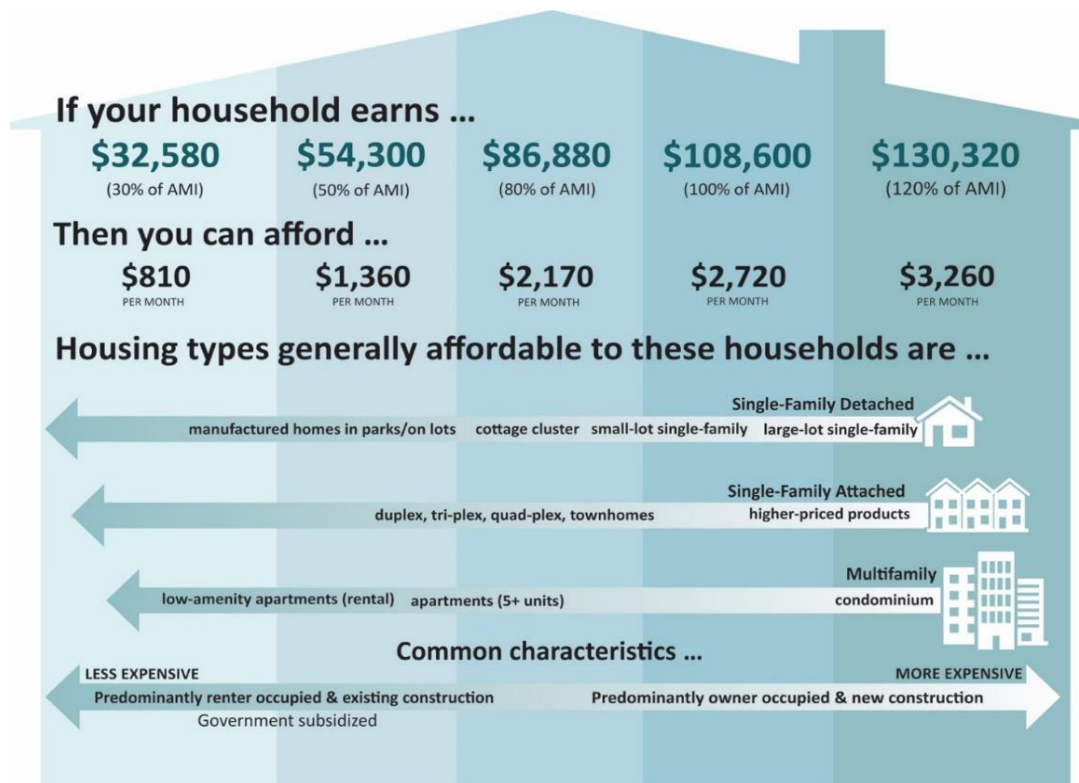
In terms of housing stock, multifamily housing is most prevalent for recent development over the last decade. The mix of housing types is primarily comprised of apartments and single-family detached homes. Compared to neighboring cities, Redmond has the greatest share of multifamily housing, which is unsurprising since 72 percent of recent construction has been multifamily housing. Overall, Redmond lacks housing variety particularly single-family attached housing such as town homes, triplexes, duplexes, and cottages. As shown below, single-family attached housing is key for households earning between 50 and 120 percent AMI and it tends to consist of market-rate new construction that could be owner-occupied or rented. According to King County parcel data, Redmond also has the smallest number of Accessory Dwelling Units (ADUs) in comparison to its peer cities, despite the fact that the City allows ADUs in all of its residential zones.

Exhibit 2. Housing Unit Types in Redmond

Housing Unit Type	No. of Units	Percent
Accessory Dwelling Unit (ADU)	29	0.1%
Duplex, Triplex, Quadplex (Single-Family Attached)	132	0.4%
Townhouse Plat	506	1.6%
Nursing Home, Retirement Facility	1,034	3.3%
Condominium	4,550	14.5%
Single-Family Detached	11,235	35.9%
Apartments	13,830	44.2%
Total	31,316	100.0%

Source: King County Assessments, 2019

Exhibit 3. Housing Types and their Affordability Levels in Redmond



Redmond's Policy and Program Analysis

What is Inclusionary Housing?

Anticipating growth in the early 1990s, the City of Redmond rezoned key areas for mixed land uses and higher densities, which increased land values for property owners and developers. At the same time, the rezones required owners to use some of that value to make 10 percent of the units in their new developments affordable for moderate-income families. The Inclusionary Housing program has produced an estimated 541 affordable units in total, (80 percent AMI or less) between 1994 and July 2020. Over the last 26 years, an average of almost 21 affordable units has been built annually.

What is the MFTE Program?

This program of limited tax exemptions gives developers an incentive to make the required moderate-income units affordable to low-income families. The MFTE incentive has resulted in an estimated 168 affordable units being built (85 percent AMI or lower) between July 2017 and July 2020 (3 years). This is fairly high production estimated at 56 affordable units built per year.

More information about these programs can be found in Appendix A.

Redmond has made significant gains in producing more income-qualified, affordable housing in part due to innovate Inclusionary Zoning (IZ) policies and more recently through its Multi-Family Tax Exemption (MFTE) Program. Through these programs, Redmond is producing the most affordable housing in comparison to other cities in East King County. Review of a variety of data sources indicates that Redmond has about 30 affordable housing projects yielding a total of 2,518 affordable income-restricted units. About one-third of Redmond's affordable housing units have been built with tax credits and over 700 affordable units have been built as a result of Redmond's IZ policies and MFTE program.

Results from another analysis, provided by ARCH and summarized below shows that Redmond's supply at 48 affordable housing units per 1,000 housing units. Rounding the total housing units to 31,000, both analyses show that approximately five to eight percent of total housing units in Redmond are rent-restricted to affordable housing levels.

Exhibit 4. Affordable Housing (Rent-Restricted) Production Comparison

Cities	Land Use (Inclusionary Zoning) and MFTE	Trust Fund	Total Affordable Units (Land Use/ MFTE and Trust Fund)	Estimated Total Housing Units	Affordable Housing Units per 1000 Housing Units
Bellevue	457	1,226	1,683	63,788	26
Issaquah	437	335	772	17,424	44
Kirkland	221	471	692	39,955	17
Redmond	709	754	1,463	30,760	48

Affordable Housing Rent Restricted Production Comparison (Source: ARCH, 2019)

2.4 – Policy Considerations

Housing Production and Housing Diversity

A broad range of efforts are underway in Redmond in support of housing. However, additional strategies should be developed to better serve the housing needs of the Redmond community. Redmond is not producing enough low-income housing to meet housing needs and achieve affordable housing targets. In fact, CHAS survey estimates for 2012-16 indicate that housing affordable to very-low and low-income households (including both rent-restricted and naturally occurring affordable housing) totals only 12 percent of total units – a share much lower than the target of 24 percent for housing growth (these targets are expected to be updated in mid-2021). Based on this data, the approaches for increasing low-income housing has lagged behind at some level and likely is more complicated due to the need for some sort of direct assistance.

Overall, the housing stock will need to be larger and more diverse to better serve the region's housing needs. New housing types are needed to better reflect Redmond's rich diversity. The lack of housing diversity meeting different needs and continued underproduction of housing has a compounding impact. Most recent housing production has been dense, multi-family and housing is predominantly apartments and single-family detached homes. Middle housing (or single-family housing such as townhomes and ADUs) is sorely missing in Redmond. Homeownership is preferred over renting but seems out-of-reach for many. Redmond needs to support increased production of low to middle-income housing to own and rent, as well as an increase in the supply of family-friendly housing options.

Market Dynamics

Housing markets function at a regional scale, which makes it a challenge for individual jurisdictions to adequately address housing supply issues—both market-rate and public-supported housing. While the community only makes up a small portion of King County's total population, Redmond is growing at a faster rate than King County as a whole. As the county continues to grow, housing affordability has become a regional concern to people living or wishing to live in the region. Redmond's housing market has not kept pace, and this has increased demand. Housing demand is determined by the preferences for different types of housing (e.g., apartment), and the ability to find that housing in a housing market. As a result of not meeting this demand, Redmond has high rates of people commuting to the city and the housing costs and rental rates have skyrocketed. Finding safe, adequate, affordable housing has become highly challenging in the City of Redmond.

Housing Gap

Redmond will also need to significantly increase housing production in order to close the current and anticipated growth. This plan will set targets for adding new housing units at a range of affordability levels up to 2040. This generally corresponds with the Redmond Comprehensive Plan update planned for 2024 which includes a planning horizon end date of 2044. The housing growth targets should align with the adopted King County countywide targets that are being developed for the 2024 Comprehensive Plan update cycle and expected to be adopted by mid-2021 (PSRC VISION 2050, King County, 2020).³

³ The draft King County countywide growth target numbers show a minimum of 9,330 housing units needed and a maximum of 18,010 housing units needed by 2044. These numbers are draft and could be adopted in mid 2021.

The Housing Action Plan recommends integrating housing affordability targets for low-income housing, moderate income housing, middle-income, and middle-to-high income housing.⁴ The Housing Needs Assessment estimated that Redmond has a housing gap at around 9,000 housing units. These housing units should be produced by 2040 when Redmond's population is forecasted to reach approximately 78,409 persons. This gap combines the existing underproduction of around 309 housing units and the 2040 projected need of around 8,589. This number should be considered the minimum number of additional housing units needed to support the expected population growth in 2040 and the current housing underproduction. The following exhibit offers the breakdown of different housing target scenarios developed based on the housing needs gap analysis.⁵

Exhibit 5. Distribution of Housing Need by Scenarios for Redmond

Income Bins	If housing unit growth followed existing trends (count, % of total)	Regional Fair Share Scenario (rounded, % of total)	Housing Equity Scenario (rounded, % of total)
Middle- High Income, over 100% AMI	6,036 (68%)	3,559 (3,600, 40%)	1,957 (2,000, 22%)
Middle Income, 80 - 100% AMI	686 (8%)	979 (1,000, 11%)	1,068 (1,000, 12%)
Moderate Income, 50 - 80% AMI	1,114 (13%)	1,424 (1,400, 16%)	1,424 (1,400, 16%)
Low Income, 30- 50% AMI	536 (6%)	1,335 (1,300, 15%)	1,779 (1,800, 20%)
Very Low Income, less than 30% AMI	526 (6%)	1,602 (1,600, 18%)	2,669 (2,700, 30%)
Total New Housing Units	8,897	8,897 (8,900)	8,897 (8,900)

Target setting policy questions to consider:

- Should the City establish target variations identifying minimum and optimal targets showing a range of housing units to be built by a certain date?
- Should the City aim for the fair share scenario or the equity scenario or a hybrid option? Both these scenarios would achieve housing charter targets which call for an increase in more deeply affordable

⁴ Redmond has set housing charter success measures for 2030 which includes the following housing production targets: Increase deeply affordable housing (<60% AMI, Low) by 750 units and increase middle-income or workforce (60-120% AMI) housing by 1,300 units.

⁵ PSRC recently released their Housing Needs Assessment in November 2020 for the Puget Sound region after the Redmond housing gap analysis was completed. Although PSRC's method differs and had a broader purpose, the two approaches are not necessarily exclusive of each other (source: <https://www.psrc.org/sites/default/files/gmpb2020nov19-pres-rhnanneeds.pdf>).

housing (less than 60% AMI, very low and low) by 750 units and in middle-income housing units (60-120% AMI) by 1,300 units.

- The “**fair share**” scenario calls for housing targets based on the income averages in King County. This would double the number of low-income housing in comparison to how housing has been built in recent years.
- The “**equity**” scenario would increase the supply of low-income housing to compensate for past underproduction and housing cost-burdening. The third scenario would have the greatest increase of lower income housing out of all scenarios.

The following section describes the proposed guiding principles to include in the Housing Action Plan. These guiding principles describe the core ways that the City of Redmond will approach and implement their housing action planning work.

SECTION 3: GUIDING PRINCIPLES

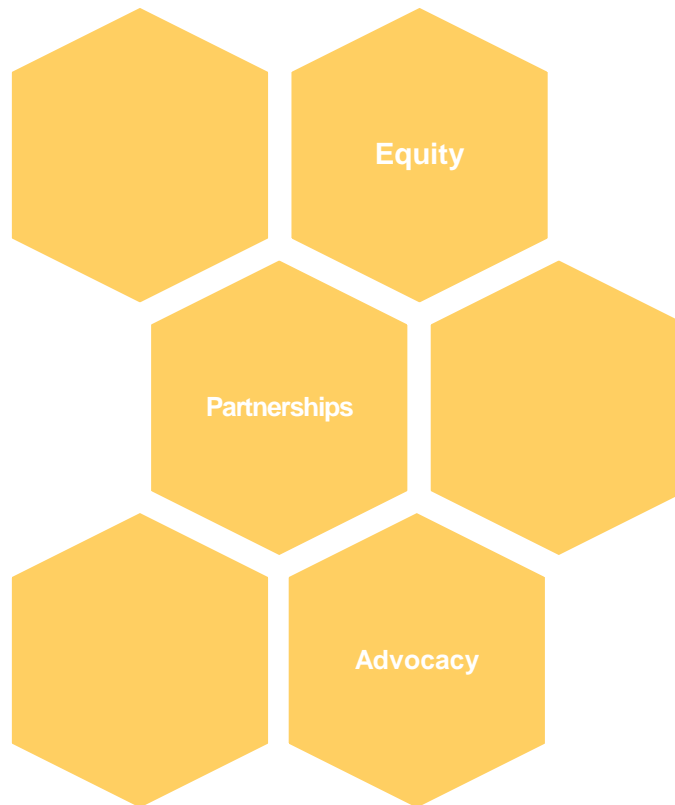


3.1 Guiding Principles

Guiding principles essentially are the foundation of how we want to approach and implement our work. Redmond is committed to addressing the housing needs of its low to moderate-income families along with middle-income families, also lacking housing options in the City. The overarching aims for the Housing Action Plan are to build more housing, diversify the housing options, and target resources to less advantaged households.

If Redmond is to become more equitable, inclusive and just, more housing options are needed for low to middle-income individuals and families who work in Redmond.

The following guiding principles are proposed to help guide the City's work as it proceeds with implementing key strategies and actions.



Housing Choices

Redmond should continue to be a leader in housing solutions that provide for a variety of housing types across all income levels. An overarching objective aim is to build more housing, diversify the housing options, and target resources to less advantaged households. An aim of this objective is to increase housing development opportunities and housing access for all income levels, with particular attention to underserved communities. Doing this would help improve the improve community diversity, mixed-income housing availability, and help protect against displacement.



Equity

This objective prioritizes achieving more equitable housing development and promotes distributional, process, and cross-generational pillars of equity to inform planning, decision-making and implementation of actions which affect equity the following should be equity objectives should be considered.

- **Distributional equity:** Fair and just distribution of benefits and burdens to all affected parties and communities across the community and organizational landscape. Distributional equity should provide housing opportunities throughout the community and in high opportunity areas for all individuals, regardless of income, race, or ethnicity.
- **Process equity:** Inclusive, open and fair access for all stakeholders to decision processes that impact community and operational outcomes. Process equity relies on all affected parties having access to and meaningful experience with civic and employee engagement and public participation. Redmond should always consider strategies for increasing transparent governance and the involvement of communities and stakeholders in key decision-making processes.
- **Cross generational equity:** Promotes housing policies that create fair and just distribution of benefits and burdens including equitable income, wealth, and health outcomes. In order to bridge the gap in housing needs, increasing the supply of low-income housing to compensate for past underproduction and housing cost-burdening would help promote equitable housing access. Cross-generational equity also considers the importance of homeownership opportunities and entry-level housing types that place homeownership within reach of a broader range of incomes than currently provided.

The Redmond Housing Action Plan aims to address historical and present inequities (income and race) in housing access through a variety of strategies which also aligns with the Washington Department of Commerce grant guidance.



Leverage Partnerships

Redmond cannot solve the housing crisis alone. Exploring ways in which we can effectively maximize the City's resources by strengthening partnerships with non-profit providers, ARCH, King County, and other stakeholders will be critical.



Advocacy

The City should advocate for solutions that will advance our work, both nationally and here in Washington. Advancing our housing goals will require legislative solutions and more investments to preserve and increase affordable housing development.

Continued analysis of data, market trends, identifying disparities, and tracking key metrics and progress toward those goals is essential for making informed policy decisions, adjusting and pivoting when necessary. All the strategies associated with this plan were informed by data analysis results.

3.2 Housing Tools and Market Considerations

The finite tools represented here center around what city governments can feasibly do and control. A menu of diverse strategies/actions touching on varied needs reflective of the Redmond community should be integrated into the action plan to ensure the plan is comprehensive and balanced. The strategies listed in this plan apply to both elements of the City's current and future housing supply. The range of strategies is intended to comprehensively address multifaceted housing challenges through multiple angles. Holistically the strategies should be balanced in increasing/preserving affordable housing along with the overall housing supply, integrating both rental housing and homeownership strategies, while also accommodating growth in a way that protects communities from displacement.

The Housing Action Plan includes strategies that allow for-profit developers, non-profit developers and government entities to tap the current housing market to create new affordable homes, acquire and rehabilitate current market rate housing, as well as increase the necessary funding for future development. There is no "silver bullet" for choosing a housing strategy as each idea brings benefits, drawbacks, different levels of impact, and tradeoffs. As such, housing strategies benefit from periodic evaluation as development conditions change over time, requiring flexibility and a renewed effort to fill funding gaps in innovative and creative ways.

3.3 Summary of Housing Strategies

Based on the results of the Housing Needs Assessment, community/stakeholder involvement, analysis of policy options, review of relevant plans and policy and best practice guides, and informed by these guiding principles, the following six strategies and associated actions will provide a roadmap for the future.

- Strategy 1. Increase development and access to more affordable homes. *(7 actions)*
- Strategy 2. Make housing easier to build. *(3 actions)*
- Strategy 3. Diversify housing stock. *(5 actions)*
- Strategy 4. Ensure equitable access to find, maintain, and stay in your home. *(5 actions)*
- Strategy 5. Preserve affordable homes. *(2 actions)*
- Strategy 6. Leverage and expand partnerships to further housing goals. *(3 actions)*

The next section includes a detailed summary of key actions within each of these strategies, offering a full description of how each recommended strategy and the associated actions would serve different needs, why the strategies and actions are important, and intended outcomes. The strategies and actions were selected due to their potential to augment what has already been done for Redmond communities. Each of these recommended strategies lies within the City of Redmond's control, but work will span departments and involve meaningful contributions from stakeholders such as City Council, Planning Commission, Human Services Commission, as well as renters, homeowners, neighborhood associations, advocates, developers (both affordable and market rate) and many others. The housing affordability crisis affects a broad spectrum of people including Redmond employees and residents, families, seniors, newcomers, low to middle-income households, and businesses; thus, it merits the coordination of a broad coalition of support to take meaningful action.

As expected, there is no "silver bullet" to address the housing affordability challenges and as a result, the strategies are interrelated and were created to address different facets of housing needs. Together, these recommendations and action steps provide a blueprint for the City to begin acting on and implementing each recommendation over the next several years.

SECTION 5

RECOMMENDED ACTIONS AND IMPLEMENTATION



4.1 Strategies and Actions

This section includes greater detail on the six proposed Housing Action Plan strategies and the 25 associated actions. Each action has been described in terms of their benefits and challenges, estimated impact on housing production, housing need focus, reach, and their ability to address the range of features described in the following key.

Key for Action Sheets:

- Guiding Principles:



Housing Choice



Equity



Leverage Partnerships



Advocacy

- Household Income Levels:




- Low (50% AMI or lower)
- Moderate (50 to 80% AMI)
- Middle (80 to 120% AMI)
- High (above 120% AMI)

- Geographic Scale of Action: East King County, Citywide, Neighborhood, or Property

- How much would it cost to implement this strategy? This evaluation measure compares the estimated funding required to implement the strategy relative to other strategies.

- \$ is the least resource intensive
- \$\$ requires a medium amount of resources
- \$\$\$ is the most public funding resource intensive

- Housing Production (as applicable):

-  is the least amount of housing production
-  is anticipated to encourage moderate housing production
-  would promote the most housing production

- Implementation Timeline:

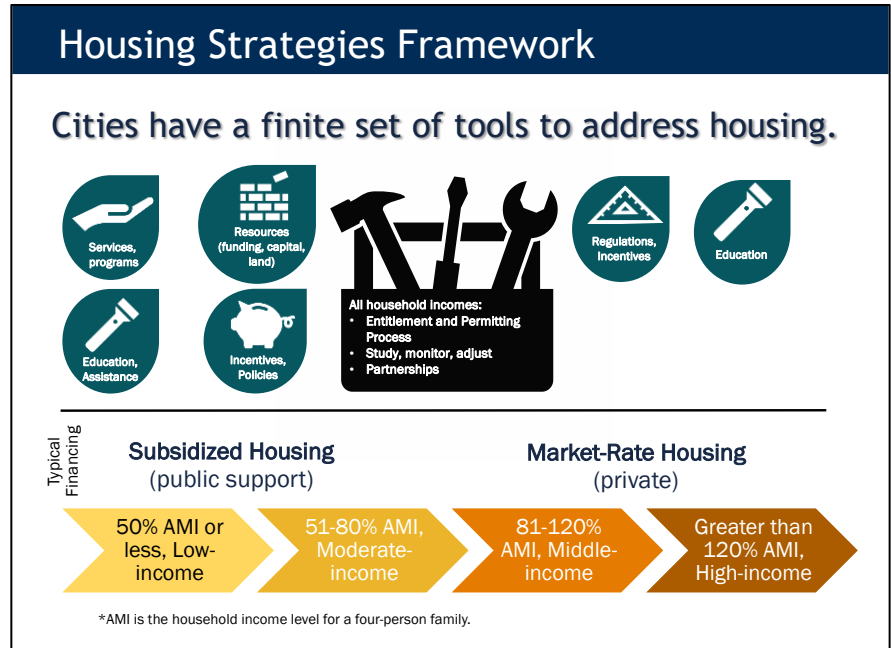
- Short-term: 1 year (2021 to 2022)
- Medium-term: 2-3 years (completed by 2024)
- Long-term: 4-5 years (completed by 2026)

Strategy 1. Increase development and access to more affordable homes.

Why is this strategy important?

Increasing supply and access to affordable housing will promote equitable housing development since it will broaden access to housing for young families, single households, seniors with a fixed income aiming to remain in their neighborhood, and those who work in any profession. Redmond

businesses have concerns over employee retention due to the lack of affordable housing and many families wanting to live in Redmond are unable to due to a shortage of housing that is affordable for people earning less than around \$54,000 per year. This strategy helps augment limited funding and incentives to build more rent-restricted low-income housing, currently in short supply in Redmond. Although increasing the supply of low-income housing is the focus for this strategy, there are actions in support of market-rate housing affordable to a range of income levels and mixed-income housing development. Several actions could ameliorate housing cost burden issues disproportionately impacting low-income households, renters, young adults, and the elderly. Seven actions were developed for this strategy.







Action 1.1. Identify and evaluate new and expanded federal, state, and local revenue stream options available to support affordable housing production with a focus on providing housing for low income households.

Description: This action focuses on targeted and effective use of existing funding sources and identifying new funding sources that would be used to increase the supply of housing serving low-income households. When new sources of funding are considered, it should be compared to other available/potential funding sources. Investment options should also be evaluated in terms of expected revenue generated and affordable housing produced or preserved as a result of the new funds. Many existing revenue resources could be combined to increase Redmond's investment in affordable housing. New revenue sources should be identified and developed when possible. A list of state and federal affordable housing funding sources is provided in Appendix B. State and local tool examples include:



State Tools

- **HB 1590:** HB 1590 allowed cities and counties the option to impose the 0.10% affordable housing sales tax without voter approval. The tax will be effective January 1, 2021. The tax will be collected through 2028 and is specifically targeted for households at (or below) 30% AMI. In October 2020, the Metropolitan King County Council voted to enact a 0.1% sales tax increase to fund permanent housing for the chronically homeless, and the legislation requires that 30% of the proceeds collected in Redmond be expended in Redmond.
- **HB 1406:** In 2019, the State Legislature approved House Bill 1406 which created a sales tax revenue sharing program that allowed cities and counties to access a portion of state sales tax revenue to make local investments in affordable housing. The tax credit is in place for up to 20 years and can be used for acquiring, rehabilitating, or constructing affordable housing. On December 3, 2019 Redmond City Council adopted Ordinance No. 2985 authorizing the maximum capacity of the tax authorized under the provisions of HB 1406 for Affordable Housing and rental assistance.
- **State Housing Trust Funding** has been in the range of \$175 to \$200 million in the past two years; managed by the State Housing Finance Commission and then distributed to eligible projects.

Local Tools:

- **Housing Trust Fund:** Capital funds used for the construction of affordable housing in East King County, managed through ARCH. Last biennium 2019-2020 funds totaled \$1.0 million. For the 2021-2022 biennium, the funds are approximately \$1.5 million.
- **Alternative Compliance (fee-in-lieu):** A developer that is subject to inclusionary requirements may request the use of Alternative Compliance in which a payment in lieu of providing affordable housing is made to the City (RZC 21.20.050). The criteria for alternative compliance should be defined.
- **An Affordable Housing Levy** provides subsidies, grants or loans for nonprofit affordable housing development, when authorized by a majority of voters in the taxing district. State law now allows cities to impose regular property tax levies that in total does not exceed \$0.50 per thousand dollars assessed valuation each year for up to ten years. This was only available to finance affordable housing for very low-income households (50% AMI or less, RCW 84.52.105). However, state legislature also authorized the use of revenues for affordable homeownership, owner-occupied home repair, and foreclosure prevention programs for households earning less than 80% AMI.⁶

⁶ MRSC, Affordable Housing Programs: <http://mrsc.org/Home/Explore-Topics/Planning/Specific-Planning-Subjects-Plan-Elements/Affordable-Housing-Ordinances-Flexible-Provisions.aspx>

Benefits	Challenges
<ul style="list-style-type: none"> Increased funding can elevate a project's competitiveness for receiving additional financing from state or national sources. Supports increased production of very low to moderate-income housing and special needs housing which is challenging to build. Several of the funding suggestions could provide a more substantial amount of funding useful for supporting projects with more housing units. This strategy supports Goal 2 in the King County's RAHTF Action Plan (2019), calling for increased construction of affordable housing (less than 50% AMI). 	<ul style="list-style-type: none"> An affordable housing levy must be approved by the voters. Administering new programs requires additional staff time and possibly training. The affordable housing development process is challenging and complicated.
Affordable Housing Levy Example: <ul style="list-style-type: none"> <u>City of Bellingham's</u> 10 year levy passed in 2018 to replace an expiring levy. This levy will impose up to a 36-cent tax on every thousand dollars of assessed property value and is expected to raise \$40 million. 	
<ul style="list-style-type: none"> Income Levels Served: Low Geographic Scale: Citywide Regulatory: Yes Funding Implications: \$\$\$ 	<ul style="list-style-type: none"> Housing Production:   Implementation Timeline: Long-term



Action 1.2. Add criteria to the Redmond Zoning Code to allow for consistent and predictable implementation of affordable housing impact fee waivers.

Description: This action requires a Zoning Code amendment which would establish eligibility criteria for the impact fee waivers available to applicants developing new affordable housing units. Current Redmond Code includes a section allowing impact fee exemptions for low and moderate-income housing (RMC. 3.10.070, Exemptions from the requirement to pay fire, park, and school impact fees for low- and moderate-income housing). However, this has not been implemented since it lacks implementation guidance and eligibility criteria. The payment of this one-time fee is due when the building permit is issued.⁷

State law allows local governments to provide a partial impact fee exemption for low-income housing (generally up to 80% AMI) of not more than 80 percent of the impact fees, with no explicit requirement to pay the exempted portion of the fee from public funds other than impact fee accounts. A full impact fee exemption could be provided; however, with a full waiver, the remaining percentage of the exempted fee must be paid from public funds other than impact fee accounts. The developer must record a covenant that prohibits using the property for purposes other than low income housing. (RCW 82.02.060).

Consider implementing an impact fee exemption/reduction temporarily (perhaps for 5 years) for up to 80 percent of the fees and monitor the repercussions. Another safeguard is to limit the waivers and reductions for a smaller set of impact fees such as fire and park and for the most affordable housing levels (low-income). Instead of providing as-of-right waivers, it is also possible for local jurisdictions to consider waivers on a case-by-case basis. Criteria could tactically apply to the most affordable projects and certain housing types. Impact fees could be varied by the number of square feet of the affordable housing development, but this variation would need to be justified with proper documentation. However, this could be more administratively burdensome and make the incentive less certain to developers.⁸

Analysis Findings: A rough estimate of the loss of funds incurred from fire, park, and school impact fee exemptions for the City of Redmond (2021) indicates that approximately \$18,756 (single-family) and \$5,089 (multi-family) per housing unit would be lost in impact fee funds. If 50 units used this exemption, the loss in City revenue would be approximately \$254,450 if they were all multi-family residences. This fiscal impact varies by how many applicants take advantage of the exemption.⁹

With affordable housing units exempt from paying impact fees, the City should ensure that such a loss in impact fees is paid from public funds other than impact fee accounts; such public funds should be fair and broad-based, like bond measures and levies. Bond measures, for example, would ask all residents to contribute towards community improvements.¹⁰ Below is a table of several alternatives to impact fees and their performance regarding expediency, efficiency, equity, administration, and political acceptability in comparison to impact fees (results from 2016 report by the National Association of Home Builders).

Exhibit 6. Tax Alternatives to Impact Fees

⁷ ADUs are exempt from the payment of all impact fees in the City of Redmond ([list of Redmond Development Service Fees](#)).

⁸ [Legal Considerations](#): Impact fee increases should pass the “rational nexus” test (fee amount is directly attributable to the development) and “roughly proportional” to the impact caused by the development.

⁹ [City of Redmond Impact Fee Schedule](#) (2021), Assumptions: Fire impact fee: single-family residence = \$125.01 per unit, Multi-family residence = \$211.14 per unit; parks Impact Fee: single-family residences = \$4,932.88 per unit, Multi-Family = \$3,424.50 per unit; and schools Impact Fee: Single-family residences = \$13,633 per unit, Multi-Family = \$1,388 per unit.

¹⁰ Sources: Lane, Andy. 2016. “It’s Time to Implement Your Affordable Housing Policies”. [MRSC](#). MBAKS. 2020. Housing Toolkit: Local Planning Measures for Creating More Housing Choices. MBAKS. 2020. Impact Fees: FAQ.

Alternative	Expediency	Efficiency	Equity	Administration	Political Acceptability
Taxes	Inferior	Inferior	Superior	Superior	Inferior
General Obligation Bonds	Superior	Inferior	Superior	Superior	Inferior
Revenue Bonds	Superior	Inferior	Superior	Superior	Inferior
User Fees	Superior	Superior	Neutral	Inferior	Neutral
Special Taxing Districts	Superior	Superior	Superior	Neutral	Superior
Local Improvement Districts	Superior	Superior	Superior	Neutral	Neutral
Special Service Districts	Neutral	Neutral	Neutral	Inferior	Neutral
Tax Increment Financing	Neutral	Superior	Superior	Inferior	Inferior
Private Exactions (Including Impact Fees)	Neutral	Neutral	Neutral	Neutral	Neutral

Source: NAHB Impact Fee Handbook (2016). Table 6.1, page 82.

Benefits	Challenges
<ul style="list-style-type: none"> • Supports increased production of very low to moderate-income housing which is challenging to build. • Increases the financial feasibility to develop affordable units especially if allowed to be used in concert with IZ and MFTE programs. • Cities should regularly reevaluate impact fee schedules (such as every five years) to ensure the fee amounts adequately cover the actual costs of the infrastructure needed for the development. 	<ul style="list-style-type: none"> • Tax reductions could have spillover effects to services and infrastructure funded by the impact fees. • Challenging to find ways to absorb the loss of impact fee revenue. • Could require ongoing monitoring to ensure the loss of impact fee funds does not impact the ability to deliver the services and infrastructure, partially paid for by the fees.


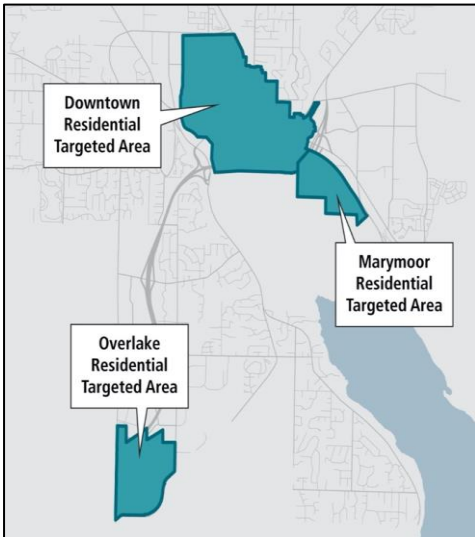
Impact Fee Examples:

- Issaquah: Affordable housing development (low to moderate-income) may be eligible for impact fee waivers provided in 3.63.030B (school impact fees), 3.71.040 A (traffic impact fees), 3.72.040 A (park impact fees), 3.73.040 A (fire protection impact fees). Issaquah's code indicates that the Issaquah School District is bearing the cost of the impact fees not collected for affordable housing.¹¹
- Mercer Island: Affordable housing development (low-income) partially exempt from transportation impact fees, payment of 80 percent of the school impact fee, (Code Sections 19.19.070, 19.17.090).

Other nearby cities with affordable housing impact fee incentives: Kenmore, Sammamish

<ul style="list-style-type: none"> • Income Levels Served: Low and Moderate-Income • Geographic Scale: Citywide • Regulatory: Yes 	<ul style="list-style-type: none"> • Funding Implications: \$\$ • Housing Production: 🏠 • Implementation Timeline: Medium-term
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¹¹ Issaquah Code requires that the applicant record a City-drafted covenant that prohibits using affordable housing units for other purposes than for low to moderate income housing and if the units are converted, the property owner must pay impact fees at the time of conversion (Section 3.71.040).

	Actions 1.3. Review the Inclusionary Zoning Housing and Multifamily Tax Exemption Program regulations and identify amendments that allow deeper affordability or greater number of affordable units.
<p>Description: Action 1.3 focuses on recalibrating Redmond's Inclusionary Zoning (IZ) policies and the Multifamily Tax Exemption (MFTE) program in a way that maximizes community benefits and affordable housing production. Analysis will be completed to help understand the implications of different updates. Both programs promote the development of mixed-income housing projects. Program changes should prioritize incentives for green, equitable, and affordable housing development.</p> <p>IZ: Adopted in 1994, Redmond's IZ policy applies to all new residential and mixed-use developments with over 10 units. The program requires 10% of dwellings units be affordable at 80% AMI or less with an option to substitute one unit at 50% AMI for two units at 80% AMI or less. One bonus market-rate unit is permitted for each affordable housing unit (at a minimum) up to 15% above the maximum allowed density except Downtown since the City raised height limits and eliminated density limits. Units are required to be affordable for the life of the project.¹² A total of 541 affordable units were built (80% AMI or less) between 1994 and July 2020 as a result of this policy. Over the last 26 years, an average of almost 21 affordable units has been built annually.</p> <p>MFTE: Adopted in July 2017, Redmond's incentive-based MFTE program exempts property taxes for qualified housing projects for a duration of 8 or 12 years in three targeted mixed-use urban centers including Downtown, Overlake Village, and Marymoor Village.¹³ Property owners can apply for an exemption on property taxes on the residential improvement value of new developments for either 8 or 12 years, in exchange for providing affordable housing. The project must be construction of new multifamily housing within a residential building or mixed-use development. Projects using the IZ bonus incentives cannot also take advantage of the MFTE incentives. An estimated 168 affordable units (85% AMI or lower) between July 2017 and July 2020 has been built as a result of the MFTE program. An average of 56 affordable units were built per year which is a fairly high rate of production. If production continues at this rate, a total of 1,120 affordable units could be produced in the next 20 years.</p> <p>Changes to Consider: Expand the areas where MFTE incentives could be used and the use of a development agreement approach wherein a city identifies general performance requirements and a developer chooses from a menu of corresponding incentives. Evaluate the feasibility of using MFTE to build other housing developments with at least four units. Examine the development feasibility effects associated with changing the affordable unit requirement options and the ability to use MFTE and IZ jointly and gain impact fee waivers. Consider extending utilities in underdeveloped areas where IZ is required and consider adding bonus unit incentives for adding housing with over two bedrooms.</p>	
Benefits	<div><p>Exhibit 7. Existing Eligible MFTE Areas</p><p>Source: City of Redmond</p></div> Challenges

¹² Code Section RZC 21.20.050 does allow Alternative Compliance fee in-lieu but this option has not been used frequently.

¹³ Redmond MFTE program provisions are outlined through Redmond Municipal Code 3.38. RCW 84.14 provides MFTE guidance for Washington State. The MFTE program benefits vary by location. Marymoor Urban Center Provisions: 8-year exemption = 10% affordable (50% AMI) and 12-year exemption = First 10% affordable (60% AMI) and second 10% affordable (80% AMI). Provisions for the Downtown and Overlake Urban Centers: 8-year exemption = 10% affordable (60% AMI) and 12-year exemption = First 10% affordable (65% AMI) and second 10% affordable (85% AMI).

<ul style="list-style-type: none"> • Tax abatements positively impact the feasibility of projects where market-rate projects are feasible and can help cross-subsidize affordable units. • Has opportunity to create some new affordable units, especially in “high-opportunity areas” areas with good schools, jobs, and amenities. • Designed to lead to mixed-income projects; helps avoid economic and racial segregation. 	<ul style="list-style-type: none"> • MFTE: City must weigh the temporary loss of tax revenue lost during the exemption period against the potential attraction of new investment in targeted areas. May provide insufficient incentive to lead to production or affordability unless paired with other tools. • Mandatory IZ: Requires changes to development which limit where it is applied; some view the need for affordable housing as a broader social issue and not the responsibility of private developers; and if too onerous can discourage development. • If incentives are insufficient to offset program requirements, IZ may encourage developers to develop less housing or charge more for the non-zoned housing, pushing up overall rental costs. IZ does not work unless market-rate development is feasible.
<p>MFTE Examples</p> <ul style="list-style-type: none"> • Kirkland Affordable Housing Master Leases and MFTE Amendments (2019): Kirkland recently has worked on MFTE ordinance amendments to promote availability of affordable housing, including reserving around 30 rental units for City and public sector staff. • Tacoma Municipal Code Ch. 6A.110 (2015) offers 8- and 12-year exemptions for targeted residential areas and for qualified multifamily housing rehabilitation projects. • Seattle recently made updates to their MFTE program to expand eligibility to all new multifamily construction with four or more units, regardless of location in the city. <p>Other cities with MFTE programs: Burien, Marysville, Everett, Issaquah, and Yakima.</p> <p>IZ Examples: Bellevue and Mercer Island’s IZ programs are voluntary. Kenmore’s IZ programs are mandated. Kirkland and Newcastle’s IZ programs are both voluntary and mandated.</p> <p>For more details on these programs, refer to Appendix A.</p>	
<ul style="list-style-type: none"> • Income Levels Served: Moderate Middle • Geographic Scale: Citywide • Regulatory: Yes 	<ul style="list-style-type: none"> • Funding Implications: \$\$ • Housing Production: 🏠🏠 • Implementation Timeline: Medium/Long Term (as much as possible aim to include proposed Comprehensive Plan amendments in the 2024 Comprehensive Plan update process)



Action 1.4. Promote Transit Oriented Development (TOD) and infill development integrating affordable housing development.

Description: An initial step for this action is to assess and evolve TOD best practices for integrating affordable housing development. The timing of this action is ripe since four Sound Transit Light Rail stations are planned for Redmond. Redmond should coordinate TOD planning to be consistent with guidance from the TOD Advisory Committee and PSRC, lessons learned from neighboring communities, and should adjust regulations as development occurs to ensure that desired outcomes are achieved.¹⁴

This action also calls for an assessment of ways to amend the zoning code in targeted areas near major transit routes and in TOD and infill development opportunity areas to include the needed development density for higher density or mixed-use housing – the type of housing appropriate for TOD planning, especially equitable TOD planning. This action supports compact infill development and efficient use of urban services and infrastructure by redeveloping existing abandoned, vacant, and rundown buildings which tends to require creativity to overcome complexities in comparison to developing vacant land offering ample site and building design control. These planning efforts can be augmented with effective partnerships between government and the development community and non-profits.

Land prices tend to be higher near transit hubs, however, because of inclusionary programmatic requirements and through MFTE, up-zoning these areas will result in new multifamily units affordable to the lower-income households. Additionally, increasing the overall supply of housing can help to relieve the price pressure on the market stemming from growing demand. With the right combination of development incentives, tax exemptions, and financial support it could be possible to provide housing affordable to middle-income earners. Providing many units of regulated affordable housing and the lowest income levels would require meaningful development incentives.

Benefits	Challenges
<ul style="list-style-type: none"> Increases the supply of affordable housing in areas close to public transit. This action is in support King County's RAHTF Goal 3, calling for prioritizing affordable housing within a half mile walk shed of high-capacity transit stations. Support of transit-friendly and livable communities that often are more pedestrian and bicycle friendly. 	<ul style="list-style-type: none"> If left unaddressed, displacement could be heightened in the areas of zoning change that increases allowable densities. Requires staff time and resources. Proposed changes should be scaled and tailored to each neighborhood context.
<p>Policy Background and Examples: King county's surplus properties must first be offered to their housing department before others can bid on them. Sound Transit's TOD strategies target urban growth around the light rail transit facilities to help produce regional and local benefits. A central part of Sound Transit's Equitable TOD policy is to use surplus property, suitable to development, for the construction of affordable housing. Washington State statute RCW 81.112.350 necessitates that Sound Transit offer at least 80% of surplus property no longer needed for a transit purpose to be disposed or transferred, including air rights, to qualified developers of affordable housing. These qualified developers are then obligated to ensure 80% of housing units constructed are affordable to households earning 80% or less of the county AMI. This policy requirement helps to ensure that housing options for low to moderate-income households are provided near light rail stations. Sound Transit</p>	

¹⁴ Transit-Oriented Development (TOD): A mixed use residential or commercial area designed to maximize access to public transport and encourage transit ridership. TODs generally are located within a radius of up to one-half mile from a transit stop (train station, metro station, tram stop, or bus stop) and are surrounded by relatively high-density development (Redmond 2030: Redmond Comprehensive Plan).

encourages land use changes and development that would increase transit ridership, promote multi-modal access to the transit system, and support the implementation of government plans and broaden the diversity of housing choices in neighborhoods nearby transit. (Source: [Equitable TOD Policy](#)).



estimated total of \$8.7 million¹⁵). King County committed financing equal to \$43,000 per unit (an estimated total of \$4.7 million).¹⁶

Seattle Example: Completed in 2020, Station House Capitol Hill is a 7-story sustainable development located above the Capitol Hill light rail station and includes around 110 affordable units (8 affordable to 30% AMI) with 1/3 family-sized (2+ bedrooms). The project is part of the larger station development that includes four buildings, approximately 30,000 sf of ground retail and 210 underground parking spaces. Sound Transit selected a market rate developer, along with a non-profit partner, through a competitive bid process and donated surplus land. The partnership has a ground-lease to Capitol Hill Housing and three other sites are ground-leased to Gerding Edlen. The City of Seattle provided gap financing equal to \$79,000 per unit (an






Pasadena Example: The Del Mar Station is a 3.4-acre TOD sitting above-railway that encircles the Metro station connecting Los Angeles and Pasadena, California. The project, completed in 2007, includes 347 market rate (85%) and 52 affordable (15%) apartments and 20,000 square feet of retail across four buildings that vary in height, style, and cladding. Outdoor space consisting of private courtyards, paseos, and public plaza connects the 3.4-acre site. A parking garage is situated beneath the site. Of the 1,200 total spaces, 600 are reserved for transit. A land transfer greatly lowered the cost of development and supported the inclusion of affordable housing.¹⁷

- **Income Levels Served:** 80% AMI and below
- **Geographic Scale:** Eligible Neighborhoods (near transit)
- **Regulatory:** Yes
- **Funding Implications:** \$
- **Housing Production:** 🏠 🏠
- **Implementation Timeline:** Medium/Long Term (as much as possible aim to include proposed Comprehensive Plan amendments in the 2024 Comprehensive Plan update process)

¹⁶ Sources: <https://www.capitolhillseattle.com/2019/12/want-to-be-part-of-110-affordable-new-apartments-above-capitol-hill-station-heres-how-to-join-the-station-house-crowd/> and <https://www.gerdingedlen.com/ge-news/press-releases/article/controller/News/action/detail/item/capitol-hill-station-development-to-celebrate-groundbreaking/>


¹⁷ Sources: <https://www.mparchitects.com/site/projects/del-mar-station-transit-village>, <https://www.cnu.org/what-we-do/build-great-places/del-mar-station>, and <https://www.nadelarc.com/portfolio-type/del-mar-station/>.

	Actions 1.5 Consider ways to incentivize deeper/increased affordable housing development
Description: This action would consist of city staff searching for innovative ways to incentivize deeper and increased affordable housing development, e.g. code amendments or reduced parking.	
Benefits	Challenges
<ul style="list-style-type: none"> • Supports increased production of very low to moderate-income housing and special needs housing which is challenging to build. • This strategy supports Goal 2 in the King County’s RAHTF Action Plan (2019), calling for increased construction of affordable housing (less than 50% AMI). 	<ul style="list-style-type: none"> • Administering new programs requires additional staff time and possibly training. • The affordable housing development process is challenging and complicated and is difficult to fund particularly if the housing is deeply affordable.
<ul style="list-style-type: none"> • Income Levels Served: Low • Geographic Scale: Citywide • Regulatory: Yes 	<ul style="list-style-type: none"> • Funding Implications: \$\$ • Housing Production:  • Implementation Timeline: Medium/Long Term (as much as possible, include proposed Comprehensive Plan amendments in the 2024 Comprehensive Plan update process)

	Actions 1.6 Reform parking regulations around light rail stations and areas of high frequency transit to maximize desired uses like housing at differing affordability levels.
Description: Action 1.6 requires the City to do a review of the code and parking requirements to identify barriers preventing the development of affordable housing development. Rather than using a one-size-fits-all approach, many cities structure parking standards by proximity to transit stations and urban centers, by dominant uses, or relative to affordable housing unit production. This reduces the construction and development costs of a project, especially for higher density projects with structured parking. Average cost of a parking space in the Puget Sound region is estimated at around \$5,000 to \$10,000 for a surface parking spot, \$20,000 to \$35,000 for stand-alone concrete parking structure, \$35,000 to \$45,000 for a concrete structure as part of a building, and \$45,000 to \$65,000 for underground parking (though underground parking is limited in Redmond due to the high-water table). ¹⁸ For an affordable housing project with a tight budget, every required parking space means less money available to spend on housing.	
Benefits	Challenges
<ul style="list-style-type: none"> • Increases the availability of affordable housing. 	<ul style="list-style-type: none"> • Reduced parking can have spillover effects.

¹⁸ Parking tends to cost 10 to 20% of the total cost to construct multi-family buildings in King County yet only 6% is recovered through parking charges (Right Size Parking Final Report, 2015). Households in [TOD \(Smart Growth\) areas](#) tend to own fewer personal vehicles and parking could be reduced by 40-60% in these areas.

<ul style="list-style-type: none"> • Reduced parking requirements decreases the land area required for a project and this in turn, reduces costs and lowers the barriers to housing development and affordability. • Supports transit ridership. • Reduced parking requirements leads to reductions in vehicle miles traveled. 	<ul style="list-style-type: none"> • On its own, reduced parking requirements may not provide enough incentive power to change development feasibility for affordable units. • If developers/tenants demand more parking than the lower ratios provide, the incentive power is lessened, as developers may be obligated to provide a greater amount of parking than the ratios require.
Examples: <ul style="list-style-type: none"> • The King County Right Size Parking calculator enables parking estimates to be derived based on building and parking specifications. Essentially this tool helps users weigh factors to determine how much parking fits varied proposals. (Right Size Parking Final Report, 2015). • The City of Kirkland includes parking space reductions for affordable housing of one space per unit. • California's Parking Statute enacted in 2015 (AB 744), limits parking requirements for development containing affordable housing and located near transit.¹⁹ 	
<ul style="list-style-type: none"> • Income Levels Served: Low, Moderate, Middle, High • Geographic Scale: Citywide, neighborhood (near transit) • Regulatory: Yes 	<ul style="list-style-type: none"> • Funding Implications: \$ • Housing Production: 🏠 • Implementation Timeline: Medium/Long Term (as much as possible, include proposed Comprehensive Plan amendments in the 2024 Comprehensive Plan update process)

	Action 1.7. Explore programs that support promote homeownership opportunities, such as a Down Payment Assistance Program.
<p>Description: The ARCH Down Payment Assistance Loan Program has given qualified borrowers down payment and closing cost assistance through a revolving loan fund since 2005 (an estimated 65 homebuyers received this assistance). This down-payment assistance program is not restricted to first-time homebuyers and the maximum assistance is capped at \$30,000 with a max home purchase price of \$413,000. This program has ended but when in operation it worked in combination with the Washington State Housing Finance Commission Home Advantage first mortgage loan program.</p> <p>In partnership with ARCH, changes to the down payment assistance program for low-income and first-time homebuyers should be evaluated. Similar programs in the region should be researched and assessed for feasibility and used to develop a set of recommendations. The intent of this action is to provide more homeownership opportunities in Redmond. Median home sale prices in Redmond have escalated over the past twenty years, skyrocketing to \$823,300 in 2019; consequently, the expensive market makes it difficult to design a homebuyer assistance program that could both be sustainably maintained and of help to many households. The benefit this program brings to homebuyers and the number of homebuyers relative to the cost of public subsidy required should be compared.</p>	
Benefits	Challenges

¹⁹ No more than 0.5 parking spaces per bedroom can be required if the development includes 11% very low-income units or 20% low income units and is within one-half mile of a transit stop TOD rental housing affordable to lower income households or senior housing development with sufficient transit access cannot be required to provide more than 0.5 parking spaces per unit. Special needs affordable rentals within one-half mile of transit cannot be required to provide more than 0.3 parking spaces per unit ([source](#)).

Supports homeownership particularly for moderate to middle-income households.	Does not directly support affordable housing production. These types of programs are difficult to design and sustain for the long-term.
<p>Examples:</p> <p>Lease purchase programs allow participants, called lease purchasers, to select a home that a local housing finance agency or nonprofit buys on their behalf. The agency serves as the initial owner, mortgagor, and property manager for the lease period. After the lease purchaser demonstrates they can make timely lease payments, they can purchase the home from the finance agency or nonprofit by assuming the unpaid principal balance of the mortgage. Although alternative ownership models have proven to be successful, they are quite different from traditional homeownership models, which most residents are familiar with, and can be much more complex (Source: PRSC)</p> <p>Seattle's Down Payment Assistance program provides up to \$55,000 in down payment assistance for a home priced at \$450,000 or lower and for applicants earning no more than 80% of the AMI. Seattle's program gains financial support from a Housing Levy fund. Seattle has assisted approximately 900 families to purchase their first homes (Source: City of Seattle).</p>	
<ul style="list-style-type: none"> • Income Levels Served: Moderate, Middle • Geographic Scale: Property • Regulatory: No • Funding Implications: \$\$ • Housing Production: N/A • Implementation Timeline: Medium/Long Term 	



Strategy 2: Make housing easier to build.


Why is this strategy important?

Producing enough housing to meet the growing demand for housing over the next few decades requires action to make targeted housing easier to build. Redmond will need to plan for a future facilitating robust housing growth that matches housing need in a timely fashion. Federal, state, and local rules can create a myriad of regulations, studies, and processes that can add significant time to the land entitlement and permitting process. This strategy integrates actions aimed to improve the City's permitting and entitlement process in a way that increases predictability and efficiency, alleviates any unnecessary barriers, and implements potential cost reduction strategies to maximize the private sector's ability to create housing that is affordable.

Reducing the cost of construction can improve the financial feasibility to build housing with long-term affordability. An increase in the overall supply of housing can diminish the tendency for upper-income households to rent or buy down housing below their income level which puts a strain on the overall availability of affordable housing. The state of Washington Local Project Review law (RCW 36.70B) supports the establishment of a predictable and timely review process by setting time limits on application review and permit decisions. This strategy includes three key actions.





	Action 2.1. Identify payment deferment options for development fees for deeply affordable housing projects and Accessory Dwelling Units (ADUs) (e.g. utility connection fees).
<p>Description: This action will evaluate ways to reduce the burden of upfront development fees which can be a barrier of entry. Payment deferrals can be preferable since the City can still receive its revenue but will obtain the fees from the developer/homebuilder later in the process using their permanent financing instead of the upfront, higher-cost short-term construction financing. In 2015, Washington State mandated an on-request deferral system in SB 5923 that was codified in RCW 82.02.050, so cities should already have payment deferral in their toolkit.²⁰ Techniques to increase flexibility in the payment of fees to allow for gradual payment during the permitting process should be tested out for affordable housing and ADU projects. Consider beginning this process by testing out gradual payment of utility connection fees via installments that must be fully fulfilled before occupancy is allowed (this is recommended since it is important to prevent home sales before the owner has fully paid all fees). Eventually, when Code is developed, the regulations should identify when payment of deferred fees is required (such as when a certificate of occupancy is issued) along with penalties associated with the applicant's failure to deliver the housing units and final payment as required.</p>	
Benefits	Challenges
Eliminates upfront barriers which may be a deterrent for some developers.	Regulation amendments should be evaluated for trade-offs and community impacts. Delayed payment of fees could result in delays in the City receiving needed revenue.
<p>Example: The City of Portland Water Bureau has a development fee financing option.</p>	
<ul style="list-style-type: none"> • Income Levels Served: Low, Moderate, to Middle • Geographic Scale: Citywide • Regulatory: No 	
<ul style="list-style-type: none"> • Funding Implications: \$ • Housing Production:  • Implementation Timeline: Medium-term 	

	Action 2.2. Improve the housing development permitting process to make it more predictable and efficient.
<p>Description: This action is focused on permitting process improvements for how best to make the housing development process more predictable and cost-effective particularly for affordable housing and senior housing.</p> <p>Pilot Program: Support full implementation of the permitting improvement pilot, increasing the predictability in the housing development process, expediting permit review, and reducing submittal requirements at the permit intake stage. The Redmond Planning and Community Development Department is currently testing out consolidated permit review improvements for priority affordable housing applications which would shorten the review process by several months. To ensure timelines are met, Redmond staff recommend the use of negotiated timelines stipulating mutual responsibility for applicants and City reviewers to meet certain deadlines.</p>	
<p>Continuous Improvements: The City should continually review processes and application procedures as part of an adaptive management approach to improve City customer service outcomes.</p>	
Benefits	Challenges

²⁰ RCW background information: <http://lawfilesexternal.wa.gov/biennium/2015-16/Pdf/Bills/Session%20Laws/Senate/5923.SL.pdf> and <https://apps.leg.wa.gov/RCW/default.aspx?cite=82.02.050>.

The creation of a transparent and more navigable permitting process could expedite the delivery of housing meeting diverse needs and reduce the time and costs involved with the permitting process.	Regulation amendments should be evaluated for trade-offs and community impacts. Implementing all these actions would require staff time and additional administrative effort.
Examples: The following cities enacted permitting efficiencies: Kirkland and Tacoma. The Cities of Auburn and Lake Stevens are exploring concurrent review of preliminary plat and civil plans.	
<ul style="list-style-type: none"> • Income Levels Served: Low to High-income • Geographic Scale: Citywide • Regulatory: No 	<ul style="list-style-type: none"> • Funding Implications: \$ • Housing Production: 🏠 • Implementation Timeline: Medium/Long-Term

	Action 2.3. Establish a Housing Facilitator that specializes in coordinating neighborhood infill housing projects.	
Description: This action would establish a housing facilitator providing front-counter guidance and coordination through the permitting for affordable housing development and rehabilitation projects. This planner can help applicants navigate the complexities associated with the process of land development and building construction permitting. This person would facilitate small-scale housing projects and could provide process expertise including (but not limited to): ADUs; single lot subdivisions; dividing a house into several units; backyard cottages; and other neighborhood infill strategies.		
Benefits		Challenges
This could reduce developer costs needed to pay for consultants to help navigate the complexities associated with building affordable housing.		This role could be challenging for an existing staff member to balance the range of duties associated with development review and this new specific role.
Example: City of Bellevue		
<ul style="list-style-type: none">• Income Levels Served: Low, Moderate, to Middle-income• Geographic Scale: Citywide• Regulatory: No		<ul style="list-style-type: none">• Funding Implications: \$• Housing Production: • Implementation Timeline: Medium-Term

Strategy 3. Diversify Housing Stock

Why is this important?

Housing needs are not one-size-fits-all and instead should be thought as a menu of different options with enough variety for different household incomes and sizes, life stages of people, and community location needs. The overall aim for this strategy is to encourage improved availability of diverse housing types, price points, location, sizes, and preferences.

A prudent step towards achieving Redmond's vision to gain a variety of housing choices for all income levels reflective of the community requires addressing the current scarcity of "missing middle housing" in Redmond. The housing market in Redmond primarily consists of multifamily (apartments and condos, 59%) and single-family detached units (36%). Redmond's current lack of housing diversity meeting different needs and continued underproduction of housing has a compounding impact, resulting in increasing pressure on lower-income rentals due to households renting down. Middle housing is estimated to serve over one-third of existing households in Redmond and demand is expected to escalate for this type of housing mostly due to aging baby boomers, young households forming (those 24-44 years are the most prevalent age group) and the growing workforce. This housing could provide seniors housing options that would allow for "downsizing" and lower-maintenance living and would serve moderate to middle-income households. Homeownership is preferred over renting but seems out-of-reach for many. Redmond needs to support increased production of low to middle-income housing to own and rent, as well as family-friendly housing.

The actions for this strategy are intended to encourage greater construction of middle housing (Action 3.1), ADUs (Action 3.2), backyard homes (Action 3.3), and wider range of housing types (Action 3.4). The last action (3.5), focuses on state law advocacy and regulatory improvements increasing home ownership opportunities. Ultimately, this strategy will help broaden the housing choices for income levels in terms of housing types, size, and diversity and where possible, will help increase opportunities for homeownership. This strategy promotes King County's RAHTF Goal 6 which supports greater housing growth and diversity to achieve a variety of housing types at a range of affordability and to improve the jobs/housing connections throughout the county.

Missing Middle Housing

Single-family attached housing units with two or more units bridge a gap between single family and more intense multifamily housing. Examples: duplexes, triplexes, quad homes, multiplexes, accessory dwelling units, town homes, backyard homes, and row homes. In theory, these space efficient housing units can be more affordable than other units because they are smaller and more energy efficient and they use less land resources. Generally, this type of housing can be built at a lower cost per unit than single-family detached housing. However, their affordability is not guaranteed. Providing middle housing expands opportunities for unregulated housing types that may be lower cost than single family detached housing and these units can be well-integrated into existing neighborhoods.





Action 3.1. Amend regulations to broaden housing options by promoting middle housing development.

Description: This action focuses on exploring different scenarios for amending single-dwelling residential zone regulations to allow for broader missing middle housing options in suitable areas. As it promotes mixed-income residential development with diverse housing types at different price points, this action diminishes the dominance of single-family, low-density zoning that restricts housing to only single-family detached housing, primarily serving homeowners and higher-income residents. Another part of this action is to identify needed code amendments to promote middle housing development, focusing on addressing unnecessarily restrictive design regulations, inconsistent procedures, and areas in need of clarity improvements.

LU-36 Amendment: Review and amend Redmond Comprehensive Plan LU-36 to create more opportunities for higher density development in areas outside urban centers served by frequent transit or where frequent transit is planned and where public infrastructure can support more urban development.


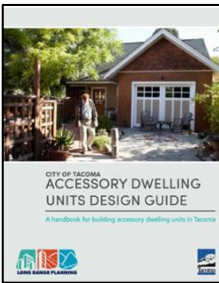

Zoning Code Revisions: Evaluate options for amending zoning regulations incrementally to allow for a broader range of housing options including single-family attached housing (such as, triplexes, quad homes) in more single-dwelling zones. Also review code to identify barriers preventing the development of multiplex housing. This is critical since the combination of different regulations and design standards including parking space requirements, site coverage limitations, etc. can inadvertently prevent middle housing development and can drive up costs due to onerous requirements. Code amendments should be identified to standardize regulations across neighborhoods and loosen up restrictions such as separation requirements and conflicting underlying density requirements.²¹ As a part of this, the City should evaluate site plan entitlement process improvements to segregate lots to facilitate more housing ownership opportunities.

Density Code Revisions: Evaluate allowed density in the Zoning Code to ensure that single-family residential zones allow for context sensitive multiplex housing. Assess scenarios and their effects from amending R-4, R-5, and R-6 Single Family Urban Residential zones to allow “attached dwelling, 3-4 units” and 2 ADUs since current densities are too limited.




Benefits	Challenges
<ul style="list-style-type: none"> Changing the zoning is generally an inexpensive market solution but it could require additional staff resources to adopt zoning amendments and can trigger costly litigation. Can increase total land available for new market rate units, and may increase supply of smaller homes, which may be more affordable. Does not require large empty properties and compliments the shrinking sizes of some households. If designed well, this housing can add to the visual appeal of a neighborhood by providing a variety of house and lot sizes and styles. 	<ul style="list-style-type: none"> This strategy is not guaranteed to promote housing of a certain price. This could be of concern to neighborhoods. Thus, it could benefit from a robust community outreach plan including education on how added density can be designed to blend into communities. Changing the zoning to allow more intense housing development can increase the chances that current residents in the affected neighborhood will be physically displaced to make way for redevelopment. Consequently,







²¹ Multiplex units including attached single-family dwelling units, such as duplexes, triplexes, quadplexes, and townhomes, are allowed in some single-family areas but not all residential zones (conditional use permit in R-4 through R-6, outright in R-8 through R-30, RZC 21.08.260). The RZC section is confusing as it was done through neighborhood plans. Some allow duplexes outright in R4-R6, without density calculation and only lot size requirement, e.g., Education Hill, while others require both lot size and density calculation.

	safeguards should be added to avoid and mitigate for displacements.
<p>Examples:</p> <ul style="list-style-type: none">▪ Kirkland recently passed a missing middle housing reform which removed regulations such as minimum lot sizes, proximity limitations, and floor area ratios.▪ Portland Residential Infill Project▪ Seattle Neighborhoods for All. The City of Seattle now allows two primary homes on a typical lot (i.e. duplexes) in urban villages rather than one, through Seattle’s Residential Small Lot zoning. This policy allows for smaller affordable housing development to be located in an amenity-rich area close to transit.▪ Tacoma: Duplexes and triplexes allowed in some residential zones by right.▪ City of Lake Stevens Infill and Redevelopment Code <p>Key Regulatory Guidance:</p> <p>The following considerations are based on feasibility analysis findings relevant to townhouse development. For minimum feasibility consider the following guidelines:</p> <ul style="list-style-type: none">• Parking: Do not require more than one parking space per unit. For greater flexibility, allow parking within the front setback (in a driveway) and within the on-street parking abutting the development, and do not restrict development from providing two garage spaces if desired.• Lot size and density: Development standards layered together need to leave room for a reasonable size to make development feasible. Review lot size and density requirements to promote townhouse development feasibility.• Height: At a minimum, allow at least two and a half stories in all zones and if greater flexibility is desired, allow three full stores or more if allowed for single-family homes.• Entryway requirements can limit options for duplexes, triplexes, and fourplexes. Review entryway requirements to allow for greater flexibility and more options.	
<ul style="list-style-type: none">• Income Levels Served: Moderate to Middle• Geographic Scale: Citywide• Regulatory: Yes• Funding Implications: <i>Only staff</i>• Housing Production: 🏠🏠• Implementation Timeline: Medium/Long-Term (include proposed Comprehensive Plan amendment in the 2024 Comprehensive Plan update process)	

	Action 3.2. Promote ADU development by developing pre-approved ADU plans and a new ADU development guidebook.	
<p>Description: This action focuses on developing pre-approved Accessory Dwelling Unit (ADU) plans and a new ADU guidebook. An ADU guidebook with ADU plans would help take some of the uncertainty out of the process for people who may not have experience with the design and construction of ADUs. ADUs can help fill this gap by serving households earning between 50 and 120% AMI, seniors, younger populations, and single person households. ADU development can serve as a way to modestly increase housing density in a low-profile way that does not change the look and feel of existing neighborhoods.²² Pre-approved ADU plans provide a plan designed by an architect or designer that has some level of approval by the Planning and Community Development department for construction. For a \$250,000 project, the use of pre-approved plans alone eliminates the cost of design (by an estimated \$20,000+) and select plan check review fees. The pre-approved ADU plans would require the use of a certified contractor in the permitting process and would allow for ADU plans to be approved within a couple of weeks. The City should submit a Request for Proposals to gather designers capable of articulating ADU design plans. An ADU assistance program could include informational materials, advisory meetings, workshops, and connections with lenders. The City could consider partnering with other jurisdictions that have established, streamlined ADU programs (e.g., Kirkland’s partnership with Seattle).</p>		
Benefits		Challenges
<ul style="list-style-type: none">• Broadens housing diversity in more neighborhoods since it can be offered at a more affordable cost due to their small size, reduced design/permit costs (however, this is not guaranteed).• Can be a source of added income for the primary residence which can help them pay housing expenses.• Can blend into single-family neighborhoods and be a form of intergenerational and senior housing.		<ul style="list-style-type: none">• This strategy is not guaranteed to promote housing of a certain price.• Could need to address short-term vacation rental use of ADUs. ADUs can have spillover effects in terms of parking and service and neighborhood impacts.
Examples:		
<ul style="list-style-type: none">• Pre-approved ADU plans: Clovis, California and San Diego County, California. Seattle offers instructions to homeowners to help them determine property suitability and they include seven pre-permitted cottages ready for construction for \$1,000 or less. Cottage designs have been reviewed against codes for the structure and its energy use; however, homeowners are still responsible for permits and inspections related to zoning, site preparation, utility connections and other site-specific requirements.• ADU guidebook: Tacoma		
<ul style="list-style-type: none">• Income Levels Served: Moderate, Middle• Geographic Scale: Property• Regulatory: Yes		<ul style="list-style-type: none">• Funding Implications: \$• Housing Production: • Implementation Timeline: Medium-Term

²² A survey of persons over 50 found that respondents would consider creating an ADU to provide a home for a loved one in need of care (84%), provide housing for relatives or friends (83%), feel safer by having someone living nearby (64%), have a space for guests (69%), increase the value of their home (67%), create a place for a caregiver to stay (60%), and earn extra income from renting to a tenant (53%) (source: AARP Home and Community Preferences Survey, 2018).

	Action 3.3. Review and amend backyard home development code to identify and eliminate barriers. Explore ways to expand this program across neighborhoods.	
<p>Description: This action focuses on promoting backyard home development in more areas in Redmond. A Backyard home is a single-family detached unit that does not exceed 1,500 square feet located on a small lot short plat. The home is affordable to an individual or family earning less than 120% AMI. Backyard homes are currently only allowed in the Education Hill neighborhood on single-family lots that are at least 200% of the minimum average lot size or about 15% less than would otherwise be required to subdivide a lot. For this action, the City will examine regulatory amendments that would expand backyard home development since they could house seniors, younger populations, and single person households. Backyard homes can serve as a form of housing for seniors to age in place and can expand options for multigenerational living. The City should explore the trade-offs associated with the removal of the affordability and minimum average lot size requirement. As a first step, the City should evaluate parcels and development patterns in the City using GIS tools to see where there is potential to add backyard homes in areas where they are not currently allowed.</p>		
Benefits		Challenges
<ul style="list-style-type: none">• Broadens housing diversity and choices in a broader range of neighborhoods since it would be offered at a more affordable cost.• Can blend into single-family neighborhoods.		<ul style="list-style-type: none">• More backyard homes can have neighborhood spillover effects in terms of parking and services.• This strategy is not guaranteed to promote housing of a certain price.
<p>*Backyard homes are similar in concept to ADUs except they are on a small lot short plat. A backyard home is a single-family detached unit that does not exceed 1,500 square feet located on a small lot short plat. The home is affordable to an individual or family earning less than 120% AMI. Action 3.3 proposes steps to expand the construction of backyard homes (City of Redmond).</p>		
<ul style="list-style-type: none">• Income Levels Served: Low to Middle• Geographic Scale: Citywide (possibly Neighborhood)• Regulatory: Yes		<ul style="list-style-type: none">• Funding Implications: Only staff• Housing Production: • Implementation Timeline: Medium-Term

   	<p>Actions 3.4 Remove code barriers to developing a wide range of housing types (e.g. residential suites, single room occupancies, etc.). The regulations should address duration of stay, housing affordability, impact and connection fees, parking, open space and other development standards to ensure equitable outcomes.</p> <p>Action 3.5 Advocate for revisions to state law that facilitate and support tools for advancing more home-ownership opportunities. Similarly, revise Redmond regulations to provide regulatory tools that create new opportunities for homeownership.</p>
<p>Description: Action 3.4 addresses regulatory barriers (such as fees, open space and development standards) possibly inhibiting the development of a wider range of housing types. As a part of this action, regulations for dormitory-style residential suites (a.k.a., “apodments” or “mini-suites”) will be updated. Residential suites typically are very small dwelling units in multi-family buildings in which all living space other than a bathroom is contained in a single room (usually under 300 square feet) and the units share common kitchen, laundry, and gathering spaces. Microhousing in theory could be less expensive than a standard 1-bedroom apartment but this is not always the case. This type of housing usually is targeted to a very specific population—single-person households typically in their 20s and 30s either in college or working. Single Room Occupancies (SRO) are single-room dwellings, very similar to microunits, with a shared kitchen or bathroom facility. SROs are appropriate for individuals experiencing homelessness, college students, younger workers, and older adults.²³</p> <p>Action 3.5: City staff will advocate for state laws that would support more homeownership opportunities. As a part of this, staff should monitor the repercussions from recently passed reform to the state’s condominium liability law to identify whether additional changes should be advocated.²⁴</p>	
<p>Benefits</p>	<p>Challenges</p>
<p>Improves clarity in regulations and supports homeownership. Broadens housing diversity and choices in a broader range of neighborhoods – although not guaranteed, could increase opportunities for affordable housing.</p>	<p>More housing units can have neighborhood spillover effects for parking and services. Strategies to promote homeownership can be complex.</p>
<p>Examples: MRSC reports that the City of Seattle tried to establish a microhousing program but, they replaced this strategy by promoting larger, small-efficiency housing units. They also note that Everett permitted microhousing through a pilot on a specific property (ordinance No. 3410-14). (MRSC, 2020).</p>	
<ul style="list-style-type: none"> • Income Levels Served: Moderate to Middle • Geographic Scale: Citywide (3.4), Property (3.5) • Regulatory: Yes • Funding Implications: \$ 	<ul style="list-style-type: none"> • Housing Production:   • Implementation Timeline: 3.4 is medium-term and 3.5 is long term

²³ [Source](#)

²⁴ The state recently passed (2019) a bill (SB5334) to reform the [condo liability law](#). The condo defect liability law has halted substantial condominium construction due to the high risk of lawsuits which could be frivolous. This new reform proposes subtle amendments to tighten what qualifies as a warrantable defect, and protects condo association board members from personal liability lawsuits. The implications of this new law should be monitored to see if it truly encourages more condo construction and associated homeownership.

Strategy 4. Ensure equitable access to find, maintain, and stay in your home.

Why is this important?

This strategy emphasizes the need to increase equitable housing development opportunities and equitable housing access for underserved communities. A key issue pointed out from community involvement is people facing stigmas about their housing that are real, pervasive, and dehumanizing. Many of these actions will address distributional equity and process equity by tracking compliance with fair housing laws, providing education and technical assistance, and advocating for laws that strengthen tenant protections.²⁵ The actions will help improve community diversity, mixed-income housing availability, and protect against displacement. This strategy includes recommendations to ensure equitable housing access for all residents, including racial and ethnic minority populations, people with disabilities, and other classes of people protected under the federal Fair Housing laws.²⁶




This strategy also includes actions intended to promote housing stability and improved community quality of life and wellbeing particularly for those vulnerable to losing their housing such as through promoting “just cause” eviction policies and preventing non-compliant or “no-fault” rental evictions (Actions 4.1, 4.2, and 4.3).²⁷ Community education and coordinated partnerships supports housing stability for less advantaged households (Actions 4.1 to 4.5). The proposal for a Redmond-specific weatherization and rehabilitation grant program (Action 4.1) improves livability and helps make homes become more energy-efficient which can reduce the costs of utilities and promote sustainable development.



²⁵ Washington state has several fair housing laws to prevent discrimination. The Fair Housing Center of Washington provides education on renters’ rights and Washington State Human Rights Commission enforces the law against discrimination ([Tenants Union of Washington State](#)).


²⁶ The Civil Rights Act (1964) and the Federal Fair Housing Act (1968) and subsequent statutes, rules, and case law include various protected classes including but not limited to: race, color, national origin, religion, gender identity, sexual orientation, familial status (children under 18), disability, creed, veteran/military status, age, section 8 recipient, ancestry, and political ideology. (Fair Housing Equity Assessment, Central Puget Sound Region, 2014).



²⁷ A “no-fault” eviction is an attempt by landlords to evict renter’s despite on-time payment of rent and adherence to the rules.

	Action 4.1. Invest in key programs and services in support of equitable access and home preservation.
<p>Description: This action focuses on program development including piloting an energy-efficient home improvement grant program, rental assistance support, exploring resources for housing navigator services, supporting legal services to support tenants facing evictions (such as a dispute resolution program), and other creative models that help people find and retain their housing.</p> <ul style="list-style-type: none"> • Create a Redmond-specific energy-efficient, weatherization and rehabilitation grant program to improve the livability and energy efficiency of existing owner-occupied homes. This program should complement the existing King County Housing Repair program. This program can help improve the livability of existing owner-occupied homes. While it would help homes become more energy-efficient, it can also reduce the costs of utilities and promote sustainable development. • Establish a housing navigator “office” with legal assistance/fair housing information. Housing navigators coordinate with shelters, homeless outreach and other non-profits to find affordable housing options. • Consider a Dispute Resolution Program and/or other free legal assistance programs to support and mitigate tenuous tenant/landlord relationships. • Consider piloting a Home Share Program which matches “home-seekers” with homeowners who could benefit from rental income, help around the house, and companionship. 	
Benefits	Challenges
<ul style="list-style-type: none"> • Helps improve community stability and preserve affordable housing and supports sustainability. • The energy efficiency program provides relief to population sectors unable to rehabilitate homes which can effectively allow them to help stay in their homes rather than seek other housing. • Reduces displacement and provides information useful for identifying housing at risk of displacement. 	<p>New programs would need to be developed and they would require staff time. Project eligibility could be limited, and it can be difficult to determine how to narrow down eligibility to those in need.</p>
<p>Examples:</p> <ul style="list-style-type: none"> • <u>The Bellevue Home Repair loan programs and Emergency and Weatherization grant program</u> provides single family homeowners with zero-interest loans and grants for health- and safety-related repairs. About 30 households (earning very low to moderate household incomes) are served per year. • <u>The King County Housing Repair Program</u> offers eligible low-income homeowners a deferred loan or matching funds loan (up to \$25,000) to cover housing repairs addressing health and safety concerns; and emergency grants covering life-threatening repairs (up to \$6,000). For renters with a disability, they also provide free financial assistance to make housing more accessible. Between 2018 and the second quarter of 2020, 11 applicants totaling \$91,312 from the City of Redmond participated in this program. • <u>The Washington State Department of Commerce</u> administers a Weatherization Program to help increase home energy efficiency for low-income families. This program is funding by the U.S. Department of Energy's Weatherization Program among other sources. • <u>The Dispute Resolution Center of Kitsap County</u> provides mediation and education (training) to help families and organizations resolve conflict. • <u>Home Share Program Kingston</u> is an innovative way to provide for shared living arrangements. 	

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|--|--|
| <ul style="list-style-type: none"> • Income Levels Served: Low to Moderate-income • Geographic Scale: Citywide • Regulatory: N/A | <ul style="list-style-type: none"> • Funding Implications: \$\$ • Housing Production: N/A • Implementation Timeline: Long-Term |
|--|--|

 	<p>Action 4.2. Implement a tool to track compliance with fair housing laws and provide technical assistance and education to local landlords and property managers. Develop landlord education, outlining their respective rights and responsibilities and provide online resources.</p> <p>Action 4.3. Provide community education in multiple languages to make education more accessible to non-English speakers. The educational opportunities proposed for this action may include tenant rights, fair housing laws, and King County Home Repair program.</p>
<p>Examples of ways to support these actions include:</p> <ul style="list-style-type: none"> • Hosting landlord/tenant workshops, which would include rights and responsibilities and an online resource providing all the resources available. • Work with community partners to promote resources and information in multiple languages. Other educational may include tenant rights, fair housing laws, and King County Home Repair program. Lastly, a homebuyer's class/credit counseling training should be considered as a part of this action. 	
Benefits	Challenges
<ul style="list-style-type: none"> • Preserves affordable housing possibly for the long-term. • Improves the quality of life and can improve the health and stability for people living in rehabilitated homes and if completed for many homes in the same community, can result in positive effects on neighborhood quality and stability. • Reduces displacement and provides information useful for identifying housing at risk of displacement. • Renovating existing housing stock tends to be more cost-effective than building new affordable housing. • A low-income weatherization/rehab program can improve the livability of existing owner-occupied homes and improve energy-efficiency which can reduce the costs of utilities and promote sustainable development. • These actions align with King County's RAHTF Action plan Goal 4 which emphasizes the need to promote housing stability and tenant protections for renters of affordable homes. 	<ul style="list-style-type: none"> • Requires resources and staff time. • Several of the ideas would require funding and grants, and possible partner support. • These measures are not guaranteed to increase the housing supply and the number of new affordable housing units.
<p>Example: City of Tacoma Landlord Tenant Program</p>	
<ul style="list-style-type: none"> • Income Levels Served: All • Geographic Scale: Citywide • Regulatory: N/A • Funding Implications: \$\$ 	<ul style="list-style-type: none"> • Housing Production: N/A • Implementation Timeline: Long-Term

	Action 4.4. Streamline processes for people applying for rental assistance to ensure equitable access. Explore innovative technology solutions to create efficiencies.	
Description: Explore models that centralize access to local rental assistance resources here in East King County. This could include innovative technology solutions to develop centralized online platform providing access to all the rental assistance programs in one easy-to-access place. This could also include partnerships with faith-based organizations who provide similar support.		
Benefits		Challenges
Residents who are trying to access resources would no longer need to reach out to multiple agencies. East King County cities could pool resources and create cost efficiencies by eliminating multiple grants and contracts with rental assistance providers.		Non-profits have varying eligibility requirements based on funding sources for rental assistance.
Example: King County Housing Stability Program		
<ul style="list-style-type: none">• Income Levels Served: Low, moderate• Geographic Scale: East King County• Regulatory: N/A• Funding Implications: \$		<ul style="list-style-type: none">• Housing Production: N/A• Implementation Timeline: Medium-Term

 	Action 4.5. Advocate at state-level for eviction reforms.	
Description: Continue to advocate for additional state resources for statewide eviction mediation and legal aid services.		
<ul style="list-style-type: none">• Income Levels Served: All• Geographic Scale: East King County• Regulatory: N/A• Funding Implications: \$		<ul style="list-style-type: none">• Housing Production: N/A• Implementation Timeline: Short-Term

Strategy 5. Preserve affordable homes.


Why is this important?

People can lose homes due to rents increasing above their ability to pay or due to a combination of increased costs associated. They can become displaced and be unable to find an affordable alternative that allows them to stay in their communities – which could be a neighborhood they have lived in for many years. Although some homeowners may choose to sell their home for a profit, others may leave involuntarily and be unable to return if no other affordable housing options are available.

Actions that preserve existing affordable housing and help those who want to stay in their homes are an important part of the City's affordable housing strategy. Similar to strategy 4, strategy 5 also focuses on promoting housing stability and equitable access to affordable housing. Two actions are included to help preserve existing affordable housing and minimize and mitigate displacement.

These actions will help improve community stability and preserves character and cultural heritage along with affordable housing. In addition, the actions support segregation of housing based on income level by promoting mixed-income community development. This strategy is aligned with King County's RAHTF Action plan Goal 5 which emphasizes the need to protect existing communities of color and low-income communities from displacement in gentrifying communities. This strategy includes two actions.



	Actions 5.1 and 5.2. Increase investments for affordable housing preservation and minimize and mitigate displacement of residents consistent with PSRC guidance.	
<p>Description: The two actions for this strategy address ways to preserve existing affordable housing both naturally occurring in the private market and rent-restricted due to subsidies. Although Redmond might not have high risk across the City, we heard Redmond seniors were concerned about being unable to afford where they currently live (via public input). Action 5.1 addresses the need to increase investments for affordable housing preservation programs with rent reduction incentives expected to be expiring. Properties at risk for displacement should be identified and the financial feasibility of preservation should be evaluated. The investments needed to purchase and preserve affordable properties at risk for displacement should be increased when feasible and Section 8 and tax credit projects nearing the end of their affordable term should be advocated for acquisition.</p>		
<p>Action 5.2 focuses on anti-displacement measures:</p> <ul style="list-style-type: none">• The City could add a new goal in the Redmond Comprehensive Plan to prevent, minimize, and mitigate displacement impacts. Safeguards could be added to the code and permitting process to pro-actively identify displacement instances and support mitigation. For example, if the MFTE program incentives are allowed for housing rehabilitation, current tenants should be offered rehabilitated housing or relocation opportunities in housing comparable to or with improved conditions. The City could also monitor at-risk conditions using available housing and demographic information and local knowledge. PSRC's Displacement Risk Tool offers some guidance on the variables to analyze to determine displacement risk such as share of people of color, non-English speakers, educational attainment, renters, cost burden, and per capita income. The City could explore the feasibility of creating a rental licensing and inspection program to track inventories and monitor potential multi-family property sales to identify preservation opportunities.• Comprehensive Plan Policy HO-50 calls for Redmond to participate in relocation assistance for low- and moderate-income households whose housing may be displaced by condemnation or City-initiated code enforcement. Building on this policy, the City could evaluate the inclusion of a "Right-to-Return Policy" that allows any resident physically displaced by redevelopment to have a first-right-of-refusal in the newly developed property (within a certain timeframe). Another consideration is a "Notice of Intent to Sell" policy which requires owners of multifamily building to provide official notification to tenants and local housing officials before a sale. This essentially gives housing officials the opportunity to plan for a purchase in the interest of preserving low- or moderate-income housing and helps mitigate the impact to residents by providing additional time for moves.		
<p>Other anti-displacement strategies proposed in the Redmond HAP: Production of affordable units (strategies 1-3), preserving affordable housing and home repair programs (strategies 4-5), local housing funds and IZ and MFTE policies (strategy 1), and homeownership support (strategies 1 and 4).</p>		
Benefits		Challenges
<p>Helps improve community stability; preserve character, cultural heritage, and affordable housing and promotes mixed-income community development. This strategy supports King County's RAHTF Goal 2, calling for increased preservation of affordable housing for those earning less than 50% of the AMI.</p>		<p>Requires resources and staff time to address and monitor. It is challenging to detect displacement risk.</p>
<p>Background: Puget Sound Regional Council displacement risk map: Redmond is shown as low risk. Additional information on displacement is provided in the Appendix.</p>		
<div><div><ul style="list-style-type: none">• Income Levels Served: Low to Moderate• Geographic Scale: Citywide• Regulatory: Yes</div><div><ul style="list-style-type: none">• Funding Implications: \$\$• Housing Production: N/A• Implementation Timeline: Action 5.1: Short-term (ongoing); Action 5.2: Medium-term (include proposed Comprehensive Plan amendments in the 2024 Comprehensive Plan update process)</div></div>		

Strategy 6. Leverage and expand partnerships to further Redmond's housing goals.

Why is this important?

This strategy leverages key relevant aspects of the collective impact approach for addressing housing needs through existing and expanded partnerships. Cities often establish cooperative arrangements with other public agencies, mission-driven nonprofit-organizations and developers to amplify the availability of affordable housing.


Most affordable housing construction and the associated housing services across the U.S. are delivered by non-profit agencies and developers.²⁸ Non-profits are often tax-exempt and can provide a range of support from community financing to social services. For-profit developers have technical development and financing expertise immensely helpful for affordable housing development and they tend to develop low-income housing particularly when financial support is provided. Public partners (local, state, and federal jurisdictions) can provide assistance to non-profit and for-profit partners through funding, subsidies, tax breaks, incentives, and potential surplus land donations. Non-profits often need seed funding to begin the pre-development groundwork and funds to purchase land and for-profits often need help navigating code regulations and the permitting process. When non-profit, for-profit, and public entities join forces through partnerships, they can make more of a collective impact towards achieving common goals since they can share expertise and resources and fill in gaps where needed.

Actions 6.1 and 6.3 call for outreach and increased communication with existing or potential partners (such as faith-based organizations) that might be interested in providing affordable housing on underutilized properties. Increasing interagency and broad-based collaborations with other partners can help identify shared objectives and facilitate sharing of resources which amplifies the collective impact. Action 6.2 focuses on expanding the partnerships with transit agencies to more actively support the development of affordable housing and equitable transit-oriented development. Transit agencies might be involved with joint development arrangements whereby public land is sold or leased around stations that could be used to develop affordable housing to ensure equitable access to public transit as well as mitigating gentrification or displacement concerns. Strategy 6, the final strategy, includes three key actions.

Capella at Esterra Park

Esterra Park is a new transit-oriented development that includes a 2.7 acre public park, a hotel and conference center, office and retail space, and new multifamily homes steps from Microsoft and the future Overlake Village Light Rail Station. Capella at Esterra Park, will be a new pedestrian oriented community, with 261 eco-friendly affordable and workforce housing apartments and an onsite YMCA early childhood development center, developed in a unique collaboration between Imagine Housing, the YMCA, Inland Ground, The Washington State Housing Finance Commission, and ARCH (A Regional Coalition for Housing). This project is scheduled to open in 2022.

²⁸ Source: PSRC, Nonprofit Partnerships factsheet: <https://www.psrc.org/sites/default/files/hip-nonprofit-partnerships.pdf>.

	<p>Actions 6.1, 6.2, and 6.3: Reach out to partners and provide help including support to increase the affordable housing development potential on suitable property owned by public agencies, faith-based, and non-profit housing organizations. Advance partnerships with transit agencies to promote affordable housing. Partner with community-based organizations and individuals most impacted by housing affordability challenges to ensure affected parties have access to and are involved in meaningful public participation in updates to housing policies and regulations.</p>
<p>Description: The strategy focuses on leveraging and expanding partnerships, some of which are already established, to accelerate affordable housing development.</p> <p>Action 6.1 generally calls for outreach to partners and then includes a specific action to facilitate partnerships between nonprofits, developers, and faith-based organizations that might be interested in providing affordable housing on underutilized properties. State law gives public agencies the ability to discount, transfer, lease, or gift land they own, referred to as surplus property (excess property no longer required by the agency) for the public benefit of providing or supporting the goals of affordable housing (up to 80% AMI, RCW 39.33.015). Partnerships could be strengthened by building knowledge on affordable housing through development training/education, and/or design or permitting support.</p> <p>Another step of this action is to increase development potential by changing zoning on key suitable properties owned by public agencies, faith-based and non-profit housing entities for affordable housing. The focus of this action is to garner supportive partnerships to build new affordable housing on underutilized properties that are owned by public agencies or faith-based organizations (such as a large underutilized parking lot). The goal is to identify surplus public property already under ownership that might be underutilized or ideally positioned for shared public and private uses that would be suitable for zoning amendments needed to increase the development potential. Where the location is suitable for affordable housing, this action would increase the zoning on properties already owned. By changing zoning designations to increase development potential, this action would provide the opportunity to build more affordable housing at a lower cost.²⁹</p> <p>Partnership with transit agencies is addressed in Action 6.2. Redmond should continue to partner with Sound Transit, King County Metro and other public agencies to maximize opportunities on public property and should continue participating in the East King County TOD partnership.</p> <p>Action 6.3 calls for the City to partner with community-based organizations and individuals most impacted by housing affordability challenges to ensure affected parties have access to and are involved in meaningful public participation in planning phases for housing policies and regulations. This could involve convening citizen advisory groups, hosting community cafes, and other tools for engaging diverse communities.</p>	

²⁹ Local Housing Policy Solutions, use of publicly owned property for affordable housing: <https://www.localhousingsolutions.org/act/housing-policy-library/use-of-publicly-owned-property-for-affordable-housing-overview/use-of-publicly-owned-property-for-affordable-housing/>. As another part of this action, the City could consider adding a policy to have public agencies first make surplus land available to developers committed to creating affordable or mixed-income housing for a designated period of time (such as two to three months) before opening it up to a broader range of developers.

Benefits	Challenges
<ul style="list-style-type: none"> Pooling resources together can reduce the cost burden associated with building affordable housing and this ultimately, could increase the availability of affordable housing. Meaningful public involvement can help build more community support, garner valuable insights on housing matters, and is helpful for promoting good governance (6.3). This strategy aligns with King County's RAHTF Goal 1, calling for regional collaboration. 	<ul style="list-style-type: none"> This requires staff time and could involve extra complexity (negotiations, other requirements, etc.). Increasing the development potential on properties could increase the displacement risk; consequently, safeguards should be put in place to prevent displacement from occurring. Meaningful public involvement requires additional staff time, education, and more public involvement activities (6.3)
<p>Redmond Examples:</p> <ul style="list-style-type: none"> The City of Redmond partnered with King County to build the Downtown Redmond TOD which provides 20% of the housing units affordable at 80% AMI. This development is pictured on the right (image source: City of Redmond). Redmond partnered with a developer, ARCH and other public and private funders to support the creation of Capella at Esterra Park which is now under construction. This project will include 261 eco-friendly affordable apartments and a new YMCA early childhood development center. A partnership between Imagine Housing, the YMCA, Inland Ground, ARCH, and the Washington State Housing Finance Commission was needed to develop this project. This new multifamily development is located in Esterra Park, a new TOD including a public park, hotel, conference center, and office and retail space within walking distance of Microsoft and the future Overlake Village Light Rail Station. The Imagine Housing Capella Project had an average cost of \$379 K per unit. 	
<ul style="list-style-type: none"> Income Levels Served: Low, Moderate Geographic Scale: Citywide, Property Regulatory: N/A Funding Implications: \$\$ 	<ul style="list-style-type: none"> Housing Production: 🏠🏠🏠 Implementation: Action 6.1 is Medium-term (as much as possible aim to include proposed Comprehensive Plan amendments in the 2024 Comprehensive Plan update process), Actions 6.2 and 6.3 are ongoing



Section 4.2 Implementation Plan *(To be further developed and refined following public comment period)*

Redmond's Housing Action Plan is a comprehensive approach for how to address housing needs and align these efforts across the City and with key partners. This section will provide an implementation blueprint showing the timing of actions, prioritization, who will implement, and potential monitoring and performance measurements. This section will also provide a set of options for measuring the performance of different strategies such as developing a dashboard which monitors Redmond's housing target and action plan progress.

The City should consider preparing an annual or bi-annual report (such as a scorecard) to evaluate HAP progress towards meeting the performance objectives (strategies) and plan goals (such as the guiding principles). This report could describe prioritized areas of focus and a proposed work plan for the next several years. The action priorities could be discussed with partners and shared as a part of community outreach/involvement to ensure alignment with the plan of action.

The following section outlines the approach to achieve effective implementation. This section includes:

- A timeline for implementing various actions a part of the six strategies.
- A list of departments and partners responsible for implementing different actions.
- A list of key next steps and a description of potential resource needs and opportunities.

The proposed planning horizon for the plan is five years commencing from 2021 (after approved) and completed by 2026. Ongoing activities would occur during the entire planning horizon.

- Short-term: 1 year (2021 to 2022)
- Medium-term: 2-3 years (completed by 2024)
- Long-term: 4-5 years (completed by 2026)

Since Redmond is in the process of updating its Comprehensive Plan (*Vision 2050*) by June 2024, actions involving amendments to the Comprehensive Plan should be included as a part of this update process to be efficient as much as possible and these actions would fit in the medium-term timeframe.³⁰ In general, actions should be sequenced with other actions, plan updates, and work priorities to support feasibility. Additional implementation detail will be provided regarding the responsible parties, method of accomplishing the action, the required resources, and performance metrics and targets, as applicable for this HAP.

³⁰ As mandated by the Growth Management Act, the Redmond Comprehensive Plan should be updated by 2024. King County jurisdictions must complete a review and evaluation of their "Buildable Lands Program" at least one year before the comprehensive plan update to provide data that will be used for the comprehensive plan update, per RCW 36.70A.215(2)(b). In addition to these periodic updates, cities can also carry out optional Comprehensive Plan amendments once per year. The 2024 update will plan for the next 20 years of population and employment growth through 2044.

Exhibit 8. Comprehensive Comparison of Proposed Actions

Description	Guiding Principles				Housing		Scale
Actions	Housing Choice	Equity	Partnerships	Advocacy	Market- Rate	Supported	East King County, Citywide, Neighborhood, or Property
Action 1.1. Identify and evaluate new revenue stream options available to support affordable housing production, focusing on low income households.	✓	✓		✓		✓ Low	Citywide
Action 1.2. Add criteria to the Code to allow for the consistent and predictable implementation of affordable housing impact fee waivers.	✓	✓				✓ Low-moderate	Citywide
Action 1.3. Review the IZ and MFTE Programs and identify amendments that allow deeper affordability or greater number of affordable units.	✓	✓			✓ Middle-high	✓ Low-moderate	Citywide
Action 1.4. Promote TOD and infill development integrating affordable housing development.	✓	✓			✓ Moderate - middle	✓ Low-moderate	Citywide, neighborhood
Action 1.5. Consider ways to incentivize increased affordable housing development.	✓	✓			✓ Low	✓ Low	Citywide
Action 1.6. Reform parking regulations around light rail stations and areas of high frequency transit to maximize desired uses.	✓	✓			✓ Moderate - high	✓ Low-moderate	Citywide, neighborhood
Action 1.7. Identify possible improvements to the Down Payment Assistant Loan Program promoting homeownership.	✓	✓			✓ Low-middle		Property
Action 2.1. Identify payment deferment options for development fees for deeply affordable housing and ADUs.	✓	✓			✓ Low - middle	✓ Low-moderate	Citywide
Action 2.2. Improve the housing development permitting process to make it more predictable and efficient.	✓				✓ All	✓ All	Citywide
Action 2.3. Establish a Housing Facilitator that specializes in coordinating neighborhood infill housing projects.	✓				✓ Low - middle	✓ Low - moderate	Citywide
Actions 3.1. Amend regulations to broaden housing options by promoting the development of missing middle housing.	✓	✓			✓ Mod - middle		Citywide
Action 3.2. Promote ADU development by developing pre-approved ADU plans and a new ADU development guidebook.	✓				✓ Moderate-middle		Property
Action 3.3. Review and amend backyard home development code to identify and eliminate barriers.	✓	✓			✓ Low - middle	✓ Low - middle	Citywide (possibly Neighborhood)

Description	Guiding Principles				Housing		Scale
Actions	Housing Choice	Equity	Partnerships	Advocacy	Market- Rate	Supported	East King County, Citywide, Neighborhood, or Property
Action 3.4 Remove code barriers to developing a wide range of housing.	✓				✓ Mod - middle		Citywide
Action 3.5 Advocate for revisions to state law that facilitate and support tools for advancing more home-ownership opportunities.	✓	✓		✓	✓ Moderate-middle		Property
Actions 4.1. Invest in key programs and services in support of this strategy (i.e., energy-efficient home improvement grant program, rental assistance support, exploring resources for housing navigator services, and supporting legal services to support tenants facing evictions).		✓		✓	✓ Low-moderate	✓ Low-moderate	Citywide
Actions 4.2. Implement a tool to track compliance with fair housing laws and provide technical assistance and education to local landlords and property managers.		✓	✓		✓ All	✓ All	Citywide
Action 4.3. Provide community education in multiple languages to make education more accessible to non-English speakers.		✓	✓		✓ All	✓ All	Citywide
Action 4.4. Streamline processes for people applying for rental assistance to ensure equitable access.		✓			✓ Low - moderate	✓ Low-moderate	East King County
Action 4.5. Advocate at state-level for eviction reforms.		✓		✓	✓ All	✓ All	East King County
Action 5.1. Increase investments to preserve affordable housing.	✓	✓				✓ Low-moderate	Citywide
Action 5.2. Assess displacement risk for residents and identify measures to minimize and mitigate such displacement.	✓	✓			✓ Low-moderate	✓ Low-moderate	Citywide
Action 6.1. Reach out to partners and provide help including support to increase the affordable housing development potential on suitable property owned by public agencies, faith-based, and non-profit organizations.	✓	✓	✓	✓			Citywide / Property
Action 6.2. Advance partnerships with transit agencies to promote affordable housing development.	✓	✓	✓	✓			Citywide / Property

Description	Guiding Principles				Housing		Scale
Actions	Housing Choice	Equity	Partnerships	Advocacy	Market- Rate	Supported	East King County, Citywide, Neighborhood, or Property
Action 6.3. Partner with community-based organizations and individuals most impacted by housing affordability challenges to ensure affected parties have access to and are involved in meaningful public participation in updates to housing policies and regulations.	✓	✓	✓	✓			Citywide / Property

SECTION 5 APPENDICES

Appendix A: Glossary of Terms and Examples

Accessory Dwelling Units (ADUs): are also referred to as mother-in-law apartments, granny flat, or second units. An ADU is a self-contained residential unit that is an accessory use to a single-family home. An ADU is located on the parcel with the primary single-family home and is smaller in scale. An ADU contains all the basic facilities needed for living independent from the primary residence such as a kitchen and bathroom. An ADU can be configured in different ways such as being attached to a single-family home, above a garage, or detached from the primary residence.



A Regional Coalition for Housing (ARCH): is a partnership of the County and East King County Cities who have joined to assist with preserving and increasing the supply of housing for low- and moderate-income households in the region. ARCH assists member governments in developing housing policies, strategies, programs, and development regulations; coordinates the cities' financial support to groups creating affordable housing for low- and moderate-income households; and assists people looking for affordable rental and ownership housing. ARCH's member governments have supported a wide ARCH has been an asset to the City of Redmond communities and in increasing the supply of needed affordable housing. The Redmond HAP was developed in partnership with ARCH and includes strategies which build off the work and programs already established. ARCH strives to create a minimum of 100 low-income affordable housing units in East King County on an annual basis. Since 1993, the ARCH Housing Trust Fund has funded over 3,250 units of East King County housing for families, seniors, and persons with special needs. ARCH also helps facilitate the use of surplus land for affordable housing. The Redmond HAP was developed in partnership with ARCH and includes strategies which build off the work and programs already established.

Displacement

Displacement or gentrification has been generally defined as “a process of neighborhood change that includes economic change in a historically disinvested neighborhood by means of real estate investment and new higher-income residents moving in, as well as demographic change, not only in terms of income level, but also in terms of changes in the education level or racial make-up of residents.” These shifts can be seen by people as positive, while others experience the downside.

- **Economic or indirect displacement** can occur if new (re)development in an area rents or sells at higher price points that encourages owners of existing units to increase rents, and these increases exceed what existing tenants can afford. The effects of (re)development renting at market rates may spill over to lower-cost rental units, causing rents to rise and potentially displacing existing residents. However, if supply is tight and high demand puts upward pressure on rents, market changes could lead to displacement without any new development occurring in an area. Economic displacement can occur due to high demand and low supply of new housing, with or without (re)development occurring. Economic insecurity and displacement are very important for existing communities but is difficult to measure quantitatively. Low-income households are at high risk of economic displacement as they have fewer choices about where they can afford to live.
- **Physical or direct displacement:** When evaluating when, where, and what type of project to build or rehabilitate, developers consider many factors, including market rents, construction costs, local amenities, and transit access. In some cases, public programs could encourage displacement by incenting a developer to rehabilitate or replace older, less expensive (unregulated affordable) housing with newer, higher-priced units. This could lead to the direct displacement of existing residents, who may not be able to afford the higher rents in the new development. Physical displacement occurs with the redevelopment of a specific parcel. This only occurs when new development is feasible and can be measured quantitatively. In theory, any type of household could be at risk of physical displacement

due to a new development demolishing their current housing. But, low-income households, households of color, immigrant households, and other marginalized populations are at higher risk of physical displacement. Also, areas with high rates of renting and the presence of naturally occurring affordable homes can be more susceptible to displacement. Wealthy households are at lower risk of direct displacement, as they may not live in areas experiencing new development, and they may hold sway over decision makers.

- **Cultural displacement** occurs when people “choose” to move because their neighbors and culturally relevant businesses and institutions have left the area. The presence (or absence) of cultural assets can influence racial or ethnic minority households in their decisions about where to live, more than for broader populations. While this is difficult to measure, and one can argue whether these are true “choices” or whether this is “forced” displacement, it is an important effect that can have broad equity implications beyond physical or economic displacement alone. Cultural displacement can occur with (re)development and includes business displacement. While cultural displacement is very important for existing communities, it is very difficult to measure quantitatively but could be gained qualitatively by in-person engagement. Marginalized communities – be they low-income, a specific race or ethnicity, or another group of people – are at higher risk of cultural displacement than dominant communities. When businesses and housing that serves these communities leave or are removed, people can feel pushed out of their neighborhoods.

Displacement often does not affect homeowners, in large part because they have fixed mortgage payments that cannot change without warning and since homeowners are less susceptible to cost burdening and housing insecurity. Because homeowners are largely shielded from larger economic and housing market changes, encouraging homeownership is one of the largest ways to prevent physical and economic displacement.³¹

Housing Trust Fund

Redmond along with other East King County Cities contribute funding to a Housing Trust Fund, which ARCH, administers to financially support groups creating affordable housing for low- and moderate-income households. The Village at Overlake Station located nearby Microsoft’s main campus is a transit-oriented development provides 308 low- and moderate-income rental housing, a daycare center, and a transit center. Residents have free bus passes and parking spots for Flex Car, a ride-sharing program. The ARCH Housing Trust was a key funding agency for this project. This project won an award of excellence from the National Association of Housing and Redevelopment Officials.³²



Inclusionary zoning (IZ) provides affordable housing for low to moderate-income residents in exchange for additional residential development capacity (i.e. an increase in what the zoning currently allows such as density, height, floor area ratio or some other benefit). Over 500 cities in the US use IZ; however, the programs vary from being voluntary or mandatory and some work in conjunction with Multifamily Tax Exemption Programs. In theory, private market-rate development supports some portion of the cost of the affordable units in an inclusionary project. However, in almost all cases, public incentives are also required. These incentives can be regulatory (reduced parking requirements or density bonuses, for example) or financial (public

³¹ Sources: <https://www.psrc.org/sites/default/files/hip-displacement.pdf>, Urban Displacement. “Gentrification Explained.” www.urbandisplacement.org/gentrificationexplained. Herrera, Roanel and Sandoval, Gerardo. Transit-Oriented Development and Equity in Latino Neighborhoods: A Comparative Case Study of MacArthur Park and Fruitvale. April 2015. National Institute for Transportation and Communities

³² Source: ARCH, 2020, owner: King County Housing Authority.

investment). Key benefits: can create new affordable units in targeted areas, designed to lead to mixed-income projects, and possibly could require less public investment. IZ often works best in areas with high density residential capacity and with strong residential markets. Key drawbacks: IZ does not work unless market-rate development is feasible, if incentives are insufficient to offset program requirements then the developers can charge more for the market-rate housing which could push up the overall rental costs, and program can be complex to administer.

Median Income Level

When examining household income levels, the Area Median Income (AMI) and Median Family Income (MFI) are helpful benchmarks for understanding what different households can afford to pay for housing expenses. Since housing needs vary by family size and costs vary by region, the U.S. Department of Housing and Urban Development (HUD) produces MFI benchmarks for different family sizes and regions on an annual basis. AMI means the same thing as MFI but is more commonly used in the industry. These benchmarks help determine eligibility for housing programs and support the tracking of different housing needs for a range of household incomes. The median income value primarily used for this analysis is: 100% AMI based upon a family of four is \$108,600 (ARCH and King County, 2019). Based on this:

Very low or extremely low-income households is 30% of the AMI or lower (\$32,580 or less).

Low-income household is 30 to 50% of the AMI (\$32,580 to \$54,300). Please note that Redmond refers to Deeply Affordable Housing as those with incomes below 60% of the AMI which is \$65,160 per year for a family of four.

- Moderate-income is 50 to 80% of the AMI (\$54,300 to \$86,880).
- Middle-income is 60 to 120% of the AMI (between \$65,160 and \$130,320).
- Above 120% AMI is high income (above \$130,320).

To put these values into perspective, a household in Redmond would need to earn about \$90,240 per year or a little lower than 100% of the AMI to afford the average rent in Redmond. Considering Redmond's median home sale price of \$823,300 in 2019, a household would have to earn almost 200% of the AMI or around \$217,200 per year, to purchase a home priced between \$760,000 and \$869,000.

Multifamily Tax Exemption Program

Washington cities with a population of 15,000 can adopt a MFTE program to stimulate new multifamily affordable housing development in urban centers. This program exempts eligible new construction or rehabilitated housing from paying property taxes for either an 8-year or 12-year period of time. (There was previously an option for a 10-year contract as well.) Only property owners who commit to renting or selling at least 20% of these units to low- and moderate-income households are eligible for the 12-year exemption.

For housing rehabilitation projects, only the value of eligible housing improvements is exempted from property taxes. If an eligible jurisdiction has aging multifamily developments or underutilized buildings suited to residential uses, they could consider whether rehabilitated units should be added to as a way to expand program eligibility. Some jurisdictions restrict program use to multifamily projects with over 10 units but technically multiple-unit projects with 4 or more units could be eligible.

Tax abatements positively impact the feasibility of projects where market-rate projects are feasible and can help cross-subsidize the affordable units. If combined with Inclusionary Zoning, the MFTE program can offset a portion of the financial impacts. Jurisdictions should weigh the temporary loss of tax revenue against the potential attraction of new investment in target areas. State law does not prohibit MFTE from being paired with other incentives. Bonus units, incentives such as impact fee waivers, and the integration of a more flexible development agreement approach including performance requirements and a menu of corresponding incentives could help offset the costs incurred from affordable housing unit requirements and could be considered as a way to promote program usage.

Appendix B - State and Federal Affordable Housing Funding

This section describes the main state and federal affordable housing funding sources available to developers looking to construct affordable housing properties in the City of Redmond. This section focuses solely on funding sources, not indirect financing sources that provide financial benefits to affordable housing projects via reduced costs. Many of the funding sources could be allocated by federal government but are administered by state and local housing finance agencies.

Washington State Funding Sources

As shown below, the Washington State Housing Finance Commission offers several funding programs to build multifamily affordable housing.

- **The Low-Income Housing Tax Credit (LIHTC)** program is the largest source of funding established for affordable housing and is an indirect subsidy (in the form of a reduced federal income tax liability) for private companies to invest in affordable housing. This program is administered by state and local housing finance agencies in accordance with U.S. Treasury Department stipulations. Generally, LIHTC recipients receive the credit over one decade and in exchange, the housing units must be kept affordable for at least three decades (states can stipulate a longer period). In Washington State, the Housing and Finance Commission provides two types of LIHTC programs: the 9% tax credit and the 4% bond tax credit program. The 9% tax credit program is more valuable, but limited, and is awarded competitively through annual funding applications.³³ Large renovation projects tend to use the 9% option while smaller preservation and acquisition-rehab projects tend to take advantage of the 4% option. The 4% bond tax credit program is less valuable for project financing, but the program is not always competitive. This option is available if more than half the project is financed with tax-exempt Multifamily Bonds. Any project that can make the funding program work can access the tax credits up to a certain bond cap across the state. These programs typically fund housing units that are affordable to households earning below 60% of AMI. A few drawbacks for this program are the competitive nature of the 9% option and the complex application process (can take several months) and reporting requirements.³⁴
- **The 80/20 Private Activity Bond** program can fund construction and development costs for eligible affordable housing projects (e.g., multifamily rental housing, limited equity cooperative, assisted living, single room occupancy housing). The interest on the funding is tax exempt (also known as private activity bonds), thereby reducing total development costs and increasing project feasibility. This program typically funds housing units that are affordable to households earning below 60% of AMI. In return for this incentive, the developer must set aside a certain percentage of units for low-income residents.³⁵
- **Non-Profit Housing Bonds** can assist 501(c)(3) nonprofits in financing numerous housing developments. These funds are more flexible than other types of financing programs. Nonprofit bonds cannot be combined with the LIHTC program incentives, but they can be used to finance a broader range of eligible activities and facilities (such as emergency shelters for the homeless).³⁶
- **The Land Acquisition Program** assists qualified nonprofits and developers with purchasing land for affordable housing development (rental or homeownership). This loan helps developers buy land and then gives them the necessary time to build financing for building the housing. In partnership with Microsoft, a new Expanded LAP (ELAP) is available now (2020) for East King County target areas including Redmond,

³³ Source: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/9percent/index.htm>.

³⁴ Although the 4% bond tax credit program tends to not be competitive, there could be competition for the bonds during certain years when demand exceeds availability. Sources: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/4percent/index.htm> and Local Housing Solutions: <https://www.localhousingolutions.org/fund/federal-funding-for-affordable-housing/>.

³⁵ Source: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/BondsOnly8020/index.htm>.

³⁶ Source: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/nph/index.htm>.

Bellevue, Kirkland, Issaquah, Renton, and Sammamish. This is open to all housing developers and serves residents up to 120% of the AMI (middle-income households). ELAP is a revolving loan program administered by the Commission using capital provided by Microsoft³⁷

The Washington State Department of Commerce offers three additional funding programs for developing affordable housing.

- **The Washington State Housing Trust Fund** provides loans and grants to affordable housing projects through annual competitive applications. This program typically funds housing units that are affordable to households earning below 80% of AMI.³⁸
- **The Housing Preservation Program** provides funding for affordable housing rehabilitation, preservation, and capital improvement needs. It is only available for projects that have previously received Housing Trust Funds.³⁹
- **The HOME Program** is a federal block grant program funded through the U.S. Department of Housing and Urban Development (HUD) used to preserve and build rental housing affordable to low-income households. The Washington State Department of Commerce runs the HOME Rental Development program for Washington State HOME Investment Partnerships Program (HOME). This program offers funding for the preservation and development of affordable rental housing to non-profit organizations, public housing authorities, and local and tribal governments. HOME Funds typically build units that are affordable to households earning below 50% of AMI. Action plans are developed every spring to describe how the state will allocate funds for the next year. Participating jurisdictions must set aside at least 15% of their HOME funds for housing that is developed, sponsored, or owned by Community Housing Development Organizations.⁴⁰

Federal Government Funding Sources

The U.S. Department of Housing and Urban Development (HUD) offers several different programs for developing affordable housing. Select programs are described below.

- Since 1974, HUD has provided Community Development Block Grants (CDBG) for the improvement of the economic, social and physical environment and quality of life for low- and moderate-income residents. Generally, these grants can address a wide range of community development needs including infrastructure improvements, housing rehab loans and grants as well as other benefits targeted to low- and moderate-income persons. A competitive process is typically used to allocate grants for individual projects and the amount of federal funding for CDBG has diminished over the past few years. The CDBG Program is administered by the King County Community Development Department since the City of Redmond is part of the King County CDBG Consortium (via an interlocal agreement).⁴¹ Redmond also receives approximately \$100,000 per year in grants from the Consortia federal CDBG funding program to support

³⁷ Source: Washington State Housing and Finance Commission, <https://www.wshfc.org/mhcf/lap/index.htm> and <https://www.wshfc.org/mhcf/lap/elap.htm>.

³⁸ Source: Washington State Department of Commerce Housing Trust Fund, <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/>

³⁹ Source: Washington State Department of Commerce Housing Preservation Program, <https://www.commerce.wa.gov/building-infrastructure/housing/housing-preservation-program/>

⁴⁰ Through the federal HOME program, the King County Housing and Community Development Department administers a Housing Finance Program (HFP) to provide capital funds for acquisition, rehabilitation, site improvements, new construction, and other costs related to housing development. Projects must apply for program benefits and the process is competitive. The HFP includes funds from King County's local Housing Opportunity Fund. Sources: Washington State Department of Commerce HOME Rental Development Program, <https://www.commerce.wa.gov/building-infrastructure/housing/housing-trust-fund/home-program/> and ARCH, <https://www.archhousing.org/developers/other-funding-options.html>.

⁴¹ Sources: [King County](#) and [ARCH](#).

affordable housing. In addition, there is approximately \$125,000 per year in CDBG Capital funds for ARCH. ARCH administers Redmond's Housing Trust Fund (HTF) which provides funding assistance to local non-profit housing providers, for preservation and construction of affordable housing. Although the HTF is mostly dedicated to providing housing affordable to low-income households, funding can also be provided for moderate-income households and homeownership opportunities.

- The HUD Section 108 Loan Guarantee Program is one mechanism available for CDBG (block grant) recipients to increase the capacity to assist with economic development, housing, public financing, and infrastructure projects by enabling a community to borrow up to five times its annual CDBG allocation. Communities can use these loans to either finance projects or to start loan funds to finance multiple projects over several years. The program has flexible repayment terms and is often layered with other sources of financing such as LIHTC.⁴²
- HUD also provides two Section 8 funding programs that assist with rent payment. The Section 8 funding programs do not provide financial support to build affordable housing; rather, they provide support for households earning up to 80% AMI by paying the rent balance above 30% of the household income. HUD has a tenant-based Section 8 rental housing assistance offered primarily through the Housing Choice Voucher program and administered by the KCHA. Voucher holders gain a rental subsidy that can be used at any eligible rental housing. Consequently, this incentive moves with the eligible household rather than being tied to a housing development.⁴³ The other Section 8 program is a project-based voucher program providing a subsidy to specific housing units providing consistent affordability. At least 40% of the units must be reserved for extremely low-income households (30% AMI or lower). Since the assistance is connected to the housing unit, this program can help create or preserve affordable housing in high-cost, gentrifying areas.⁴⁴
- Another HUD program supporting affordable housing rehabilitation is the Choice Neighborhoods grant program. This program is the successor to the HOPE VI program. This program funds the redevelopment, rehabilitation, and new construction associated with severely distressed public housing and privately-owned HUD-assisted properties. A neighborhood revitalization plan describing the project goals and how it will address community problems and increase opportunities for the residents and the surrounding neighborhood is required.⁴⁵

⁴² HUD Section [108 Loan Guarantee Program](#).

⁴³ With a voucher, households pay at least 28%, but not more than 40% (in the first year), of your household income for rent and utilities. KCHA pays the difference between your portion of the rent and the amount your landlord requests. Around 72 subsidized section 8 units priced 80% AMI or lower have been subsidized in Redmond as of July 2020.

⁴⁴ Source: [Local Housing Solutions](#).

⁴⁵ Source: [Local Housing Solutions](#).

