

DRAFT Housing Action Plan

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Affordable Housing Overview and Strategy Review



50-80% AMI

**Less than
50% AMI**

- Inventory & need
- Cost
- Current programs
- Strategies
- What we heard

Municipal Considerations for Affordable Housing



Affordability must be underwritten

- Affordability lowers project revenues
- Construction and land are major cost components of projects
- Limited opportunities to lower project costs (utilities, permitting, fees)

Closing the gap

Private Market

- Land use incentives
- Inclusionary
- Density bonuses
- Property tax exemptions (MFTE)

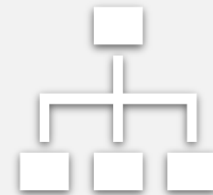
Supported Market

- Fee waivers
- Public funding or land contributions
- ARCH Housing Trust Fund
- Alternative compliance funding

Moderate Income Housing 50-80% AMI Inventory and Need



Currently: 4,300 moderate housing units or 19% of total inventory



To achieve a regional share 1,424 more units over the next 20 years or **16%** of all **new** units

Source: CHAS 5-year 2012-2016. (Redmond Housing Needs Assessment 2020)

Moderate Income Housing

Who Pays?

Example -

- Average rent of all market units = \$2,154
- Average affordable rent = \$1,298
- Average rent gap \$750 per month per affordable unit
- The cost to the developer/owner can be roughly estimated at \$180,000 per affordable unit
- Costs are offset by increased land value and market-rate income from increased number of units



Developer pays – Opportunity cost



City pays for monitoring affordable units through ARCH admin budget

Programs and Strategies

Current Programs

- Inclusionary Zoning
- Multifamily Tax Exemption (MFTE)
- Incentives
- Regulations

Strategies

- 1.3** Review inclusionary zoning and MFTE
- 1.4** Promote transit-oriented development and infill development
- 1.5** Consider ways to incentivize deeper/more affordable housing development
- 3.1** Amend regulations to broaden missing middle housing options (e.g. duplexes)
- 1.7 and 3.5** Explore programs, amend regulations, and advocate for more homeownership programs

What We Heard

What should Redmond prioritize to address housing needs of our community? (n=150)

- Housing affordability (99)
- Housing choices and diversity (89)

What housing types does Redmond need more of – i.e., Missing middle?

- Townhouses or row home (83)
- Low-maintenance housing, smaller in size (80)

As we make new housing types easier to build in neighborhoods, what are your greatest concerns?

- Parking along the street (96)
- Traffic (84)
- Short Term Vacation Rentals (88)

“We need solutions without diminishing the quality of Redmond lifestyle. I like the idea of townhomes, cottages, etc. on vacant land with higher density to allow lower cost per unit.”

"Affordable attractive cottages, du-tri or four-plexes, one story smaller homes with design that works for seniors are badly needed in Redmond."

Low to Very Low- Income Housing 50% AMI and below

Inventory and Need



CURRENTLY: 2,000
HOUSING UNITS OR
9% OF TOTAL
INVENTORY



To achieve regional share 2,937
new units needed over the next
20 years or 33% of ALL future
units

Source: CHAS 5-year 2012-2016. (Redmond Housing
Needs Assessment 2020)

Low to Very Low- Income Housing Costs

Imagine Housing Capella Project (261 units) in the Esterra Park area of Overlake had an overall average cost of **\$379K per unit** – including land and all costs.

ARCH HOUSING TRUST FUND	
2016:	\$500,000
2017:	\$1,234,000
Redmond In-Lieu Fee	\$4,000,000
KC: Total	\$6,000,000
State Commerce	\$1,700,000
Tax Credits	\$18,057,573
Sponsor Loan	\$750,000
Owner Equity	\$1,800,000
Other	\$11,542,842
Total Resources	\$43,850,281



Total est. cost to close the Redmond gap =
+\$1B (\$50 million/year)

What We Heard

- 99 out of 150 reported affordable housing at lower income levels as high priority
- Housing Levy support is divided:
 - 42% favor
 - 29% oppose
 - 29% neutral or not ready right now

“I'd like to see more of a commitment to construction of public housing. The market will not provide the units fast enough for low and moderate income families. High quality public housing should be constructed throughout the city in multiple forms. 80% AMI is not affordable to many households.”

| **Thank you**

